

Exchanges at Goldman Sachs: Great Investors
Investing with Advent International's Tricia Glynn
Tricia Glynn, Managing Director, Advent International
Alison Mass, Chairman, Investment
Banking Division, Goldman Sachs
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Allison Nathan: Investors are facing one of the most challenging backdrops in recent years amid slowing economic growth, rising inflation, and geopolitical conflicts.

I'm Allison Nathan and this is *Exchanges at Goldman Sachs: Great Investors*.

In this special series, Alison Mass, Chairman of our Investment Banking Division, and Katie Koch, Chief Investment Officer of Public Equities in our Asset Management Division, speak with the world's most respected investors about their investing strategies, career trajectories, and their outlook on markets and the economy.

I recently had the pleasure of sitting down with Alison

Mass who shared highlights from her conversation with Tricia Glynn, Managing Director at Private Equity Firm Advent International.

Alison, you've known Tricia for a long time, since your time at Goldman Sachs. And you're actually her mentor.

Alison Mass: It's true. But interestingly, I wasn't her mentor when she was here at Goldman. I did know her when she was here. But this is actually a unique client story. I did not mentor her tell she was at Bain Capital. And I have to give a lot of credit to the senior partners at Bain who just didn't have a lot of role models for their women, because they had no senior women way back. This is, I think, it was like 15 years ago. And they said, "I know this is an odd ask, but would you be willing to mentor one of our people?" And I was like, "Sure."

And so, I spent some time with Tricia. And then we just became fast friends and mentor/mentee relationship. And I have been, you know, sort of her mentor and giving her advice, career advice, for a really long time.

And one of the interesting things about Tricia, she knows how to use a mentor. There have been times where a year she doesn't come to me. But then there are times where I speak to her every two weeks for like six weeks because she's on some part of her odyssey and journey and she really wants someone to bounce stuff off of.

So, you can mentor a lot of people. And I'm sure for everyone listening there are great mentors that people have. And I always think of it as a mentor myself, who are the good mentees? And a good mentee knows how to use their mentor and when and how often. And she's just really perfected it.

Allison Nathan: That's amazing. And I can't agree with you more in terms of thinking about how to leverage mentor/mentee relationships.

But what stood out to you from your recent conversation with her?

Alison Mass: Well, for me, it's sort of just to have seen Tricia go from being a relatively junior professional at Bain

Capital to a senior professional at Bain Capital. And then move to Advent and run a business and have such huge investment success is just— it brings me a lot of joy, I have to say. So, this conversation with her was just very gratifying because to see a very intelligent, high-performing, high-achieving woman who really wanted to do private equity have such success is extraordinary.

Allison Nathan: I can't wait to hear more. Here's Alison Mass in conversation with Tricia Glynn.

Alison Mass: Welcome to a special episode of *Exchanges at Goldman Sachs: Great Investors* where we talk with some of the world's most respected investors about their investing philosophies and strategies that are helping them navigate and succeed in today's investment landscape. I'm Alison Mass, Chairman of the Investment Banking Division at Goldman Sachs.

Today, I'm delighted to be speaking with Tricia Glynn, who's a Managing Director at Advent International, which is one of the largest and longest serving independent private equity partnerships. We're going to talk with Tricia

about her professional trajectory, the mega trends shaping private equity, and her investment outlook for the year. So, Tricia, welcome to the program.

Tricia Glynn: Thank you so much for having me, Alison.

Alison Mass: So, as I said in my intro, Advent is one of the largest and longest serving independent, private equity partnerships. So, just for our listeners, can you give us a sense of your investment focus?

Tricia Glynn: Of course. So, what makes Advent really unique is the fact that we are investing in growth at scale. And so, if you just look at the numbers, we're one of the largest private equity firms in the world. We're still a private partnership. We have 15 offices in 12 countries. But what's really, really unique is that investment philosophy. So, we are not constrained by size of equity check, really. We are not constrained by structure of deal. We try to go incredibly deep in the industries we invest in. And invest in the emerging disruptors.

And so, you'll see our deal our deal types really be of two. One is growth investing, backing founders, you know, putting the scaffolding around these high-growth businesses to help them inflict the line, grow even faster. And then you'll see a second deal type, which is about unlocking growth through transformation. So, call that a carve out or repositioning of the business. But across all of our businesses, growth is what's the most important underlying factor.

Alison Mass: So, Tricia, you are a self-described deal junkie. And what do you find addictive about striking deals? And is there a philosophy or an approach you take when deal making?

Tricia Glynn: There is now. I wouldn't say I started with a philosophy. And I probably started calling myself a deal junkie five or six years into my career. So, here's what I meant by that. What I meant was some people really focus on this career early. I liked variety. So, I would work across different sectors. I worked in different parts of the globe. I worked in different stages. I worked for different senior partners. Right? And in this industry, you do

apprentice. You do learn from different people.

And so, I just loved that variety. I wanted to go where the deal making was happening. If that meant picking up and moving to Tokyo for three or four months, I did that. If that meant diving into a company, actually in an operational role for a while.

And so, really it was about learning. Like, junkie for learning more than anything else. However, as you get more senior in this industry, and frankly, as the industry has evolved and matured, you have to focus. And so, as I focused in the industry, I started investing more in the consumer retail space. And it was a space that I found increasingly interesting as the disruptions came into it, with Amazon and e-commerce and social selling.

And inside that framework of disruption, you need to step back and say, "How am I going to approach this which is unique and different and where I can know I can create great companies?" And so, for me, that philosophy has come down to three things.

One, it's people first. And so, the talent that are running these businesses, the governance constructs you put around them, the cultures in the businesses, that's number one. Number two, and this is true for my colleagues at Advent too, we're really focused on fan of outcomes investing. I am not trying to peg the base case of what's going to happen perfectly. I'm trying to think about in the downside cases, what am I still going to be able to do to help us control our own destiny, create value, and for this company, management team, set of employees still have an opportunity which is good? And in the upside case, how do I legitimately have three to five times my money potential? Right? Which is really high returns in the industry. And so, I'm really focused on that barbell, that fan.

And then the third, and this is especially important, I think, in consumer brands, just when you think about the history of them, create businesses and brands that are going to outlast us. Right? Really investing for the long term. I do think that's the right way to make money in the short term. It's also a lot more fun. And it's easier to inspire phenomenal talent to come follow you and work with you.

Alison Mass: Just commenting on your last answer. So, no more mop companies for Advent?

Tricia Glynn: Not these days. Not so many.

Alison Mass: Now, you may have answered this a little bit in the prior question, but when you scout companies to bring to the Advent family, you keep a list of what you call "pearls," businesses you would like to invest in. So, how do you identify those companies? And what is the most important criteria that must be met? And how do you go about building a relationship that sets you up as the first call when they decide to sell?

Tricia Glynn: I'd like to answer the last question first. Right? So, building a relationship in this business is really easy. I try to tell my teams all the time, "It's about being a good human. Just build relationships that are non-transactional with people where you care about what's actually going on in their lives."

And so, look, does that strategy work en masse, no. But

we're really targeted in the number of businesses we're trying to build relationships with. And so, if you just act like you're supposed to, it's all going to be okay. And so, it really is that simple. I like people, which helps. But it really is that simple.

As for how we identify the pearls, there are sort of two ways to answer that. The first is we're really deep in our industries. And so, there's part of this which is just nerding out, right, and going and figuring out how big is this market? Is it likely to be disruptive in the next ten years? And then who are the companies driving that disruption? Get to know them. Right?

The other way to answer it is these companies are already exceptional. This is exceptional talent, entrepreneurs. They've got this incredible idea. We're not in the business of starting businesses. Right? I'm not an entrepreneur. I would love to be. We always love the other side. But I'm not.

What I'm really good at is helping them scale. And so, I'm identifying companies that are already pretty tremendous.

Maybe they need a push over the edge to help get them to next level. Maybe they just need to know how to look around the next corner. But either way, that's what we're trying to do. There really is a fairly limited list. And when we figure out what those pearls are, we build relationships years in advance.

Alison Mass: So, I want to now pivot to digital disruption and decarbonization. They are potent forces reshaping every sector of the economy. So, how has your investment strategy evolved to reflect both climate goals and tech innovation as you curate a list of companies to partner and invest in?

Tricia Glynn: Of course. These are two tremendously important things going on on the planet right now. If I step way back for a minute, this industry is just not that old, right? It's 50 years old, give or take. And even from when I started in it at Goldman Sachs in 2001, the industry has just developed this phenomenal ability to help companies in a way that is so unique today versus what it was 20 years ago. Right?

20 years ago, it was okay for me to be a generalist and be all over the place. And that was still valuable for companies I worked with. Today, you need to be deep in what you're doing. And so, as the industry matures, as we get bigger, there's just more talent and resources to take on bigger problems. And to me, climate change and ESG is one of those, right? Decarbonization.

So, first of all, incredibly complex set of problems. It's one of the reasons I'm so glad that I'm in this partnership where I have 50 partners across the globe and everybody focuses in different regions or different industries because the challenges for, you know, a consumer business in India are different are different for a consumer business in the US. And the opportunities for impact are different. The difference in our industrials companies, right? So, you need to be granular in what's happening here.

And so, I'll step back and describe the process we've taken on for ESG and climate change inside Advent. You know, first, we developed an ESG center of excellence. And so, that center of excellence is going to be the tip of the spear on understanding what we can do at scale, at working with

each of our industry groups to develop strategy, and then hold us accountable. Right?

We are now looking at ESG from on-boarding new investments, selecting those investments, all the way through management to exit. And I just think we'll get better. We have a long way to go. The industry does. We also have a tremendous amount of power to create change.

At Advent, we have 80 companies, 400,000 employees. And I think we're just getting smarter faster. So, if I take my sector of the world, right, just take even a part of it, consumer packaged goods, you know, the first step was stripping away secondary packaging. Right? When you buy a luxury good, look inside the box. There's a secondary level of packaging holding the product in place. That used to be a signal to the consumer that this was a nice, fancy good that you should pay for. Now we strip it away. And the consumer understands you can save a tremendous amount of just natural resources of the planet in doing that. And we need to educate our consumers. We need to move to more sustainable packaging. We need to think about our supply chains end to end.

So, it's a really big problem. We are highly focused on it. And when you look forward two, five, ten years - and by the way, we need to be focused on two years, right - I think we'll keep making a ton of change. But it's early.

On the digital technological disruption side, so, it's not dissimilar to the way we're focusing on ESG today. So, you know, seven - eight years ago, I was really focused on each of my consumer investment businesses becoming as good as they needed to be in technological insight. Right? They don't all need to be best-in-class. But move everybody along.

Then we moved into a period of time where we were thinking about data science and how to implement that at scale. Now that's implemented. Right? We're implementing data second inside our firm now.

I think the next step here is social selling and community and how you really tap into that next frontier. And so, again, these things change. They evolve over decades in the industry. But in the short periods of time, you've just got to

focus on the details, continuous improvement. And, ultimately, tech is a tool. ESG could save the world. Tech is a tool. And there's going to be another tool that comes along that we need to get our heads around.

Alison Mass: So, from where you sit, how do technology capabilities in other parts of the world, like China, compare to retail offerings in the US? And I'm particularly interested in what's going to allow retailers to succeed? What kind of mindset do they need to transition as you say from a company built on transaction to one built on experiences?

Tricia Glynn: I love that question. So, I was very lucky to serve on the board of Lululemon for about five years. And at Lulu, our main headquarters is in Vancouver. It's a Canadian company. For those who didn't see the Canadian uniforms at the Olympics, they were pretty tremendous by Lululemon. But we have a huge operation in Asia and headquarters in Hong Kong and a small office in Shanghai. And we found that the right thing to do was actually to have a bit of a transfer program with talented folks from Hong Kong and Shanghai coming to Vancouver to six

months and vice versa, Vancouver to Hong Kong, because markets are different.

We found that it wasn't just about imbedding culture from one part of the world to the other, it was actually on the ground insights, especially around digital technology.

So, take live selling. Live selling in the United States is still early. People talk about it. Live selling in China was \$170 billion business last year, anticipated to be somewhere close to 500 billion this year. Right? That is a massive shift. Now, the tech tools are different. But ultimately, I do think at our heart, everybody's human, right? And so, we might have to use a different tech solution to enable live selling at scale here. But the idea, the idea is working somewhere.

And so, I joined Advent partway through my career. And one of the things I was amazed at when I joined the firm is when you have a global fund where you're all in the same fund, people just pick up the phone faster. And so, maybe it's technology in China to the US. You know, clean beauty in Europe is far more advanced than it is in the United States. And so, these micro conversations, the globe is not

all developing everything at the same time. Right? And so, understanding the differences in cultures and also understanding, especially in the consumer world, we're all really darn similar. And so, things are likely to come together at some point.

Alison Mass: So, let's chat about some of the headwinds facing the PE industry more generally. Private equity is working against a backdrop that includes market volatility, inflation, interest rate hikes, digital disruption, as we've discussed, supply chain issues, and labor shortages. So, what kind of opportunities do you think those headwinds unlock? And where are you focused now?

Tricia Glynn: So, two things come to mind. It's really hard not to hear that question and just think about labor first. Work from home, our social contracts with our employers, there is so much disruption that we're in the middle of right now. And I do think that we're not going back to the old way, right? Nobody knows exact what it's going to look like, but it's not going back.

And so, employers that are trying to create a best-in-class

culture where people want to work there, that's who's going to win. And so, that has always been part of my thesis. It's even more important than ever.

I think to the broader question of disruption, I look at all of private equity and we have been investing in a low interest rate environment for decades. Right? Decades. I used to say, this was a couple years ago before the pandemic, that by definition, given the turnover in CEOs, like just the length of duration of tenure, we had an entire globe's worth of CEOs who hadn't really lived through a downturn because so few of them had actually been in their seats ten years plus, right, back to '08.

You've got an entire industry of investors, maybe one or two have really invested in an interest rate increasing environment. And so, that disruption is good if you're a fundamentals-based investor. It is going to reduce competition, even if it's for a short while where everybody figures it out. And so, disruption is not a bad thing.

The question is to make sure-- or the challenge is to make sure in firms that are bigger, right, how do you embed

inside the organization this fundamental analysis? Like really focus on the basics. Don't try to implement a playbook that worked before because the world is changing. And so, ultimately, I'm excited. I think it's an opportunity for us to separate ourselves from the pack.

Alison Mass: So, let's pivot to the macro landscape and talk a little bit about your economic outlook. What's your general outlook for the global economy as shockwaves from COVID continue to play out? And what gives you hope? And as importantly, what keeps you up at night?

Tricia Glynn: So, I'm an optimist, so we'll start with hope. Hope is this labor question we were just talking about, right, that we can make an impact. We can change the construct. And look, when you've got hope in the employment workforce, that leads to new business formation. It leads to capital shifting in different places. So, I've got a lot of hope there.

It's really important in our business to be able to know what the first couple of years of an investment look like. And I think that gets lost in people's discussions

sometimes. It's not just about pricing risk, it's about the volatility in that first year of partnership with a new management team. We are entering into, I feel I take incredible accountability with it, when I'm going to look across the table at a founder and a set of employees who are going to trust us and say, "Here's this journey we're going to go on together. Let's go. I've got your back." And then six months later because of a macro shock their equity's underwater, I mean, it's not all about money. Right? But that's not a good situation.

And so, in moments like this, I do think really hard about can I really call the first year or two? I might feel great about years five through seven. But can I really understand what's going to happen early as we're building this partnership? And I do think it's incredibly nerve wracking right now.

I do believe there's fundamental earnings growth in the economy. I don't think that's broken. But the macro shocks of the moment, how long will it really take to fix the supply chain issues, the geopolitical concerns we have now and rising nationalism and how that will impact our ability to

fix supply chain, I don't feel smart enough to call exactly how those are going to shake out yet.

Alison Mass: So, it seems that everyone has a 2030 projection these days and I'd hate to leave you out of that. So, if we're sitting here in ten years, what is Advent? And what does the greater private equity industry look like?

Tricia Glynn: All right. So, I think it is undeniable in ten years this industry is way more data centric. It's not to take the relationship and the humanity out of it, but I just think the data capabilities of these firms is going to be completely transformed from where we are today, how we make investments, how we gather data to make investments, how we manage those investments. And you can see the beginnings of it. And I think it'll be really fun, right? Like better tools, better insight, more ability to run.

The humanity piece is really important. That always has to be part of it, or we've broken what we're doing. And then, look, there's a hope part of this in 2030. You and I have spent a bunch of time over the years talking about diversity, equity, and inclusion and what we can

accomplish. Ten years from now, if we haven't done something more than what we have to date, I will just lose my mind. Right?

I challenge every person at the head of these firms right now to look forward and give themselves a goal for 2030 and figure out how to hit it. Because incremental change is not working. Little, little examples here and there. But we need some breaking glass moments in the industry to really change ten years from now.

Alison Mass: Bravo. So, I wanted to ask you some professional, personal questions. Who do you turn to for advice? And how have those people shaped your perspective and helped you succeed?

Tricia Glynn: Well, I turn to you. I've said that publicly before. But just to call out and to make her blush, though you can't see her. Very early in my career, Alison had no business mentoring me. And she pulled me aside and used her power and gravitas to open up opportunities for me. And I will forever be grateful.

And our relationship early on and some other women at Goldman too, Kathy Elsesser, have been tremendous, right? Have just helped me navigate which was a challenging experience growing up in this industry. Right? I've been in the industry since I was 20 years old as an intern. And so, the ability to look forward, see what phenomenally talented senior women have been able to do, and feel the encouragement and support of women reaching back and helping me, you just don't forget that. And I try really hard to pay it forward.

You know, I've had phenomenal male mentors, of course, and from all works of life. CEOs I've worked with who have just shown me what leadership can look like in hard times or great times. Look, I'm lucky. I've had the ability to have all of these tremendous people that have helped me create the career I want to create and think about the life I want to have.

The advice I would give people is come to your mentors when you have a problem to solve. Come when it's a really good use of their time and they can provide impact for you. Be human about it, right? And then, ultimately, at the end

of the day you have to sit back in a quiet place with a clean sheet of paper. Think about the advice you've gotten. And chart your own path forward. And that's the only way to have accountability for your own actions. It's the only way to develop as a leader, right? To take accountability and not just take the advice someone else gave you, but find your own path forward. And that's been a guiding light.

You know, maybe there's some stubbornness in the guiding your own path. But like, I think it's really important. And I think it can get lost sometimes.

Alison Mass: Yeah. No, I think that all of us who have been in the finance industry for a long period of time feel a responsibility, not only to mentor people in our own business, but clients. And candidly, I have to give credit to your partners who asked me if I would mentor you because there weren't any senior women, right, at the firm you were working in at the time. So, it's quite rewarding on both sides.

Tricia Glynn: And we could shout out to them. It was Bain Capital. And I really appreciated that. I was the only

woman on the investment team at that point. Not the only one ever, right, but I was the only one at that time. And they thought to ask you and I'll forever be grateful.

Alison Mass: And related to that, what's the best piece of investment advice you can give to listeners that you wish someone had told you when you were starting out in your career?

Tricia Glynn: Focus. Focus, focus, focus. You can only impact so many things in a business. You can only understand so many things. And so, be rigorous about it. Don't get lost in the detail off to the side and waste time. Figure out what matters for this business. Figure out what you're going to do about it. And just maniacally focus everyone's attention on just those things.

Alison Mass: Good advice. And finally, let's close with some lightning round questions. What was your very first investment?

Tricia Glynn: My very first investment was here at Goldman Sachs. It was my summer internship. And I

worked on an investment in Sonera Systems, which was an enterprise hardware company, switches. I finished it that summer too. Beginning to end.

Alison Mass: That's amazing. And very fortunate. What was your biggest investment mistake? And what did it teach you?

Tricia Glynn: So, my biggest investment mistake, unfortunately it took me like 15 years to realize, it was not taking sufficient risk. And so, I went back and looked at my track record at some point and realized my worst investment was 2.2x the money. And you know, brush off your shoulder for half a second when you realize that's statistically impossible. I've been investing for, like, 15 years at that point.

And so, if my worst investment is 2.2, I've either gotten incredibly lucky. And there's some of that. Or I'm cutting off part of the curve, like the natural curve of what should happen. You take risk in this industry. And so, that was a really eye-opening moment.

And I know this is supposed to be a lightning round, but I went through all the thinking of why that is the case. And ultimately, the answers might not even matter. What matters is I need to be really thoughtful about all the types of risk at the table. Underwrite them properly. Come back to my philosophy about fan of outcomes investing. But not play scared. And I think I was playing scared for a while.

Alison Mass: So, based on taking more risk, which deal do you wish you had been part of?

Tricia Glynn: Oh, so many. Let's see. So, let's just go with last year. It's impossible to not look at the On Running IPO and not say I would have loved to be a part of that. And it's even a little bit more maddening because as a consumer investor, I loved the product already. I ran in the shoes. And so, that's a phenomenal story and kudos to them on building a brand in a phenomenal market. Right? We always knew the footwear market was phenomenal. Tremendous company. Kudos to all the investors in that one.

Alison Mass: Speaking of investors, which investor,

living or dead, do you admire most?

Tricia Glynn: I'm going to go with Peter Brook. Peter passed away during the pandemic. But he was the founder of Advent. And the founder of TA. So, one, like just tremendous track record of thinking about how to build these institutions. He was also just a really phenomenal human being. Humble. Gave back. Set a culture inside Advent that persists today where people are motivated and commercial, but good humans. He's got phenomenal legacy in the family and firms he's left behind. And so, we were really sad to lose him. And I think he would be my answer.

Alison Mass: Yeah. He's someone I have never met, and I wish I had.

Tricia Glynn: Yeah. He came into the office. He had already retired when I started. But I got to know him and his family because he would come into the office to check in, to be part of the conversation. He came in in my first month just to sit down and talk. Wonderful man.

Alison Mass: So, Tricia, thank you for joining us

today. It was so great having you on the program.

That concludes this episode of Great Investors on Exchanges at Goldman Sachs. Thanks for listening. And if you enjoyed this show, we hope you subscribe on Apple Podcasts, Spotify, or Google Podcasts, wherever you get your podcasts so you never miss an episode. And leave us a rating and a comment. Be sure to join us for another episode next week.

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