

Talks at GS
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Tricia Glynn: You've just got capital, people, ideas, and a moment in time where people might be willing to break a little glass.

Alison Mass: Well, hi, everyone, and welcome to Talks at GS. I'm Alison Mass, chairman of the investment banking division. And it's my great pleasure today to be joined by my friend and my client Tricia Glynn.

Tricia started her career here as an analyst at Goldman Sachs, for those of you who didn't know that. And she's now a managing director at Advent, focusing on the retail, consumer, and leisure sector. Over the course of her career, she's worked on 16 investments and has closed transactions across the retail, health care, real estate, and media sectors. So today, we're going to talk to her about her professional trajectory, the mega trends shaping private equity, and her 2022 investment outlook. So Tricia, thank you so much for being here.

Tricia Glynn: Thank you for having me. Thank you, all.

Alison Mass: You actually majored in biochemistry in college and thought you'd get a PhD and become a scientist, so what prompted you to make that leap from the lab to the world of investing?

Tricia Glynn: So it was an accident. I was planning to do a PhD. Those were the coursework I was doing, the lab work I was doing. But a couple years into college, I realized that the lab, while intellectually fascinating, wasn't really making me happy from a people perspective. And so I decided I would at least start to think about what else may be out there. And so I applied for summer internships just to get a little bit of training in something else. I ended up getting placed in the private equity group. It seemed like a good idea.

Private equity wasn't as well known as it is today, but I really liked the people I interviewed with. And they had a billion dollars that was focused on technology that included biotech. And so I figured I'd come for a summer, get a little biotech training, get a little finance training, and then go back. But I just sort of got totally hooked. And I spent my summer in the private equity group in asset management, the PEG group that it was then called. And then I came back as an analyst. And that was sort of it. Like, I was totally bitten by the bug.

It turned out in investing I found something that brought together data like I had in science and people. And the combination of those two things was just a really good fit for frankly the way I like to work.

Alison Mass: So for those of you who may not be as familiar with Advent, can you describe a little bit about the

vision of the firm in terms of your investment and culture?

Tricia Glynn: There are a lot of interesting things about the firm that, upon being part of the firm on the inside, have just shown up to me as such a unique place in the industry. So, one, we are still a private partnership with 50 partners who each run their business every day. We're investing, even at our scale, at growth. And so we don't constrain ourselves that much on size of equity check or structure of deal, right? We bought public stock in Lululemon in 2014. We do small minority investments. We do scale full buyouts and transformations and carve outs.

And so with that amount of variety, where are we focused, right? We are focused in transforming businesses. Like, the emerging disruptors of this generation. And so if you look across all of our investments, they have that profile. We can invest and back founders. We can invest and carve a business outside of a large conglomerate. But no matter what, those investments are going to grow. And so you look back at our returns. We're predominantly driving revenue growth, which drops down to profit growth in our industries. And we hold ourselves accountable for sticking with that, right?

I think one thing I've also really just benefited from in the last six years of my career being inside the firm is we are focused on -- maniacally focused on -- transforming these businesses. And that shows up in how we structure ourselves top to bottom.

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 approach you take when deal making?

Tricia Glynn: In the early days in my career I loved variety. And so I worked across structures, across size of investment, all over the globe, all different industries with different senior deal makers. We all say there's an apprenticeship component to this business, and it does matter, right? People strike deals or negotiate differently. And so I was sort of all over the place. And I totally loved it.

If it seemed like our Tokyo office was going to be doing a lot more deals, next thing you know I'm spending four months there, like, working on something. If the best opportunities in the moment were actually to go inside a company, I was doing that and moving to Paris and sitting inside a French deal we had just made. And so that variety fueled me. It was phenomenal training for me. And so that's what I meant by deal junkie.

Those early days of your career do pass where you have to focus because, if you're going to be a senior thought partner to any executive team or management, what are you coming to the table with? And so about a decade into my career, I started focusing on consumer retail deals. And by the way, about the time Amazon was disrupting, the way we communicate through media was disrupting, and so it frankly just became a much more interesting place to play, in my perspective or for me.

And so I started focusing on consumer retail. And over the last 11 or 12 years, my investment philosophy has focused on I'd say three things. One, it's people first. And so we

don't run these businesses; we don't start these businesses. We are helping them scale or break through the next level of what they can do. And so the right talent that is incented properly where you enable them to build a best-in-class employment culture situation, that is number one. You just can't win without people wanting to work with you on this problem.

Number two is to be fan-of-outcomes focused. And this is an Advent philosophy, but I also just believe the right way to invest in the consumer retail sector. And so what I mean by “fan of outcomes” is what my team is not doing every day is trying to figure out the base case to, like, a point here or there. We're just not. We're focused on understanding the low end of the fan and the high end of the fan, right? In the low end case, the downside case, what can we still control in the scenario? How can we protect capital and preserve capital? How can we protect jobs and employment and the company at hand, right? We take that responsibility very seriously.

And then the upside case, every single investment we make is going to be held to the standard of it's possible to make three to five times your money. It's not probable necessarily, but it's possible. And if you write a whole portfolio where you've got real upside tickets in every single investment, you're going to have way above average returns. And so that's Advent's philosophy, but I think it's part of what so attracted me to the firm is, when you think about the world of consumer, it does move incredibly quickly. And so if you think you are calling it perfectly and you know what the next couple years looks like, you're just wrong.

And so then the third part of my philosophy -- people, fan -
- and then to build businesses that are going to outlast us.
Build businesses, back brands that are going to outlast us.
I think that is both more fun and way easier to get
phenomenal talent to work with you if you're really doing
that. It's also the right thing in the short term for these
businesses, right? When you're building a brand or you
help protecting a brand like Lululemon or OLAPLEX or
Laura Mercier, right? All brands in our portfolio. The first
rule is: Do no harm. Right? Like, really think about what
this community means to this brand. And so as you scale
and enable, don't steal tomorrow's sales today, but build
the brand and the community really thoughtfully, bottoms
up.

Alison Mass: That's great. And one day we have to talk
about the Goldman Sachs-Lululemon IPO pitch where
David Solomon came into the room --

Tricia Glynn: It's legendary.

Alison Mass: -- dressed in Lululemon head to toe.

Tricia Glynn: We didn't sell a lot of men's product
then either. We do now.

Alison Mass: And we won the pitch.

Tricia Glynn: Yes, you did.

Alison Mass: At one point early on in your career, you
found that you were the only woman on an investment
team. So I'm curious as to what your first thought was
when you walked into that room and how you navigated

that dynamic early in your career. Was it a challenge or did you find an opportunity to give your perspectives which were unique?

Tricia Glynn: I was one of 60. And, you know, I took the job knowing that. It's not like I didn't know that I was going to be the only woman on the investment team at that time, but it still feels different when you walk in, even if you think this is a place that's just intellectual, it's just going to be nerdy, it's going to be fine, I'll fit right in, I'm a nerd. It still feels different.

And so I found in the early years it was really important to me that I was being assessed based on my brain, and the best ideas would win. And so I tried to hide my femininity for years, which is sort of pathetic, but I really did. Like, my work wardrobe was all khaki pants and blue shirts, which was the standard uniform at that time. I listened to sports talk radio in the morning. And I'm born in Boston. Like, I actually am a sports fan, but I don't watch games all weekend. But I wanted to have enough insight that I could hit the ground running in these conversations. I hid a lot of who I really was.

And then when I became a principal and was leading deals in a bigger way, I'd had my first child, I sort of woke up and just tried to do it differently. And I think it is because, at some point in this industry, you go from analyzing to leading. And so when it came time for the leadership portion of my career, I couldn't do it pretending to be somebody else. And so the overt change was I started wearing dresses and leather jackets and heels, truthfully, and wearing what I wanted to wear. But I found my voice in a different way. I started working on DEI issues more

overtly. Not just overtly, like, loudly. And tried to become my authentic self.

It still impacts me today, and so let's make it less hard going forward if we can.

Alison Mass: It's a good goal. So when you scout companies to bring into the Advent family, you keep a list of what you call pearls, businesses you would like to invest in. How do you identify those companies? And what are the most important criteria that you use? And as importantly, how do you go about building a relationship with those companies so that you're their first call when they want to sell?

Tricia Glynn: Yeah. So this pearl philosophy really matters if what you're trying to do is buy emerging disruptors and scale them. There's only so many of those. And so part of it is just knowing your industry cold, which we all work at really every day. And so what does a pearl really look like? It's certainly going to be in a market we find attractive. It's going to be a business model that we think has massive opportunity. It's usually already a pretty exceptional set of talent, but maybe they need -- it's often not capital. Maybe it's a set of insight or support or long-term thinking to push to the next level.

And sometimes, like OLAPLEX needed some of that. Sometimes it's just like you've never seen anything this good before, right? And so we track our pearls. We build relationships with them years in advance. But ultimately, that is what we're trying to do. We're trying to think about what's next and build a multi-year relationship beforehand.

As to how we build that relationship, it's simple. Like, be a good human, right? Be normal, relaxing, not transactional in how you treat people. If what you're really trying to do is build a relationship with a business that you want to partner with for a long period of time, take interest in the personal humanity of the people at the table.

Alison Mass: Now I want to talk a little bit about digital disruption and decarbonization, which are both potent forces reshaping every sector of the economy. And there's certainly a focus for us here at Goldman Sachs as we think about innovation and the climate transition. 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: As the world evolves and changes, we have to build new capabilities inside the firms to move things forward. And so take climate change. We have been investing for some time now through an ESG lens. What does this business really do? Do we want to be invested in that business? We have choice, right? Do we think this is going to move things forward or not?

What we've done in recent years, though, is now try to hold ourselves really accountable for the evolution of the companies once we own them. We own 80 companies at any given point. We have 400,000 employees, and so that's scope and reach. And so we have set up an ESG Center of Excellence. It's really focused, again, on climate change, but all components of ESG. And that central group is both the tip of the spear in figuring out strategy for the firm, where the world's going and what we can accomplish; working with every industry team and/or geography to set

their own strategy; and then hold them accountable. And so this ESG Center of Excellence has been a real pivot in how we work.

And so now we're looking at ESG from beginning, middle, end throughout the portfolio. Consumers are willing to pay for better, cleaner product. And we need to make the thoughtful choices to help them do that and then communicate them about why we're doing it.

Alison Mass: So continuing on that theme, as someone who oversees the whole consumer portfolio at Advent and you've served on the boards of Lulu and several beauty companies, what is the answer to the technology-driven disruption we're seeing in the sector? And what's going to allow retailers to succeed? What kind of mindset do they need to transition from a company built on transactions to one built on experiences?

Tricia Glynn: You're right, there's definitely a transition happening. I think I would say it's actually from selling products to selling community versus experiences now. It's shifted a little bit. But ultimately it is this tech as a tool, right? What you're really trying to do is enable people to truly understand what your brand is.

What I say to my team all the time, we're talking about fundamental analysis. Like, you could look at any consumer business and think it's really easy to understand, but you want to know who is buying this product, for what reason, in lieu of what else, how happy are they with it, and are they likely to tell anyone about it? Those are five distinct questions. And if you can answer them all properly then you might have a better idea of how

the world's going to evolve around it, right? And so when we think about those five questions now, I'm also thinking about, okay, in a world where you're shifting to community, is there a community around this or not? Right? And I'm going to have to underwrite those two things totally, totally differently.

Alison Mass: And I want to talk about your global perspective. From where you sit, how do technology capabilities in other parts of the world, like China, compare to retail offerings here in the US?

Tricia Glynn: I think the quickest answer is that the Chinese consumer is ahead on how they have digital community, how they enable digital selling. So live selling is a massive business in China. Last year, I think it was 170 billion on the way to 500 billion this year. We are in the early days in the US, but I do have a basic principal that humans are way more alike than different. And if live selling is that big in China, we're probably going to figure out how to have it bigger here.

And so it's really just about understanding the forefront of the evolution of each of these markets around the world, and then kind of pull together a central set of insights.

Alison Mass: Okay, I want to pivot now to talk about the macro landscape and to talk a little bit about your economic outlook. So 2021, as we all know, marked a record-breaking year for M&A. And it was the busiest year for IPOs in over 20 years. And I know that Advent helped launch eight IPOs last year, some of which you had a hand in.

But looking ahead, what do you see as the major trends driving investments this year in 2022? And your general outlook for the global economy as shock waves from COVID continue to play out? And what gives you hope? And what are the things that keep you up at night?

Tricia Glynn: Okay, there's a lot there. So first, I mean, last year was a tremendous year, right? And so we're by no means battening down the hatches, but we are readying ourselves that this could be a slower M&A year potentially. When you think about the businesses we're invested in, supply chain continues to unwind. Meaning, the difficulties caused by the pandemic continue to be unwinding back to original form, continues to be a massive issue for people to handle. Although I do think a lot of this will work its way out.

And so fundamentally, we are excited about the fundamental growth in our portfolio, in businesses we're seeing in the market. We do believe we are moving, we are continuing to evolve. There's really smart people working really hard to fix a lot of these trends. And I am an optimist. And so I'm going to hope that monetary policy is thoughtfully controlled to think about dealing with inflation and the challenges we have ahead in that arena. And, look, there's a broad, long topic in there, but I'm really hopeful that that will work its way out. And the fundamental growth can prevail.

I think what I'm most excited about right now is that, in these times of disruption and with the crazy dislocations we've had in the labor market, you have new business formation at really high rates. You've got plenty of capital there to invest in these great ideas. And you've got a

mobile labor workforce right now. There's pros and cons to that depending on what seat you sit in. But you've just got capital, people, ideas, and a moment in time where people might be willing to break a little glass. And so when you invest in immersion disruptors, that's really, really exciting. And we want to play whatever part we can in helping those businesses take off.

Alison Mass: With the backdrop that is challenging the private equity industry now, all the things we've talked about but also inflation, interest rate hikes, and you talked about the labor shortages, what kind of opportunities are you particularly focused on that these headwinds unlock as you look forward to what you're going to invest in this year?

Tricia Glynn: Almost the entirety of the private equity industry has existed in a lowering interest rate environment. And so if you're a bit of a nerd, that's just fascinating to think about how all of these people who have been trained this certain way are going to re-think what's happening and how to price assets and everything else. And so the knock-on effects are tremendous. I'm always hopeful that that actually means there's ability to pull away from the pack, right? To think about this on a really fundamental basis. So that, I just hope there's some shake up, truthfully.

What's exciting is, again, this labor idea. So one thing I've always felt really strongly about is that, when we are buying a business, we are trying to back their ability to be the employer of choice in their industry, right? I want OLAPLEX to be the employer of choice in science-based beauty. I want Orvion [sp?] to be the employer of choice in

cosmetics and beauty and enabling this next generation of talent to come in in a focused, incented way to remake everything. I feel that way about all of our investments.

Lulu is, right? Like, period. And so we're trying to make these businesses a place where you want to launch your career. Where you don't have to commit to stay for 40 years to do that, but where you can come in, get tremendous training and, like, jump out and be respected and part of the alumni circles, right?

And so I think businesses that do that thoughtfully now will really separate from the pack. Because we're in this moment of time where people are nervous. People are scared, right? Work from home. People are leaving jobs at record rates right now and transferring. And so if we can double down on that thesis that we want to be a great place for a part of your career, no matter which of these businesses I'm talking about, I think we will win.

Alison Mass: Can you speak to how the racial equity movement that erupted two years ago impacted how you built the corporate culture both internally for Advent as well as for your portfolio companies? And I know that this was something you were doing before two years ago, but how did that help accelerate your efforts?

Tricia Glynn: Yeah. One of the things I spend a lot of time on and care a ton about is I co-chair Advent's DEI efforts globally. And so that's inside the firm for our people, development, retention, recruitment, culture, and it's in our portfolio. And so those five principles we think about it as are all really, really important for the firm. And we have been driving a huge amount of change.

And so it's hard not to look at that movement and just have tremendous respect for every person and part of it. And who is doing the hard work and is still having to show up to the office the next day and live through their lives. As somebody who has responsibility for our DEI efforts within Advent, it was a time when the tone of conversation changed, where people listened differently, where people were willing to have different conversations and questions. And so there was part of me that woke up and said, okay, where are we falling short today and what do we need to fix?

And the second thing was, like, don't let this moment pass. Like, if people are willing to listen more and do things they didn't do before. And so we've had very different conversations. And the portfolio companies are thrilled to be having these conversations. And so we've had new programs, new dialogue, but also just new goals which have come out of the last couple years.

Alison Mass: So I want to talk about your personal role as a female leader in finance. And I came across some numbers that I thought you'd find interesting. Of the more than 2,000 companies that went public in the United States between 2013 and 2020, only eighteen of them were led by a female founder or CEO. And there are only 23 female CEOs on *Fortune's* global 500 list. Now, as someone who's created executive leadership teams, as you've talked about, and boards comprised of women, what responsibilities do you feel in terms of the impact you can have for women in business? And you talked a little bit about this, but what conditions need to change in the investment world for women to gain parity at the executive

level?

Tricia Glynn: Can I be a little aggressive? I mean, what we need to gain parity is money and power. Like, at the end of the day, we need actual seats at the table. What is the *Hamilton* song? Like, I want to be in the room where it happens. Like, at the most senior ranks of these firms, that's what needs to change. And it's not just women, right? It's, like, all diverse professionals. The industry has a ways to go.

But when I hear those numbers, doesn't it just make you mad? Like, it's crazy. There's so many tremendously talented people, but it's very, very easy to make decisions that look like the past. And so I ramble a little bit here because I read too much and I care a lot about this.

In general, like, all of the research would say when we are putting people in leadership positions, our biases flare, right? Because we are looking to ask someone to do something we have not seen them do before. And we are way more likely to back someone who looks like us than not or we affiliate with in some way. So that's a huge issue, right? And so you need to break through those biases and put people in leadership positions.

I think a lot about this. If you look at OLAPLEX, right? The board is nine of eleven women and diverse executives. The management team is somewhere around 70 or 80%. And so that is a huge striking example of success with diverse talent. And I love that from a role modeling perspective. They're the right people to be doing what they're doing right now. They're crushing it.

I also like that, back to the money and power thing, it does put wealth and opportunity in different hands than might have had it before. And there are trickle-down effects to that. We can see it in the news. We can see how people donate their time and money and effort.

Alison Mass: A key trait of any great executive or leader is the ability to take risks and pursue new opportunities. So what's the greatest risk you've taken that's paid off? And what's the greatest lesson you learned from a decision that maybe didn't go quite that well?

Tricia Glynn: So a couple risks that were big ones. OLAPLEX looks brilliant now, but at the beginning it was a very -- we had, like, six SKUs and 30 people who worked at the company. And it was a very large check for the fund, and so it was a bet. I was aware of that. My partnership was aware of that. They backed me to take it, which I'm grateful for.

Leaving Bain Capital was a risk, mid-career risk. And it's a phenomenal firm. I still have incredible amount of respect and friendships there. But for me, I needed to find where my fit would be for the next who knows how long in this career. So I have -- knock on wood, please, someone for me -- but I've never lost money. And my worst return ever is 2.2x. And I've realized that four years ago, about four years ago, because I sat back, anyone in this career should be keeping track of their track record, both the bets you made and the ones you wanted to make that someone else made and then track how they go.

And so as I looked at my track record, you know, for half a second I was, like, brushing off my shoulder on the 2.2.

And then I realized that it's, like, obviously that's wrong. I'm not taking enough risk. And if I think back about my career, I did feel consistently, whether I was right or wrong, that I couldn't lose. Like, if I had a bad investment, it was going to be more costly for my career long term.

And so it was sort of sad, after doing this for, like, 15 years, at big, massive firms that I still felt like I was playing safe. And so I tried to really re-think it. I got a coach to work with me on it. Like, I thought about why I'm doing that and just tried to think more holistically. Like, we're of course going to hustle like anything when we get an investment to make it great. But I've got to be thinking about the full set of opportunities ahead because perhaps I could be investing more money for my investors at slightly lower rates of return but still really good and getting a full set of shots on goals. So, like, don't play scared is sort of the biggest regret that I had. And I've been trying to do that in the last three or four years with the deals I've been doing.

Alison Mass: What is your definition of success? And what's been the key to your success?

Tricia Glynn: I think if I'm being honest, the key to my success has been a personality type, which is, like, a mixture of competitiveness and liking people at the same time. And the confluence of those work for private equity.

Definition of my success has changed a lot. Like, there's that moment in time when I became a parent, which it was just, like, all about them. Like, all about them in a really big way. But it is about impact at this point. I feel like the early days of this industry, I absolutely just wanted to

prove myself. And that's not wrong when you're starting your career, right? Like, prove yourself. Make your mark. Show people that you can do it. But at some point, once you've proven that to yourself, like, moving on to how can I create the most impact? How can I help pivot this firm or this industry to be doing things better? That is how I define it today.

Alison Mass: My last question is: What's the one takeaway that you would like this audience to leave thinking about?

Tricia Glynn: Back to some of the big 2030, everything else we've been talking about. Incremental change is easy. It's not that it's not really important, right? But incremental change is not what you should be, like, high fiving yourself in the morning. If something really matters to you, be willing to break glass. Be willing to be a little aggressive. Be willing to focus more resources than other people think you might need to focus on it. And that's how we can actually inflect the line of what's happening in this industry and make it really evolve.

Alison Mass: That's great. Well, please join me in thanking Tricia for being our guest on Talks at GS.

Tricia Glynn: Thank you, Alison. Thank you, all, very much.

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