



Rainmaker
PODCAST

EPISODE #22

SHANE CLIFFORD
CARLYLE

Dan DiDomenico: Hello, and welcome everyone to Rainmaker Podcast. We are here in studio with Shane Clifford of Carlyle. My name is Dan DiDomenico. We are thrilled to have you down here today. Shane is the Managing Director-Partner, Head of Global Wealth at Carlyle. These conversations have been phenomenal for our listeners to hear directly from leaders in our industry, and this podcast promises to be another great one. Shane, thank you so much for being here.

Shane Clifford: Great to be here, Dan. Delighted to spend some time with you today.

Dan DiDomenico: Shane Clifford is a Managing Director-Partner and Head of Global Wealth at Carlyle. He is based in New York. He is also a member of Carlyle's Leadership Committee. He has over 20 years of industry experience leading business development and strategy for large alternative assets and financial services firms. Prior to joining Carlyle, he was a senior managing director at Franklin Templeton, where he was responsible for the global growth strategy and business development for their suite of alternative offerings. Previously, Mr. Clifford held several senior leadership and business development positions at Legg Mason subsidiaries, including Global Head of Corporate Strategy at EnTrustPermal, as well as Global Head of Business Development at Permal Group, where he built and managed the global business development team, including sales, investor relations, client service, and marketing. He began his career at Merrill Lynch before working for BlackRock in the US, UK, Middle East, and Latin America. Mr. Clifford is a graduate of the University of Limerick, Ireland and holds an MBA from the Boston University Graduate School of Management. So, Shane, we were talking a little bit beforehand and just talking about your path to Carlyle. I found that to be a very interesting. Maybe you can share a little bit with us, your background and what that path has been to Carlyle.

Shane Clifford: Yeah. So, I would say I'm probably one of the more unique folks you'll talk to in the sense that I'm not your standard person in this business. I was born and raised in Limerick, Ireland. I got this idea in my head while I was in college in Ireland that I wanted to work on Wall Street. Of course, we know that that's all condos today, but back in the day when Wall Street was a real thing. And I came over in '98 at 22 right out of undergrad. I was incredibly fortunate perhaps throughout my career at different points where various folks gave me a chance. And my career really got going at Merrill Lynch in the late '90s. And that's where I had the opportunity

to really cut my teeth and begin to understand this business. I was out in the market educating financial advisors in the Merrill channel on various new products that were coming out to the field, so back in the day when 529 college savings plans were new, all that kind of stuff, and it was a fantastic experience. It was a great learning curve, a steep learning curve. And I quickly transitioned over to the asset management side of the business at MLIM. Woke up one day, and I was a BlackRock employee. So, the first 10 years of my life were kind of MLIM/BlackRock. Fantastic time... loved it. I then pivoted; the latter half of my time at BlackRock, I got really into the alternative side of it and really got interested and saw what was happening. This was kind of '06, '07 is when I really started to think about that is where I really wanted to spend my time. And at that point, I made the move to Permal, which was a hedge fund business owned by Legg Mason. Had a fantastic 10 years there, both on the institutional and on the wealth side of the business and then pivoted over to Franklin Templeton to help with their alts distribution effort. And most recently, I've joined Carlyle a little over a year ago now.

Dan DiDomenico: Yeah, I mean, Carlyle doesn't need much of an introduction, one of the iconic firms in private equity, private credit globally.

Shane Clifford: Yeah.

Dan DiDomenico: Talk a little bit about what the vision is now at Carlyle. You joined a little over a year ago. Just talk through what are some of those growth initiatives right now at Carlyle.

Shane Clifford: Yeah, I think if Harvey Schwartz, our CEO, were here, he would tell you that there's three primary areas of focus today for us as a publicly traded company. Those are insurance, credit, and wealth. And specifically, I've got to worry about the wealth business. So, we'll talk about that. I would say that Carlyle's had a large healthy wealth business since the early 2000s. On any given year, 10% to 15% of gross sales have been in the wealth channel. That being said, traditionally, it was in a closed-end effort, so where we would episodically come and go from various platforms globally and raise money on behalf of our institutional fund offerings in the wealth channel. Today, we're pivoting in a significant way towards these evergreen perpetual vehicles. And we're in market with several of those now. And it's a different track that we're on today than perhaps in the past.

Dan DiDomenico: Yeah, and we were talking a little bit beforehand as well before we got here on the desk and just talking about your approach now to building out those efforts. It is a very different animal in terms of the fundraising, going from an episodic raise to now being perpetually in the market with evergreen funds. Talk a little bit about the early days of developing that strategy and how you are structuring your team.

Shane Clifford: Yeah, I would say to my friends and colleagues on the traditional side that look at the alts business and are trying to figure out how could they do more in it, I lean a lot on my years on the traditional asset management side in terms of lessons learned because I think a lot of that is applicable to private markets firms like Carlyle today as we try to really ramp our efforts here on the wealth side. So, I have a global mandate, so it's complicated in that regard. So outside of the US, the structure is slightly different. So, the folks there are really... those teams are utility teams, so they're doing a combination of what we'd call here in the US origination or national accounts, type home office coverage. But they're also out there doing the education, the marketing, and the wholesaling. So, they're kind of a Swiss army knife approach, shall we say, if you're out in Southeast Asia, Japan, Australia, Middle East and EMEA and LATAM. And then here in the US, I've taken a much more traditional route in terms of structure, both with national accounts folks, marketing, product, and, of course, a large and robust sales effort.

Dan DiDomenico: So, this is a big endeavor.

Shane Clifford: Yeah.

Dan DiDomenico: Big focus of the firm. Global mandate.

Shane Clifford: Yeah, you're getting me worried now, Dan. Should I be worried? You're ramping up for something here.

Dan DiDomenico: How do you manage the communication amongst your team? I'm sure you all have set out a plan, a sales plan. Now, how are you keeping up with the communication from the teams to know if you're on point and on progress?

Shane Clifford: Yeah. So, I might be a little old school in this regard in that I spend a lot of time out on the road traveling with folks. And I think as a general rule, people have to get off Zoom and get back out on the road. I think Zoom and Teams has become a little bit of a

crutch for all of us. It's fantastic. It's efficient. It's a great way on a Friday to get 20, 30 folks from your team on a call and hit on five things that you'd like to remind folks before they get into the weekend. But I find that nothing beats that in-person time with the folks. So, I spend a lot of time out there. For those folks that follow me on LinkedIn, I'm constantly on the road. Tough on the home front when you do a lot of that. But I think it's the only way as you build a new culture and build a new team environment, you've got to do that. That being said, we do, of course, have formal weekly calls, bi-weekly calls of various shapes and sizes. And we have email communications as well as a relatively robust but still growing CRM system today.

Dan DiDomenico: Yeah. And I want to get into the CRM. So, again, we were talking about that and some of the complications that are presented just given, again, the global mandate that you have and the team that you have on a global basis. Before we get there, though, measuring success, there's the obvious in raising capital for the funds and obviously the growth in assets. But before that, there's a lot that goes into it. How do you think about the measurement of success and progress with your team?

Shane Clifford: So, look, you've got the quantitative side, which as you said is relatively straightforward. For a national account, seems like, OK, get these funds up on these six platforms of the course of the year, and you'll have had a fantastic year and similarly for folks on the sales side in terms of raise X amount for us and we're going to be happy with your efforts in that regard. Qualitatively, I think you have to really spend more time figuring out what it is that motivates people. What I have done is I've tried to curate the qualitative side for each specific team member and so versus it being generic that everyone has very specific things known on how I'm trying to develop them within the team. So, where they have a weakness, I'm going to make that a qualitative goal for them for the year because you're trying to as well bring them along on this journey and develop them specifically perhaps my direct reports on the leadership side. So, I'm trying to empower the team a lot more than perhaps in the past. And I'm also trying to give them, I suppose, that little bit of rope and see how it ends up at the end of the day. But it isn't a cookie cutter, one-size-fits-all approach, I would say that.

Dan DiDomenico: I love that. And I can tell that you must draw those conclusions around what motivates people. You're getting to them by being there in person with them. The fact that you are traveling...

and I'm going to start following you on LinkedIn now because I do want to see some of your posts around the world and where you are. But I'm sure that's how you're getting to know what it is those qualitative factors that are either going to drive the individual or at the same time, what is it that you should be thinking about in terms of how they're executing within their role absent of the clear, more quantitative results that we all track and measure.

Shane Clifford: Yeah. And I think, look, in this business, just in general, we silo things. We talk about the professional aspect of someone's life. And we don't talk about the personal. The reality is people have one life. And we as an industry... our corporate culture has forced us to just talk about the professional side. But when I'm talking with someone and they're asking for advice, career advice or something, or just how could I be doing better at the firm, I need to understand their motivations in general in life. What do they want to do on the home front as well as on the work front? And I think that helps inform then my decisions in terms of how I want to motivate that person because I have a better understanding for them and ultimately their life goals, not just their professional goals.

Dan DiDomenico: You're humanizing it. You're bringing that personal connection to it. To your point, I think we can get so caught up in the day to day in our world of fundraising, and we lose sometimes that perspective about what else is going on in somebody's life. And that can be very demotivating if you look at it more from that siloed approach. So, the fact that you are bringing that all together, that's a fantastic approach. And I appreciate you sharing that. Getting into that last topic that we were going to touch on the CRM and how it is, again, having teams around the world with some issues around the segmentation and different regulations that may go into each of those various local or regional markets, how do you bring all that together? How are you leveraging CRM in your business?

Shane Clifford: Yeah, so our CRM is a work in progress. The CRM that we have today was not originally built for the wealth business, so we're kind of building it as we go here. I think getting back to my original comment on that, the Swiss army knife approach in some markets and then the more organized, shall we say, siloed, constructed US market approach has caused difficulties for my CRM team because they want to build it out one way or the other. So, there's practically... there's a technology aspect to this that I have made life more complicated because folks don't all have the same roles in every market. And some folks have multiple hats. And that's a

challenge. I think we also have the issue around data and access to good data in various markets. Obviously, in the US, you can get great data packs from a wire house. There are great folks that you can partner with like Dakota in terms of really, really getting into the weeds. When you get outside of the US, it's a little more complicated. There are also some restrictions and privacy rules in various markets. So, it's complicated is the straightforward answer. But I think we as a firm are spending an awful lot of time and money on this. But I think my whole career, salespeople have never been happy with CRMs. There's lots of things that salespeople can put... we love to get around and... we're great like at complaining and venting about... and the CRM is always one of those things that we can always agree that we're always, oh, it's terrible, it's terrible. The reality is, for those of us that have been in the business a while, the CRMs that we're dealing with today are fantastic in comparison to 5, 10, 15 years. So, I look at the notes function in terms of people can now talk their... I only saw this recently. I'm sure it's been around a really long time, but folks talking their notes in and then going into the CRM for them. And just the efficiency of that, I was like, that's fantastic. Like I would have loved to have had that back in the day. I do think if you're going to be involved in the development of a CRM, though, you have to have actually had the jobs out in the field. The one frustration I've always had is going into a room full of folks that are working on your CRM and nobody in the room has had the actual job that they're trying to solve for or help make more efficient. So that's something that's been a head scratcher for me multiple times through my career.

Dan DiDomenico: We could not agree more. This is why we created our systems, our CRM going back to the early days of Dakota with that in mind. It's not about just the reporting aspect of it and being able to report out based off of what you put in. It's about making you more efficient. It's about making you better at your job. It's about you ultimately then becoming more successful, which equates to a happier and wealthier time in your position.

Shane Clifford: 100%, couldn't agree more.

Dan DiDomenico: Your leadership style... I'm getting a very clear sense of it, very high touch, very personal. Love that about your approach within a very large company.

Shane Clifford: I don't know if the team loves that. But OK.

Dan DiDomenico: Talk to me about... what else would you say, over your years being very successful in getting to where you are here at Carlyle, what else have you learned along the way that influences your leadership style?

Shane Clifford: So, I've benefited... I mentioned earlier that throughout my career, I had the opportunity to work with some really great folks. And you have to love this business because it is a grind. It is really, really hard. And I think I fully appreciate everyone and all their efforts, whether you're banging out calls on a sales desk or you're trying to get materials out or you're trying to get something approved by compliance on a Friday afternoon for somebody. And you're dealing with all the complexities around that. I fully understand how all of that works. And I think it's because I've sat in all those seats. I think, as well, I've also observed great bosses over the years. And I think the mistake some people can make, though, is they try to imitate or replicate a perceived successful boss and go, well, if I do exactly like that person does, if I do that, if I just copy them, then I will be a version of that, and I will be as successful as them. I think you quickly realize that you want to take the best parts of all the folks that you admire in the business and then figure out a way to incorporate that into your style because I think ultimately you can't be authentic if it's not you. And the one thing I have learned when you're in front of clients, both on the wealth side and on the institutional side, they immediately smell it if you're not being real. And when you're in those face-to-face meetings, you have to come across as the person you are. And the minute you're trying to play the role of somebody you want to be, or you think you should be, you're going to fail. And you're not going to succeed.

Dan DiDomenico: Yeah, it's not going to work in those meetings. I mean, everyone that we're talking to, whether it be your team or talking to somebody that potentially could be allocating to a strategy, you're competing against a lot of talented people out there. You are having to separate yourself in a very short period of time. And if it doesn't connect right away, you've lost your audience.

Shane Clifford: Yeah, no, I couldn't agree more. Look, I'm incredibly fortunate with Carlyle. It's a great firm. The founders are great people. The senior leadership team under Harvey Schwartz is fantastic. I love coming to work every day. That hasn't always been the case throughout my career. I'm 25, 26 years in the business. There are highs and lows to this business. I think we all have to be honest about that. I think it comes across when you're enjoying your

job, when you're enjoying what you do, and I certainly am today. And that comes across. And with that, you will have success because clients as well enjoy being around people that love the firm that they're working at. And if you don't love where you're working, you should move on. You should go somewhere else because you're not going to be successful otherwise.

Dan DiDomenico: That is such a great point, Shane, and a good segue into the next question that I wanted to ask. We have a lot of young people that listen to these Rainmaker Podcasts, learning from great leaders like yourself. What advice would you have for a young person looking to crack into our industry?

Shane Clifford: Yeah, I think people overcomplicate all of this. I think they overthink it. We've got some really smart interns. And we have a new analyst class that's just started. We've started a new analyst program within the IR function at Carlyle this year, and we had 13 folks just join us in July right out of college. And it's fascinating to watch them. And they're a great group, incredibly much smarter than I am. And I know they're all going to go on to have really great careers. That being said, I think at times the reality for all of us in this business is if you get to the table, you're smart, you deserve to be there. You understand the product. You should have a certain level of presentation skills. You should understand how to use the CRM. You should have done your homework on who the client is. All of that stuff I think is table stakes. I think the one area that I would tell folks to focus on right now is your work ethic. I firmly believe that the one thing I will always do is I'll always outwork you. And what I mean by that is very practically, if you're sitting out there and you're amongst 10 other analysts and you're trying to figure out how do you distinguish yourself from what is a cohort where you're all very... it's hard. If you're sitting in my seat, it's hard for me to sometimes tell everyone apart, like in term... and it's difficult. But if you work that extra hour every day, you stay back an extra hour every day, that's five hours a week. You start to add that up over the course of the month, over the course of the year. And I'm telling you, those at bat really start to distinguish you and pull you away from the pack ultimately. Nothing beats hard work in this business. Nothing beats kind of spending the time... if you're on a sales desk, make more calls than everyone else. Activity trumps everything in this business. And if you're out in the field, do more meetings than everyone else. Now, yes, they should be smart. They should be informed. You should be meeting the right folks because you should be utilizing the right data with the right CRM and all that good stuff. But at the end of the day,

you can outwork the others. For some reason, I think right now people lose that as they think about all the other stuff.

Dan DiDomenico: You struck on really two key points that I hope everybody listening that it's driven home to them, the first point around work ethic, working late, getting there early. I mean, those are the things that I remember early in my career. You did that. You wanted to be there before your boss, and you certainly were going to leave after your boss. And you do separate yourself that way. It creates great habits. But it also means be in person. The hybrid work model is still very prevalent today. I had the privilege of sitting where you're sitting right now doing a Rainmaker Podcast. And that was my advice is get back in the office. This is a mentorship business. And if you're in those offices having the conversation, you can't replicate that being in your house or your apartment over Zoom.

Shane Clifford: No.

Dan DiDomenico: Be in person, work hard. I love that, but also that aspect of activity because that is the lifeblood of what we do, establishing relationships, creating new relationships, and that is all predicated upon your level of activity. Shane, those are great points of advice I hope everybody takes very seriously.

Shane Clifford: Can I actually follow up? When you talk about folks then out in the field, I have found... and you'll do the formal meeting. You'll go in. You'll present in whatever context, whatever you're trying to get out into the market. And it's usually the walk back to the elevator bank or if they're walking you out to your car or whatever, there's usually... it's at that point in the conversation, in that meeting where the relationship changes. Or it's ahead of time, they're telling you something about what they did this past weekend with their family or whatever. And all of a sudden, you make a personal connection. Those things don't happen on Zoom. They just don't. So, yeah, I do think that in person... and it's the same for folks that are looking for mentors. Get back into the office because you could be really fortunate and bump into someone on the elevator or in the kitchen in the morning grabbing a coffee. And that's where you could have that five-minute conversation that months and months from now that person in senior leadership could be in a meeting, it might be like you know something, that person is perfect for this role. I'm going to grab that. I've done that multiple times through my career where I've taken folks that I've randomly met in the organization and pulled them into different roles. And it really works.

Dan DiDomenico: It really works. That's really powerful. That's great advice. Shane, I also wanted to ask you about challenges right now. We face a lot. There's always a lot of volatility. There's always a lot of headlines. But even as you think about now approaching the global, the wealth channels, what are some of those challenges that you're facing on a day-to-day basis?

Shane Clifford: So, it's slightly different for us on the private market side. We'll take the US and then maybe the glo... I'll separate the two here. I'll call it US and international. On the US side, the story is one of advisors/clients are anywhere from 2% to 4% allocated to alts, broadly speaking. And if you're talking to any of the home office folks, the goal is to get that up to 8% to 10%. Now, I'll caveat it in saying some of the large private banks may already be north of 10%. Put them off in a different category. But for the mass affluent, they're in that 2% to 4% for the most part. So, the effort there is around education and things like this, doing video content, getting stuff out to folks in a very digestible, under five-minutes format. Like what is direct lending? What are the benefits of private equity? Those kinds of things really, really help. And our distribution partners are asking us to help them with that. So, I think there's that education component. But then there's also you have to have the physical number of folks in order to do that. I feel like I'm a full-time recruiter and a part-time Carlyle employee right now. And we continue to build out our US distribution sales team. And ultimately, when I'm talking with the heads of various private banks and various wealth platforms in the US, the first thing they go to is your org chart. Because at the end of the day, you can have a great product or great fund, a great investment strategy, but if you don't have enough folks that can get out there and help advisors and help them tell that story to end clients, you're probably not going to be that successful. So, I think size and scale is a big challenge for folks in this business today in the US market. Ex-US, it's a slightly different effort because it's not as mature as we are here. So, it's anywhere from 1% to 2%, more or less. There are, of course, pockets that are very different, like a Zurich or a Singapore, which are probably north of 10%, 15%. There, it's more about getting them comfortable with evergreen structures, getting them comfortable with the concept of semi-liquid to an extent in the US still as well. So, I think it's more around fund structures. And it's more around telling the broader story around private markets. The US market is much more mature. It's still 70 plus percent of flows from a private wealth perspective. That will change in the coming years. It will probably come down to 55%, 60%. And I think the

primary drivers... I think Japan's a very interesting place to be today. South Korea is interesting. And then I think the Middle East and Europe are evolving. The European market is going to be less fragmented than it is today because of various regime changes. I feel like I've been saying that for many years now. But I really do feel that we're starting to get there.

Dan DiDomenico: I mean, it's fascinating how you have to keep track of all the various markets, what's driving those markets. Demographics play a role in that and just all the various buying behaviors of those different markets. And you have to support all of it. So, it's great that you have such a phenomenal opportunity set in front of you, Shane. Before we conclude this podcast, any other advice that you want to share? Now I'm thinking about more for others in a similar role to yours in that leadership position. Anything you would want to share with them? Because I love listening to these podcasts as well. I learn a lot from them. So, what would you have as advice for a person in more of a senior leadership role for a sales and marketing position?

Shane Clifford: Yeah. So, years and years ago, back to the very start of this conversation, my career began at Merrill Lynch. And there were a couple of key folks in the early days, David Rondeau, Jack McDonald, who hopefully listen to this podcast, and they would both agree on one thing. And it was like make sure you're the dumbest person in the room. So, when you put your leadership team around you, put lots of really smart, quality individuals around you that are all subject matter experts. And I think as long as you're doing that and as long as you're being challenged by the team around you, they're going to really bring you along on the journey ultimately. So, I would say your immediate senior leadership team, make sure all of those folks are smarter than you, which my team would say they absolutely are. So maybe I've hired well or I'm really that dumb. I'm not sure which it is.

Dan DiDomenico: But it's a great challenge that you're putting out there for the people that work for you, though. Be that subject matter expert. I know you have a lot of great resources at Carlyle that you can bring into the conversation to support the due diligence of whomever it is that you're talking to. But take pride in what you bring into that meeting. And it sounds like you've selected a great team to surround yourself with who do take that quite seriously.

Shane Clifford: And I would say, look, private market firms historically have been really great on the institutional side. And they're coming up the curve on the wealth side. And, yeah, different firms are at different points in that journey today. And what I would say to my colleagues on the traditional asset management side, there's an awful lot of learning that you can bring to firms like mine. So don't discount that. You have a lot to offer firms like Carlyle because the learning curve is steep as we all know. And it's hard. And it's a grind on the wealth side. So, surround yourself with good folks that know how this business works, and you'll be successful.

Dan DiDomenico: Shane, we cannot thank you enough for all the thoughts that you have shared on this podcast with us, with our members, with our audience, taking the time out of your busy schedule. I know you've got a lot on your plate. I didn't mean to throw that out there as a way to have you worry. But it's fantastic. I mean, having that growth mindset in a well-established, a phenomenal brand in Carlyle. Congratulations on the position and all the great growth that I'm sure is ahead for you and for your team and for Carlyle. We are so thrilled and so grateful that you're able to join us here in the studio. And anything that we can do to help out your endeavors is available to you. So, thank you so much, Shane.

Shane Clifford: Absolutely, thank you. I had a blast today. Appreciate it.

Dan DiDomenico: Fantastic. Well, thank you all for listening.