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## Leadership Success for Search Fund Entrepreneurs: Joaquín Pardo, CEO, Vozitel

*Fernando Zavala, Partner, Barcelona*

*Joaquín Pardo, CEO, Vozitel*

*Joaquín Pardo developed an interest in the search fund space during the completion of his MBA at IE Business School in Madrid, Spain. He set up his search fund Syna Capital in January 2017. By October 2019, Joaquín had acquired Vozitel with a group of investors. Vozitel is a comprehensive and omnichannel solution for contact centers that seeks to improve customer experience and improve efficiency.*



*Joaquín Pardo*

*Typically, search fund entrepreneurs come from consulting firms, banking, and finance backgrounds. In Joaquín's case, he previously worked in the United Nations for nine years, both for UN Women and UN Habitat, in a variety of roles. After the MBA, he had the courage to leave a well-paid, tax-free job in the UN to move into a space that was still very unexplored, and completely different to what he had done before. This made him one of the earliest movers in the search fund space in Europe.*

### **Search Fund Definition**

Search funds are investment structures whereby an entrepreneur raises funds from investors in order to acquire a company in which they wish to take an active, day-to-day leadership role (usually the CEO). Often, the entrepreneur is young (in their 30's) and the types of firms they invest in are usually older businesses that are run by baby boomers who are often looking to retire. In this sense, it is a form of 'succession capital'. They then iron

out inefficiencies and ‘scale up’ the company, and from there continue running it long term or sell it, usually within a 5-7 year timeframe.

NGS Global Spain Partner Fernando Zavala talked with Joaquín about his initial leadership priorities when he started as CEO of Vozitel, learnings and lessons along the way, and how to empower your workforce.

### **Tips for Incoming CEOs**

“Operating within the context of a search fund framework, I prefer to have a direct leadership style, as it is often the case that the firms you are coming into are plagued by decision-making bottlenecks and are digitally underdeveloped,” explained Joaquín.

“It’s extremely important to immediately establish a positive, collaborative and transparent culture that allows for flexibility with all staff, and be honest and upfront about the fact that you are taking over the business with a view to scaling it up.

We had a ‘town hall’ meeting with all employees very early on. I was nervous about this session for a number of reasons, but it went well. I took an empathetic approach and established my purpose during this initial phase was all about learning, rather than making immediate knee-jerk changes. I emphasized with all staff that I will be asking lots of questions, that I am completely committed to the business, and I will be completely transparent in my approach. I also clearly stated that I expected something similar from the staff.

Early on, we also undertook a staff survey, which highlighted problems and opportunities. We also asked some groups to explore how they would solve some of the larger problems that came out of this survey, which gave them a sense of ownership and generated lots of early strategic solution-centric ideas.

As my time at Vozitel has developed, I committed to doing two main things every three months with all staff:

- Share the financial results of the previous quarter. This is a key element in actualizing the visibility and accountability mantra that has been adopted from top to bottom
- Have a 15 minute one on one with everybody. This is an important grass-roots listening and learning opportunity, as much for me as for the staff member.”

### **Learnings and Lessons**

“I have now been CEO of Vozitel for almost three years, and my journey has been far from perfect,” Joaquín said.

“I am still learning. Early on in the process, I made two big mistakes:

Firstly, I probably would have hired and fired quicker. When coming into a new company, the hire/fire elements are arguably the hardest to get right, but are arguably the most critical. As part of my initial phase, I did not want to be too headstrong with personnel management. After undertaking the initial discovery phase and staff consultation, I could see where we had workforce challenges, and I should have acted on them quicker. Not doing so meant that those human capital gaps just became more entrenched.

Secondly, some search fund investors are too EBITDA focused, especially early on in the investment cycle. As a CEO, I was initially making decisions based on early EBITDA results, which is not the right way to go about it. Some decisions and strategies are not going to have a positive impact on EBITDA until 1-2 years into a scale-up project. And that’s ok.”

### **Empowering Your Workforce**

Joaquín explained that, “often, when taking over small-to-medium size companies in the search fund world, historical decision-making structures within those organizations tend to be extremely centralized. There is not much democratic power amongst the broader workforce.

I positioned myself as a leader, but one who asks the workforce for their opinions and perspectives. The pre-existing staff knew the business better than I did, and empowering the staff for their advice was a great learning process.

We also invest time, effort and energy in making the workforce feel valued, and this also extends to team building. And by ‘team building’, I don’t mean ‘grab a beer after work’. Twice a year we have a fun weekend off-site with all staff – a chance to participate in leisure activities and adventures together.

We also have a regular rhythm of strategic meetings, which objectively nut out company strengths, weaknesses, opportunities and threats. Through these sessions I delegate lots of responsibilities to middle management – again, I see this as part of a critical empowerment process. We are extremely committed to inviting all staff to actively participate in strategy setting sessions, and involving them in the decision-making process around strategic direction.

Personally, I set up objectives and key results (OKRs) at the departmental level, but not at the individual level.

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### **Hiring and Talent Attraction Strategy**

“The market is absurdly competitive right now. Senior executives are at a premium, as are developers,” Joaquin said.

“Moreover, a lot of our bigger competitors offer equity options, which is very hard to compete with.

That being said, when pitched in the right way, we have quite a compelling proposition all of its own: the ability for an employee to have much more responsibility, and therefore make a much more meaningful contribution and impact, within a true scale-up commercial context. This is a much rarer opportunity, and something that is very likely to set up that employee for significant uplift in terms of demonstrating positive growth, leading to ongoing career advancement.

Fortunately, this is something that today’s candidates are looking for in increasing numbers – they want something beyond just a paycheck. Working with NGS Global has certainly helped pitch this concept, and we have secured some fantastic hires as a result.”

**Fernando Zavala** is a Partner based in the Barcelona office of NGS Global, and has had an extensive international career, with over 11 years of experience in the Americas, 12 years in Europe and 7 years in the Asia Pacific region.

*Prior to joining NGS Global, Fernando was a Partner at Zavala Civitas Executive Search and launched the firm’s office in both Shanghai and Barcelona. Before that, he founded IntuuChina, an award-winning placement agency. Fernando began his career at Isobar China as an eCommerce Consultant for firms seeking to access the Chinese eCommerce market.*

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