

## YOUR ACTIVE WEALTH PODCAST

# Business Owner Series: An Entrepreneur Who Empowers Entrepreneurs

August 2022

### Featuring:

**Paul Spiegelman**, *Co-Founder, Small Giants Community*

**VO** [00:00:01] Is your wealth strategy supporting your long-term goals? Welcome to *Your Active Wealth* with BNY Mellon Wealth Management, where we offer insights that can help you move closer to your goals. We'll tackle timely topics through the lens of the five pillars that comprise our Active Wealth framework: Invest, Spend, Manage, Borrow and Protect, and provide guidance on navigating the unpredictable, to help you build and sustain wealth.

**Ben** [00:00:33] Hi. I'm your host, Ben McGloin, and welcome back to *Your Active Wealth*. Today is a special episode for the podcast. It's the third episode of our four-part business owner series. In each episode of the series, we speak with an individual who has a unique story to tell. Some of our guests are entrepreneurs who built their business from scratch. Others are second generation business leaders who took the reins of a company and guided it to next level success. While each guest's story is distinct, what they have in common is an uncommon drive to achieve enduring success and a passion to give back to the communities in which they thrive. Today, we're speaking with Paul Spiegelman, an entrepreneur, author, speaker, philanthropist and culture enthusiast. It would take an entire episode to list Paul's many accomplishments, but I'll try to briefly sum it up. Paul started BerylHealth in 1985, a firm dedicated to connecting consumers to healthcare. After a successful 28-year run, he sold the business to Stericycle. In addition, he's been involved with several businesses and philanthropic endeavors, including Small Giants, a community of purpose driven entrepreneurs, the Teresa & Paul Spiegelman Family Foundation, the Beryl Institute, which is a community of healthcare leaders dedicated to improving patient experience. And the Wine Gallery, a wine bar in Laguna Beach, California. Paul is a New York Times best-selling author. He's been a columnist for Forbes and Inc, and hosts a podcast: *Growing with Purpose*. Paul, welcome to the podcast.

**Paul** [00:01:58] Great to be with you, Ben.

**Ben** [00:01:59] So, Paul, let's start at the beginning. I know you started your career out as an attorney, but then switched gears and you and your brother started a company that connected consumers with proper healthcare. Could you share your motivations behind starting a business that became BerylHealth?

**Paul** [00:02:12] Well, Ben, as you said, I was an attorney, but it was a very short stint, 18 months, and I was practicing law with my dad, loved working with my dad, but probably didn't love the practice of law right out of the gate. My two brothers and I always wanted to do something together. We didn't know what it would be or when. And my older brother really had his own business already doing alarm systems in people's homes and had this idea of developing a medical alert system originally to help our own grandfather. He saw those commercials, "I've fallen, I can't get up." That wasn't us. But it was a similar idea that we could go to people's homes and give them the ability to press a button and get help. And so we literally took a conference room in the law office above mine,

and we built a 24/7 monitoring center with a little receiving unit in there. And we built this unit in my garage that had a speakerphone in it. We can go out to people's homes, and we started our original business with the name Emergency Response Systems to provide these systems to elderly and people with medical conditions. So typical bootstrapped approach from day one in 1985, as you said, were switching shifts, sleeping on a cot in that room, waiting for calls to come in, and certainly was very slow at the beginning.

**Ben** [00:03:26] So can you talk about how you guys grew that? I know it was a pretty nice run over 28 years, but just talk us through that story and maybe some of the struggles and some of the lessons learned throughout that process.

**Paul** [00:03:38] Yeah, plenty of struggles and plenty of lessons learned. Because we had no money, we decided to, instead of advertising, we would go to local hospitals and have them offer this service to patients that were leaving the hospital. Got to a point where we had probably 100 of these units out in the in the community and, you know, \$50, \$25 a month, we had \$2,500 in revenue for the three of us to survive. Luckily, nobody was married or had any major obligations. And I think we got paid based on height and I was in the middle at \$350 a week, but we realized that we needed to do something more. We decided to try to raise money. We built a beautiful business plan, tried to raise \$1.2 million in \$15,000 increments, raised \$15,000 from a friend of our dad who believed in us. And everybody else said, you guys really have no chance. And so we just kind of put our heads down and said, all right, we're just going to keep going and see if we can survive. And then one of many events happened that really changed the course of our business. And the first one was working on a Saturday night. I was working and a call comes in and it turns out to be this 93-year-old woman, Alleluia Newsom, who had pressed her button. And I responded and turned out she had been beaten and stabbed and locked in a closet. And we were able to save her life. And because nobody knew about these systems at that time, we got a front-page story in the L.A. Times and it didn't make us rich, but certainly kept the doors open. And within a few months, the next big event happens where one of our hospital customers approached me and said, Paul, I've got an idea. You and your brothers are there 24/7, isn't that true? And I said, that's right. She said, and I bet you're not too busy. I said, that's true. She said, I have an idea. We have a service we offer to our community. It's called a physician referral service where people are calling, looking for doctors. We give them the names of doctors in our list, she said, but I don't have the staff or the software to do that. Why don't you guys set up a phone line, answer it, the name of the hospital, when someone calls, just give the first three names off the list. I said, Barbara, I didn't even know how much I would charge you for that. And she says, well, how about \$3,000 a month? I said, deal. So two weeks later, we've got this phone line up and I'm running. We're answering calls for this hospital and realize every hospital in the country has this kind of service and they typically do it in-house. So we became an outsourced provider of these call center services for hospitals, ultimately sold our original emergency response business in 1994, but it expanded this business to become kind of an inbound concierge for these hospitals. And one, after a two-year process, a major contract with at that time the largest hospital company in the country called HCA, Columbia HCA, to build a national call center that would do this for all of their hospitals, and then we were able to find a place in the middle of the country in Texas. We started the business in Los Angeles, but we found a spot what had been a Wal-Mart facility and gutted that and built a beautiful 400 seat center for them and were commuting back and forth from Los Angeles. And a couple of years later, we ended up buying this center in Texas from HCA when their strategy changed. And that was really the foundation to grow the business. And so we grew the business from then on, always serving acute care hospitals, growing to almost \$40 million in revenue. I think at our height about 400 employees. And we're really proud of what we did, especially that we ended up doing it without any outside capital. As you said, I did ultimately sell the business. I was the only one involved at the time back in 2012, to Stericycle, a large public company, not in our space, but certainly in healthcare. And I went on for the next five years to become chief culture officer of this global company, because over the years in business, my passion for business really became this idea of culture engagement and the relationship between employee engagement and building a successful business. If you think about a call center business, you don't think about that. You think about low margin, high turnover, boiler room operations. And the one thing my brothers and I decided that we wanted to do is we didn't want to build a business like that. We wanted to build a business where everybody enjoyed coming to work every day, that we lived to enhance the lives

of the people that work there. And we saw a connection between that and building what we felt was going to be a successful and ongoing business that impacted people's lives.

**Ben** [00:07:51] I want to come back to culture in a moment, but you mentioned the transition to Stericycle back in 2012. I know a lot of entrepreneurs, business owners, they struggle with being the primary decision maker of their own firm and then transitioning, particularly when it's a publicly traded company. Could you share your thoughts and insights from that experience?

**Paul** [00:08:13] That was a really emotional experience because a couple of years before that, I had gone through the process of almost selling the company to a private equity firm. Our management team was really looking to grow. We had great momentum in the healthcare space. And so the first time I went to seek a capital partner, built the book, hired an investment banker, we got 20 bids to buy the company, even though I wasn't looking to necessarily sell the whole thing. And I signed a letter of intent in early 2010 to do that. But during the due diligence phase, I got cold feet and I got nervous and I felt like the model of private equity, though nothing wrong with it, was really not compatible with the kind of business that we built, the kind of culture that we built, and that my legacy just wouldn't be the same if I didn't protect the families of the people that work there. And so I walked away from that deal. So when I was approached by this company, Stericycle, I'd never heard of them. And it took a year to get to a point where I was comfortable. And some might say, well, yes, now the same thing's going to happen. You're going to get sucked up into this large company. It might not continue. And then there's that question, like you said, about, so what do you do as an owner who always had control? And it was my show to potentially work for someone else. And the big thing had to do with the CEO at the time, Charlie at Stericycle who had just become nominated to become CEO and had been there 20 years. And he approached me during the due diligence phase before we even had a deal. And he said, look, Paul, I'm not sure we'll even get a deal done with your company, but I have heard what you've done. I've heard about your culture. I'd love to learn from you. Can I come kick the tires and learn what you've done? I said, of course I was honored. He did. And I said, this guy gets it. Not only does he get it, but I think our culture could be protected and maybe we could have an impact on this company, this large company that now has 25,000 employees, and that I could maybe experiment with this idea, that question, does what work for small work for big? And so when the transition came and I ended up selling the company to them, Charlie said, what do you want to do, Paul? I said, well, I want to be chief cultural officer of Stericycle. I knew that I couldn't work for someone else, continue to grow my business. It was their show. I had no doubt about that. But I wanted to do this experiment and I said, Charlie, I'll do it. I don't want to be paid for it. I said, you've given me the opportunity to do something that I've never done. And he said, let's start Monday. And so that's how what I did and did it for five years, and it was a wonderful experience.

**Ben** [00:10:34] So clearly, Paul, culture was a key to BerylHealth's success. Could you share your thoughts on how other organizations can create a successful culture?

**Paul** [00:10:42] It's a great question, and I think you're hearing a lot more about that today than you were even when we started our business. I think the younger people today that are going into the workforce are looking for more than just a paycheck and benefits. They want to make the world a better place. They're very socially aware. They want to go to a place where they feel valued. I think everybody wants in any size company the same three things. They want to feel that there's a purpose there beyond the job. They want to feel appreciated and valued for the work that they do. And they want to feel like there's an opportunity to learn and grow. And we didn't set out to build a culture like this. It was in the early days of our business. Maybe we had 10 or 15 employees and my brothers and I would hear from employees that said, this is a really great place to work. And we said, well, what makes it great? We had never started a business before. They said, you just seem to generally care about us. We do things together. We have events. And I used to ask them, I said, where did you used to work? And they said, how much time do you have? And I started to hear these stories and I thought, okay, there's something there. There's something there to what we're doing. And this could be our differentiator. And then I just started to see how that played out, not only in the culture, in the engagement of our own employees, but how that then resonated with our customers who were engaging us to provide a service directly to the community, which is a very sensitive service, people calling with their kids being sick and needing healthcare. So our level of customer

service had to be at a certain level and ultimately we started to track that connection to the ability to grow a profitable business. And we ended up being five to six times more profitable than other companies in our space. We won nine awards as a best place to work company. And I just became so excited about this idea that this is the key to business, that we don't have to choose between creating profit and doing good and treating our people well. We ultimately called it the circle of growth. I had hired a CFO who was very cynical about all this culture stuff we were doing, and he said, I don't know the first way to greater profitability, Paul, we got to do less of that. I said, Pat, I can't really define it for you, but I got to believe there's a connection here. And a couple of years later we were driving to visit a client and he said, Paul, it's like a circle. He said, if we treat our people well, gain their loyalty, that's going to drive customer loyalty. If we get our customers to be loyal, that's going to drive profit into our business. And then now we can turn around and bring that profit back and invest it in our people to give them better tools and resources to do their jobs. And the cycle simply continues. I said, that's it, Pat. You've got it. And so I was able to try to extend that. And I think the way to do it is for a company or a leader of a company to sort of self-reflect. In my case, I'm probably just wired this way, and once we were able to define it, we went with it. A lot of people aren't. A lot of people didn't grow up in this world. And the old command and control style of leadership honestly worked for years and enabled companies to really grow. But things started to change, and people wanted something different. And leaders have to be honest and vulnerable. They have to open up with their team. If they haven't already done this way, they resonate with this idea, then how do you start? And I think it starts with all the mission, vision, values, things that we used to put as a plaque on a wall, but really are the defining ways in which we behave and make decisions on a day-to-day basis, to all the little things. There's no secret here, but it's really just focusing on the totality of the employee experience from reward and recognition and caring and teaching and learning and accountability and measurement, being involved in the local community, listening and involving people in decisions that are being made and showing people that you truly care and engaging them along the way and changing along the way. And when you do that and you apply these small things and then when things get tough and the business suffers, they're not the first thing you take away. They're the things that you preserve. Then you create loyalty. And I think even in today's business environment, where people are fighting even to get employees, let alone keep the ones that they have, these are the kind of practices that are going to keep people for the long term.

**Ben** [00:14:55] Yeah, for sure. Given the war for talent and creating a positive workplace culture, certainly will not only attract talent, right? Engage, drive employee engagement, satisfaction, clearly, really, really important in today's job environments. And so I'd love, Paul, for you to share beyond your roles as the chief culture officer at Stericycle. I know you've been described as a culture enthusiast and maybe even somewhat of a culture evangelist, some of the other activities you've done to really promote and educate folks around the importance of culture.

**Paul** [00:15:25] Well, I've written a couple of books, Ben, and the first one called *Why Is Everyone Smiling* was more biographical. I wrote one in healthcare called *Patients Come Second*, which is a little bit of a controversial title. But it was all the idea that the healthcare culture in hospitals is not particularly great. And the idea is if we don't fix ourselves, we're not going to fix the patient. And that's the one that became a bestseller. And I coauthored it with a CEO of a large hospital system here. And I think over time, as many of I'm sure your listeners and your clients have realized, that we're all on this search for purpose. And I think I went beyond the impact that I hope I had on the families of the people that worked with us at BerylHealth to see if I could evangelize this idea with other leaders and look at those that already get it, don't know how to do it. And in some cases, maybe we can convert others to say this is the way to a great life, to have impact, to build business. And I've tried to do that in a few ways, of course, by writing, through my podcast, through my columns, as you mentioned. And I think the area that I'm most focused on and have for the last number of years is in the Small Giants community, which is a community of leaders. It's all based on a book that was written by Bo Burlingham in 2006 called *Small Giants: Companies That Choose to Be Great Instead of Big*. And I'm sure many of your listeners have read or heard about *Good to Great* by Jim Collins and I call this like the "good to great for small companies." And Bo talked about what was special about these companies and they were all privately held and many family-owned and some that people have heard of, like Anchor Steam Brewery or Clif Bar. And just listening to these stories, I

resonated. I was inspired. I said, that's what I want to be. I want to be a small giant. And because I always grew up in business as being very reserved and introverted and not much of a networker, if I could find other people that I could talk to that, felt the same way about business in life that I did, that's who I wanted to interact with. And I pushed Bo after reading the book, I wrote him blind email. He ended up writing a foreword for my first book. We became friends. Couple of years later I said, Bo, there are so many other people that would resonate with this message. We ought to start a community of people so we could talk to each other, learn from each other. And so that's what we've done. It's actually started now 12 years ago. And so it's kind of a hybrid from a corporate structure, but it really acts as a nonprofit, as a way to try to teach entrepreneurs and what we call next generation leaders, not necessarily the founders, CEO, but these next generation leaders, these tools and practices. Because in all companies, what we do is we take our great performers, we give them new titles, and then we forget to teach them what it's like to really be a manager, let alone a leader, and have these kind of tools and tricks of the trade to do the things I'm talking about, to engage our team and continue to grow the business. And so we have a, for example, a one-year leadership academy that we put people through today. So even if it's, you know, 30 people a year that we touch, if we can help create better leaders, if we can then extend those practices beyond those leaders into the companies that they work in, then I think we can make a difference in the best way possible. Yes, other areas that you've talked about, like the Beryl Institute, which I started as a way to handle the conversation of the growing, the bigger idea of the patient experience in healthcare that's run by someone else. I'm no longer involved in that. I did have a three-year stint as an owner of the Wine Gallery in Laguna because I had always wanted to own a restaurant from my days waiting tables in college. And that was a great experience too. And I'm still involved, but not as an owner. And I'm still on that path, always looking for a way to have impact, a way to be of service, a way to make the difference. I love to talk to other people in business that are going through all the trials and tribulations. And I think what I love the most is those one-on-one conversations, because look, we're in the relationship business. I don't care what business you're in or what industry you're in, you're in the relationship business. And so that's become kind of my specialty, very unlicensed from the standpoint of any formal training. But I like navigating those relationships in business.

**Ben [00:19:38]** And you touched upon it there, Paul, with regards to privately owned family businesses, which are a really, really important part of the U.S. economy. I'd love for you to share from your own personal experience, working with your brothers early on in your career and but also through the networking, the lessons you learned and the advice you'd share with other business owners. Again, dealing with maybe some of the family challenges. Particularly as businesses grow, maybe getting ready for a transition. You mentioned next generation, kind of the key lessons that you've seen to impart upon our listeners.

**Paul [00:20:08]** Well, I can only speak from my own experience and then exposure to others. And of course, mine wasn't a generational business. My two brothers and I did start it, although our dad was right upstairs when we did it and very supportive. It's hard. It's hard to do it, although I love nothing more than to be able to partner with my brothers along the way. My older brother and I probably butted heads a little bit more along the way, but our talents were completely different and complementary, and I think we respected that. And certainly, that combination allowed the business to grow. But Mark left in the year 2000. So 15 years into the business, it was probably the best thing that ever happened to us. And at that point it was really like three chiefs in the kitchen, and I stepped forward and said I would lead even though I had never led the company. But I had now my opportunity to learn and try to do it myself. Our younger brother Barry was more of the utility guy and had no real interest in leading at that time, so we were a great combination. Unfortunately, Barry, our younger brother, passed away in 2005 from cancer at the age of 43. Not only my partner, but my best friend. And that was a major moment in time for all of us, for my family, for the business. But we got that through that with great support. And so, look, I wouldn't have done it any other way than to be in business with my brothers. And it was just an absolute pleasure. But certainly, it's had an impact even on the relationship I still have with my older brother. That's, I think just today, years later, starting to get better. You know, he remained a small owner in the business up until the time that we sold. I felt a great responsibility to make sure he and his family were taken care of. And they were. But did it come at the cost of big part of our relationship? Yeah, it did. And that's something that I do regret, and I continue to work on to this day. You know, when I talk to other people in our network, in the community that are in family-owned

businesses, I can see the struggles that are involved. I particularly think of a gentleman now who's 70 years old. He was forced out of his business in the last couple of years by his sons and just the trauma and everything that they had gone through. And it's so hard to understand the true story that goes behind the scenes of anyone in their own family. But if I try to break it down to the basics of how you get through those times, it's really, again, about communication. And I always say that a good conversation solves just about anything. And if we can have the courage to have those conversations, to be honest and open with each other, to make adjustments where possible, and to make tough decisions where we need to, it's the best way to get through those. But I think that there's nothing like partnering with family members. If you can make it work, some people can say, I'd never do that. You know, that would never work, but it can work. And there's plenty of family businesses that have survived and thrived.

**Ben** [00:22:59] Wow. That's great. Thanks for sharing that, Paul. You mentioned communication and how critical that is. I know there's a lot of resources, both informal and formal resources for business owners to take advantage of. Maybe switching gears a little bit, I know serving your community is very important to you and your family. Could you maybe share some of your philanthropic efforts?

**Paul** [00:23:20] Setting up the foundation was a big step for us and always been very focused on giving back to the community. We had done that through my company efforts a lot personally. My kids are now 20 and 16, and so I think my wife's done a great job of making sure that our kids don't grow up in a complete bubble, that they realize who they are and what they have, but that we're always giving back and getting our hands dirty. And it's not just about giving money. It's about being involved and making an impact. And I've also seen what other people have done in their philanthropic efforts and been very inspired by that. And this is also a journey that continues. And what we did a few years ago is we set up a family foundation, and we did that in a way to formalize things and actually get our children involved in this decision making. I think there's many people that have decided on a particular cause that they support. In my case, could I support brain cancer research because my brother had brain cancer? Of course I could. And I have and do support that. I could support Alzheimer's research because my 92-year-old mom has Alzheimer's. But I also feel like that this has to come from us and it has to come organically. And so today what we do is we meet as a family several times a year and we kind of go through a list of areas that we feel passionate about and we support. We haven't come up with that one thing. I think ultimately I'd like to have an operating foundation that actually provides a service of some type. Don't know what it is, hasn't hit us yet. And in the meantime, we just look at these multiple areas of need and there are plenty of them. We have, for example, the endowment at UCLA where I went to school to help students there pay for school. And we used to do that to help pay for college of our employee's kids. Teresa and I had a scholarship program in the business, so helping fund education is really important. Obviously, healthcare is a big need. We're involved in all sorts of things. Even our kids, they'll recommend things on our own. I think last time my daughter, who's in school in Austin, wanted to give money to the homeless because it's a big problem there. My son is really into sustainability and social justice. And we found an area that supports sustainability in the fashion industry and gave there. And we continued to actually cast a wide net and we feel that at some point we'll probably narrow that down to something bigger, but we take a good amount of money each year to put into the foundation because in a way that sort of forces us to do more and give more and to address this. We're very involved in various ways to give back, and that's just an ongoing journey, but a pleasure and something that makes us all feel good.

**Ben** [00:26:17] So Paul, before we wrap up, you mentioned that you previously owned a wine bar in Laguna Beach. I'd love for you to share maybe what your favorite wine is and maybe the story behind it.

**Paul** [00:26:27] Well, there's a wine that my former partner, Chris, makes up in Santa Barbara, and it's called Mile 216. And the reason it's called that, as I found out, is it's 216 miles from the wine bar in Laguna to Santa Barbara, where it's made. And the reason I became partners with him is because it became my favorite restaurant to go to in Laguna Beach. It's charming. It's a local's place. It's right down the block from a home we have there. And I just love this wine, this Mile 216 which is a pinot noir and I probably more favor cabernets now than anything and I'm actually not a wine connoisseur by any stretch and not that educated but I know what I like. But that particular wine is actually really special and I encourage anybody that's in Laguna Beach area to stop by and give it a try.

**Ben** [00:27:17] Oh, thanks for sharing that, Paul, and really incredible insights. We want to thank Paul for joining us today to discuss how he built his business and how he now helps others build theirs.

**Paul** [00:27:25] Yeah, it was a pleasure.

**Ben** [00:27:29] This concludes the third episode of our four-part business owner series. In each episode of the series, we speak with a business owner who has a unique story to tell. Some of our guests are entrepreneurs like Paul, who built their business from scratch. Others are second generation business leaders who took the reins of a company and guided it to next level success. At BNY Mellon Wealth Management, we have over 200 years of experience working with business owners and entrepreneurs. Our team of advisors has the tools and expertise to develop comprehensive solutions that address your personal financial objectives and family dynamics, as well as issues specific to your business. To learn more about how BNY Mellon Wealth Management can help business owners, I encourage you to reach out to a BNY Mellon wealth manager. I'm Ben McGloin, thanks for joining us and we'll see you on our next episode of *Your Active Wealth*.

**VO** [00:28:15] Thank you for listening to this episode of *Your Active Wealth*. Be sure to subscribe to this podcast on Apple Podcasts, Spotify, Google Podcasts or Stitcher and visit [bnymellonwealth.com](https://bnymellonwealth.com) to view the latest insights on the subjects that matter most to you.

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