

Defining Leadership

An Interview with Paolo Zannoni, Executive Deputy Chairman of the Board, Prada S.p.A.

EDITORS' NOTE Paolo Zannoni is Executive Deputy Chairman of the Board of Prada S.p.A. He has been an international advisor at Goldman Sachs since 2019, covering Italy and the rest of Europe. He served as Chairman of the Italian energy and telecommunications company, Prysmian Group, from 2005 to 2012. Prior to this, Zannoni worked at Goldman Sachs for many years, where he significantly enhanced its investment banking franchise in Italy. Before joining Goldman Sachs, Zannoni was Vice President at Fiat S.p.A. and a lecturer at Yale University. He continues to be an executive fellow at the Yale School of Management, an advisory board member of the International Centre for Finance (ICF), and a board member of the Jackson Institute for Global Affairs. Zannoni has an MA and an MPhil in Political Science from Yale University. He also has a BA from the University of Bologna.



Paolo Zannoni

COMPANY BRIEF Pioneer of a dialogue with contemporary society across diverse cultural spheres and an influential leader in luxury fashion, Prada Group (pradagroup.com) founds its identity on essential values such as creative independence, transformation, and sustainable development, offering its brands a shared vision to interpret and express their spirit. The Group owns some of the world's most prestigious luxury brands, including Prada, Miu Miu, Church's, Car Shoe, the historic Pasticceria Marchesi and Luna Rossa, and works constantly to enhance their value by increasing their visibility and appeal. The Group designs, manufactures and distributes ready-to-wear collections, leather goods and footwear in more than 70 countries through a network of 603 stores as of June 30, 2023, as well as e-commerce channels, selected e-tailers and department stores around the world. The Group, which also operates in the eyewear and fragrances sector through licensing agreements, has 24 owned factories and more than 14,000 employees.

Will you highlight your career journey?

I was recruited as Chief of Staff of the Chairman of the Board of Fiat, Gianni Agnelli, while a PhD student at Yale. It was a dream job. Gianni Agnelli was an exceptional businessman and a very remarkable man, one of the few Italian industrialists to be a true capitalist. He was demanding as much as generous with precious advice and willing to share

his incredible network of relationships. So, I interacted with Henry Kissinger, David Rockefeller, the Rothschilds, the Warburgs, Helmuth Schmidt, Alfred Herrhausen, Michael David-Weill, Felix Rohatyn, among many others. I learned a lot from all of them.

I was involved in many complex transactions around the world, among them was the attempt to buy 50 percent of Avtovaz, the largest car producer in the USSR. I failed, but I had the opportunity to watch the collapse of the USSR from the inside – a unique experience.

Being at Goldman Sachs – the last major investment banking partnership – in the late '90s was also an incredible experience. Of all the top U.S. banks, Goldman was a latecomer in Europe. Yet, in a very short time it rose to the top – an incredible journey.

And, last but not least, my current job at Prada. The company is unique in its industry because the controlling shareholders are truly special – hugely talented, creative and, at the same time, with an exceptional entrepreneurial drive.

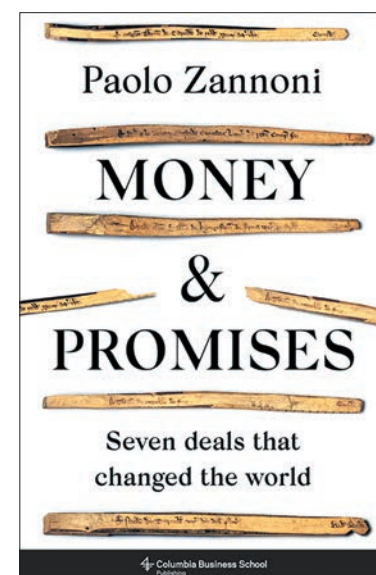
What do you feel have been the keys to your business leadership and success?

Watching closely people that were better than me at what I had to do. Asking them for advice and listening to what they suggested. A long journey trying to learn from the best.

My career has been in large organizations – a car company, an investment bank, a luxury goods company. Each was unique and full of idiosyncratic features, and one had to learn these features to be successful. This takes time and humility, and if you read them correctly you will know which kind of behaviors are needed to be successful. Be humble and flexible. Organizations change and you have to adapt, but stand your ground when you feel you have to.

What interested you in writing the book, *Money and Promises*, and what made you feel it was the right timing for the book?

The financial crisis of 2008 pushed me to look closely into the essence of the business of banking across centuries and countries. I wrote the book to show the true nature of banking and the effect that it has on nations. Banks deal in debts, they exchange the debts of clients for their own, and in doing so it creates money because the debts of banks are money – they have the same purchasing power of legal tender.



This was true when money was minted gold and silver, and it is true now. In any society and political system, money is largely the debts of banks. This simple fact gives banks and bankers a unique place in society and brings power and obligations.

Will you discuss the key messages that you wanted to convey in the book?

Banks make money exchanging the debts of clients for their own. When the State is the client, banks make money exchanging public debt for their own. This establishes a very close relationship between banks and the State. It has always been so, in any nation, in any political system, in any age. So, when banks get in trouble, governments bail them out – anywhere and anytime.

Banks get in trouble often because they deal in debts. A banker is always in debt – to his clients, partners, and competitors. Banks are a fragile business because even their assets are debts: the debts of clients. It is easy for such a business to run into trouble. But their debts are the currency of nations, and the State has no choice but to bail them out.

What do you feel are the keys to effective leadership?

True teamwork comes first and foremost. It is a tiring, cumbersome and slow way to make decisions, and it makes implementing those decisions very complex. But at the end it is very effective because it mobilizes a wealth of talents, opinions, and resources – and those get things done. In business, one must make lots of decisions in situations full of uncertainties and risks. That takes guts, but it also requires analytical skills. Those skills can be learned – invest the time and efforts needed to learn them.

What advice do you offer to young people beginning their careers?

Try hard to get the right mentor for what you want to do. And I mean a true mentor, not a sponsor or a patron. A true mentor will teach you what you need to know, but will not protect you when you make mistakes and fail. That way you will learn how to be effective at what you do. And you will be rewarded when you do well and punished when you fail. That way you will quickly learn if you have what it takes to be successful in the career you wish to pursue. ●