

On Tax—Lisa Siders of Natura &Co

Len Teti: Welcome to On Tax – A Cravath Podcast. I’m Len Teti, a partner in the Tax Department of Cravath, Swaine & Moore, a premier U.S. law firm based in New York City. On each episode of On Tax, I talk to professionals in the Cravath network about their life and work in the world of tax. We focus on the human side of tax law, highlighting the people, connections and stories that make the space such a fascinating and dynamic area of practice. I hope you enjoy this episode.

Today we’re joined by Lisa Siders, who’s the Vice President of Tax at Natura &Co. Lisa, welcome to the podcast. Thanks for joining us.

Lisa Siders: Thanks for having me, Len. It’s good to see you.

Len: You too. So, Lisa, you and I first met in 2015, when you were at Avon, before Avon was acquired by Natura. We’ve worked together for several years since then. But I know your story in the tax law goes back before that. So why don’t you tell us about your background in the law and how you found your way to the tax world?

Lisa: Sure. I found my way to the tax world in a tax class that I took in law school. And while I enjoyed law school very much, I didn’t feel a strong passion for any of my law school classes, until the day I walked into Tax 101. And once the professor started speaking, it was like a language that I knew, you know? It was intuitive, and I loved the class.

Len: Many of us went to law school with the expectation that we do what we thought lawyers did, either from Law & Order or from movies. Obviously, being a tax lawyer is really nothing like that. There aren’t a lot of popular movies or TV shows about tax lawyers, and so, as you think about leaving law school, having added the MBA degree, what were you thinking as you looked for your first job in tax?

Lisa: I was looking at law firms, accounting firms and corporations. And I compared careers in all three of them, and what appealed to me with the accounting firms is that I was able to utilize more of my accounting and financial knowledge, which I did get as part of my MBA program, and I was more drawn towards that.

Len: And you started your career at Deloitte. Is that right?

Lisa: Yes. I was recruited into their comprehensive tax solutions program. What we did then was we would travel across the country and look at our clients’ work papers and identify opportunities and then present them to management and implement those opportunities.

Len: What else do you remember about those early days and the professional life? The people you were working with, individual tasks you were asked to do—what sorts of feelings do you remember when you think back to those days?

Lisa: I remember thinking, actually, that I was working on a lot of spreadsheets. I really enjoyed working with the different clients and meeting them and understanding how their companies were run, and what was important to them. But as a junior person, I was really doing a lot of Excel modeling at that time. And I missed the legal aspects of tax. On reading the code, understanding the code, applying it. That was when I started looking at international tax planning.

Len: So, you joined E&Y and were there for several years. Tell us about how your experience in international tax at E&Y developed that part of your career.

Lisa: I had a very good experience at EY. One of the best things I did was walk down the halls of the M&A practice and start knocking on doors of partners. I introduced myself and told them that I had a legal background and a lot of experience modeling.

Len: Now, literally, you’re walking down the hallway knocking on doors and introducing yourself?

Lisa: I literally did that, Len, and you know what? They were very welcoming and they were like, oh, you're here just basically saying you're available to help. I met a partner in international tax/M&A practice and he was like, actually I'm working on two right now—can you help me? And I walked into his office and he handed me a couple of issues to research and pulled me into the modeling exercise that the federal M&A team was working on. And, basically, that was how my true tax career began.

Len: This is a great opportunity to sort of observe the lesson here, and the lesson is no matter how junior you are, no matter how inexperienced you are, and no matter how limited your knowledge of the substantive area is, it doesn't take anything to say, "How can I help?" And this is true in various aspects of one's life, I suppose. But it doesn't take very much effort at all to raise your hand and say, "What would be useful for me to be doing right now?" or "Can I help you in anything you're working on?"

More often than not, you will find people, particularly people who you think are very busy and don't have time for you, very willing to have you help with their matters. And it's only by those kinds of tasks that you get, that you learn the substantive areas and that you learn the judgment and you sort of learn to take the best aspects of what practitioners who have more years of experience are doing and showing their clients and adopt it to your own personality. So, that's a great lesson and it obviously worked out well for you. So, tell us more about your E&Y experience.

Lisa: I agree with you, Len. It's one of the best lessons I learned in my career. For a junior person, we generally tend to not impose on folks, right? Because, either out of fear or out of respect, actually, because then you think, oh, it's a partner's office, I'm not going in. But what we don't realize is that these people are human beings too, you know, and in this day and age we sit in these offices and I wonder who's not knocking on my door, right?

And the truth of the matter is, someone always needs help and we really appreciate the people who have the courage to just step and sort of say, you know what, I just want to help. And more oftentimes than not, we will come up with something and give it to them just because, you know, we're just so impressed with the fact that they are willing to just offer it up, right?

Len: That's right. Absolutely.

Lisa: So, that's what happened. One deal lead to another and I started working on a lot of private equity deals. I also was cognizant that I was building my reputation with the M&A team, but I wasn't doing as much with the international team. So I made sure that I walked those halls as well. I made sure that I got a few regular clients, if you will, who I can build long-term relationships with and helping them with their day-to-day, and make sure that I'm available to them whenever they needed me.

So, at that point, I was really managing my stakeholders, if you will. I always treated everyone that I worked with as my clients. I'm very customer-oriented, so when I work with my peers, they are my customers. When I work for partners and senior managers and managers, they were also my customers and I made sure that I gave them good customer service.

And that's really gotten me far because at the end of the day, what we do in the law is we offer a service, and how we offer that is really important because they need to feel like you've got their backs. That you're watching out for them. That you understand their facts. That you answered their questions. What I think that most people don't realize is that we can do that all levels, right? You can be a junior associate, associate, senior associate, a partner. And it's the same. You know, it's just, we perfect it with time. We perfect how we deliver that service. And that service is what builds the relationship going forward.

Len: Another good lesson that there's more than one client. For people in law firms, it's obvious that the law firm is engaged by a company and the company is the client. But within that broader relationship, there are other client relationships. You know, Lisa, I think of you as my client when we're working together.

But also I try and train our associates in the tax group to understand that sometimes the corporate associates working on the transaction are really their client, i.e., the people who are taking their advice or their work and doing something with it. Sometimes the corporate partners at Cravath are our clients. Sometimes the tax partner is the tax associate's client. And it's a really great lesson you're helping us teach that the people who

are consuming your services at any given time are the people who are your clients and, therefore, you owe them a lot of hard work and a lot of diligence. And you owe them good communication and attentiveness.

Lisa: Yeah. I call it a 360 approach. You know, because at the end of the day, the group of people who are going to decide whether or not you make partner, they have been your clients since day one. Right?

Len: That's true.

Lisa: Have you neglected that relationship or not?

Len: Well, it sounds like you took good care to develop relationships internally at E&Y and that you got a lot of responsibility in return, not just for that attentiveness, but for the quality of your work. I suppose there is an alternative universe where you stayed at E&Y and lived happily ever after. But at some point, you decided that you were going to make the move to go in-house.

So, can you tell me about how you made that decision and what sorts of things you were thinking about at that point?

Lisa: Definitely. So, whether or not it was in my deal work, or with my corporate strategic clients, what I was really interested in when I sold an idea was really how they implemented it, how it fit into their organization and how it delivered value, and how they maintained that position going forward. And I find myself really interested in what the accounting implications were, how it impacted the stock price, how it impacted the organization as a whole.

So, I was given a very good opportunity at Praxair to be their International Tax Director. My career at that time, I saw it as going in one of two ways. One, I could go in and see how well I could do in corporate, and whether or not it was the right fit for me. And if it was not the right fit, it would give me such insight into how to serve my clients because I would be able to relate to what they went through, right, as clients. So, for me it was win-win situation, there was no risk. Because I was in my career early enough that I could take a year or two to do that.

Len: But at the time you made the decision, you had in the back of your mind the possibility that if it didn't work out, you'd be able to come back to E&Y or to accounting.

Lisa: Absolutely.

Len: I see. So, how did it go?

Lisa: It was another great opportunity. I learned the business, which was really appealing to me. And understand how tax impacts the financial statements. And, most of all, I really saw how tax interacted with the rest of the organization. One of the things that I've noticed as a tax professional is how important companies realize the tax function is, but how little they understand it.

And what role do tax functions do in terms of communicating the importance of it, be it from a value perspective or from a risk perspective.

Len: And respect the tax professionals who are working with them. I gather from my experiences with you that you're highly respected in your organizations, but that's not always the case with tax functions. And also, tax functions tend to be misfits in the sense that sometimes they're under the GC's office. Sometimes they're sort of viewed as legal.

Other times they're under the CFO's office and they're viewed as finance. Even sometimes there's a marriage of CFO, treasury, tax, insurance. It's all kind of smooshed together. And different companies organize tax in different ways. That doesn't always reveal the way that they view tax internally, but the fact of those differences reveals that tax doesn't fit neatly in any of these particular functions. And that's actually a symbol of, I think, its importance. And I think the best companies with the best tax functions are those that appreciate and respect the importance of tax and take the time to understand how it fits into their business, even if they don't understand, you know, all the substantive details.

Lisa: Yes. One of the things that surprised me during law school is you tend to think, “OK, how well could I understand tax legislation?” Right? “How well can I interpret the code and apply it?” And I would’ve done my job great by how well I can advocate for my client. But in reality, in practice, what makes a great tax professional is really understanding the tax impacts of everything that your client does. Which market you choose to be in, what kind of operations you put in that market, how you intend to grab cash to that market, and how you take it out. How do the companies interact with each other, right? What are the intercompany services that go back and forth? And what kinds of positions we take, how do we identify risk report those things.

It is pervasive in everything that a company does, right? Each function has a tax impact. Who you hire, where they’re working from, especially in this pandemic, and making sure that your shareholders understand the tax impacts of what your company is doing is also critical. To be a really effective tax professional, you have to have at least a rudimentary understanding of those operations in order for you, first of all, identify the tax opportunities and second, identify the tax risks associated with that. And make sure that you advise your clients accordingly.

So, if you are a tax lawyer, what makes you a great tax lawyer is that you know your clients. And you know their facts. You know what’s important to them. You can sense where their areas of risk and opportunity are, and you’ll be able to effectively advise them in doing so. For a tax professional like myself that works for a company, I need to make sure that my team is well poised in the key areas so we are aware of the changes to the business, so that we can partner with them and give them the advice that they need in a way that they understand. Most people will not understand if you speak code to them.

Their eyes glaze over. And then the whole stereotype comes in where we don’t understand tax. In reality, the concepts are very simple. If you’re able to communicate so that your client understands you’ve added value, you would have done your job well. So being able to know your client, know what they do, understand what they do, and then render that service—connecting that is really what makes a true tax professional great.

Len: So it sounds like that transition to in-house roles suited you well, and then you and I, as I said, got to know each other when you were at Avon. Talk about the decision to move to Avon and the sorts of work you were doing there.

Lisa: So, my decision to move to Avon was a difficult one because I really did enjoy my position at Praxair. Avon was in a turnaround situation and the amount of planning that was available to me to work on was just something that I could not turn away from. And I’ve always been very partial to Avon because it is the company for women and has a really great corporate purpose.

Len: Avon had been a longtime client of Cravath’s in 2015, when I first started working with you; I was a partner already. I had never worked on Avon matters before, but one of the partners who had covered Avon had to be out of the office for several months. And I was asked to jump in, and we got to work on some pretty transformational transactions and some other matters together that really had us working closely for many years. And then, recently in the last year or two, we represented Avon, and I represented you in an acquisition by the Brazilian company Natura &Co. Tell me about the experience of working for a company that was being acquired. And tell me how the process has been so far in integrating with Natura &Co’s existing business and what challenges you have faced professionally.

Lisa: So, being acquired by Natura &Co was a very logical next step in our turnaround and learning from such a reputable company that shares our purpose, which is really about helping the world, one representative or consultant at a time, was something that made a lot of strategic sense for our company. I had never been acquired before. And so, it really was a matter of keeping an open mind and learning about the business that was acquiring us, understanding what kind of synergies or opportunities there could be going forward, making sure that we were transparent and helpful in the process—and it’s always great to have great lawyers to help you through the diligence process. So from that perspective, was really enlightening experience, you know, to learn what a buy-side perspective is, what a sell-side perspective is, and marrying two companies together in the most tax-effective way was really helpful. And obviously, since then, I’ve been busy integrating our tax teams. Making sure that we’re able to take on a new business, because overall, we have two existing business coming together as really one new business, but respecting each other’s autonomy. Because there are two businesses with different cultures, appreciating those cultures, making sure that we figure out the best way to work with each other and maximize our value to our stakeholders. All of that has been really educational for me and a busy time indeed, but a lot of fun.

Len: It sounds very exciting, I mean, your in-house career has obviously developed and advanced as one might expect, but you've been present for a lot of really interesting moments, and it sounds great. One question you already touched on a little bit is what the best tax advisors do well. You talked about understanding the business and being able to communicate. Are there other particular characteristics of tax lawyers or other tax advisors that you have observed over the years that are the things you're really looking for? How do your best advisors serve you well?

Lisa: Well, if I could have all my tax lawyers be like you Len, then I would be very happy.

Len: Thank you.

Lisa: I think having a lawyer represent you as your advocate is a really special relationship. I think that your clients are corporate clients, but they are run by human beings, right? And we like to know that our lawyer has our back and is on our side, especially in a merger process. Especially for us. I felt vulnerable, right? Because we didn't know what was going to happen.

We didn't know what the next steps were going to be, whether or not we were going to go through with the deal. And so, knowing that you were there representing our best interests, and you're being transparent and communicate what we needed to work, your practical approach, all of those things really go a very long way. They go a long way in terms of making sure that we're satisfied with the service, but also builds relationships for the future, because I know that if we're ever in a situation, our tax lawyers will be there for us to take us through.

Len: Those are very nice compliments, thank you. I have learned over time that sometimes you need to be fierce defenders of your client's position, sort of the bad cop on large calls, so that someone in your position, Lisa, can be more cooperative and less aggressive. I have also learned from time to time that sometimes someone in your position needs to be more aggressive on calls or in meetings. And my job is to support that by looking to you and saying, yeah, that's our position, so you have to deal with it. And it's nice to be able to work with someone like you, who understands people and who understands human dynamics. And from time to time, of course, you and I will get on a phone call before a call and say, who's the bad cop on this call, you or me.

Lisa: That's right.

Len: And it's helpful to be able to work with somebody who thinks the way I think about those sorts of things in the tax world. I'm sure you've observed this—not everyone is quite as savvy or attuned into those dynamics, and therefore they can't adjust their behavior to reflect them. But if you understand that dynamic exists, then you can add to your service by aligning accordingly.

Lisa: Yes. And you know what, that applies, right, to all aspects of our lives. I think we need to really tune in to all of our stakeholders and understand what is important to them. It all comes down to that, right? We all have a role to play and how well we can achieve our combined result really depends on how well we know each other and how well we collaborate with each other. And so, understanding human nature is a critical part of becoming a great tax professional in my view. It is not something to be underestimated. I think at the end of the day, it is the differentiating factor. You know, we've got a lot of smart people. Right? A lot of people can review tax legislation, interpret it, get guidance and apply it. But not many people can understand how to serve a client well. How to build those long-term relationships so that when they do need you, you're the person they want to call. And that piece, not everybody can do. And sometimes when I look for exceptional talent, that's the talent I look for.

Len: I'm always very flattered when you tell me, you know, "You're my tax lawyer, Len. If I've got a problem, I'm going to call you."

It's nice to hear as a business matter but personally, it always makes me feel good when you express that kind of confidence. It also makes me look great in front of our associates who hear it on phone calls and I appreciate that.

Lisa: Well, it's the truth.

Len: Well, thank you.

Let's spend the few minutes we have left talking about non-tax things. I know you have a lot of really interesting things you like to do for hobbies and in your personal life. What would you like to talk about?

Lisa: Well, we can talk about what we have in common. We can talk about running and how you made me a runner.

Len: Sure, go ahead.

Lisa: I remember last year when we started quarantining and, of course, being the good tax lawyer that you are, you touched base with me to make sure I was doing OK. And then we talked about, you know, how we were coping with the stresses of an uncertain environment. And you inspired me when you told me you were running seven to ten miles? I was like, "How is that even possible," you know? "Do you still have legs? Have they fallen off?"

And I told you, "Well, I'm going to try and make it," remember I had a couple false starts? I think I remember telling you I made it to two miles and that was, like, a record, so. But since then, you know, now I run like you—seven to ten miles is not a problem anymore.

Len: Well, recently you texted me and you told me you had run eight miles and I haven't run more than five in a long time and I was feeling like the student had passed the master or something. So, I give you a lot of credit for that and it's awesome to hear that you've taken that up. I found during the pandemic, it was a huge stress reliever for me and it wasn't the sort of thing I could do at work. It's tough to get away frequently, consistently to do that sort of thing, and I commute from very far away, and so I'd have ninety minutes one way. It's just really tough to find the time. But when you don't have to commute, you can use those hours in more productive ways.

Lisa: It gets you out of the house, you're breathing fresh air and it improves your work product and improves your health. It's a win-win.

Len: So, tell me, if work life stopped tomorrow and you could do anything, where would you go and what would you be doing next week?

Lisa: Is my husband going to hear this?

Len: Yes.

Lisa: You know, I often think about what we would do. I probably would build a house in in the south of Italy, where my husband's hometown is and we have a small little plot of land, and really enjoy my family actually. So, I would do that and then I would write a book.

Len: That sounds great. That sounds great. You could do a lot worse than moving to southern Italy and living there for the rest of your life, that's for sure.

Lisa: Yeah. With lots of trips back to the U.S. and visiting my favorite tax lawyers.

Len: We would love to see you. Lisa Siders, Vice President of Tax at Natura &Co. It's been a pleasure to catch up with you. Thank you for being a guest on our podcast and stay in touch.

Lisa: Thank you, thanks for having me, Len. Thank you.

Len: You're welcome.

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