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Blackstone Group Chief Executive Steven Schwarzman prefers the path less taken, according to comments he made to an exclusive group of rich investors who gather monthly in New York to trade investment ideas amongst themselves.

But the billionaire and one of the biggest players in the private equity business says it's not always easy to sell that point. "It takes considerable effort to convince people not to invest in what everyone else is investing," Schwarzman told members of **Tiger 21**, an investment club for ex-entrepreneurs and former senior executives who have retired to manage their personal wealth.

It is the secret to Blackstone's success. The firm, founded in 1985, specializes in finding undesirable (read: undervalued) companies, taking them over, sprucing them up and then selling them or taking them public again.

Private equity firms like Blackstone have been raking in billions of dollars in investor money in recent years as the affluent and institutions like pensions and endowments scramble for more attractive returns than boring old stocks have been able to deliver.

Blackstone is at the top of the heap, in the size of the transactions it arranges, the number of deals it does, and the amount of fees it generates for Wall Street banks like **Goldman Sachs** (nyse: GS - news - people), **JPMorgan Chase** (nyse: JPM - news - people) and **Morgan Stanley** (nyse: MWD - news - people). But Schwarzman says he's not letting it go to his head.

"I try to approach every single day as if it's my very first day in business, and remember what it was like before those phones started ringing," he told the gathering. "No matter what your skill level or your access to opportunities, so much about investing comes down to an act of God -- it's not our birthright to generate strong rates of return."