

Investment Banking Recruiting

As a first-year analyst at Morgan Stanley, I had volunteered to be part of the NYU recruiting team. The recruiting team consisted of bankers from various levels including the most junior analyst through the senior managing director. In our NYU group, there were several of us first-year analysts (mostly junior) on the team, maybe one or two associates, and a vice president who was in charge of the recruiting process on behalf of the school. The interviewing process for senior undergraduate students for full-time jobs upon graduation would begin in late August or early September. Everyone on the NYU recruiting team at Morgan Stanley would coordinate a day in our schedules to meet and go through all resumes submitted. *Every* submitted resume was, in fact, sent to us and reviewed. We would have a binder of all submitted resumes and would sift through them one by one as a group. It was during this meeting where we would select candidates we felt were appropriate for a first-round interview. We would hope to get 40 to 50 candidates to interview. In my experience, we narrowed down candidates based on three different categories:

1. Students who had prior bulge bracket internships
2. Students who had M&A and other relevant experience
3. Students who we felt may be good analysts

So let me explain these categories. For category 1, we would automatically select anyone who had previously interned in the investment banking group at a bulge bracket bank. But this candidate needed to have received a job offer after that particular internship. If not, there needs to be a good explanation. Some firms actually choose not to give follow-on offers to any intern. That's an acceptable explanation. But if a firm has given out offers to select interns but not the particular candidate in question, then that would give us pause for concern. For category 2, knowing we wouldn't find 40 to 50 candidates just by filtering down to those with bulge bracket internships/offers, we would also select candidates who had relevant experience either at a smaller bank or investment firm or in other types of firms where the candidate may have had investment banking related exposure (i.e., financial modeling and valuation). Again we are looking for students who will interview well and will be good analysts. So students who interned at mid-market or boutique banks in the M&A division would be selected, for example, or even candidates who interned in the equity research division of a bank. Even though equity research is not a key investment banking department, the role does require some financial modeling and valuation skills that can be transferrable. Finally, for category 3, we would select anyone else who we felt could interview well and be a good analyst. This is vague—on purpose. As we sat in our group flipping through resumes, if we came across someone we had recognized, we could identify that candidate and include their resume in the

“to be interviewed” pile. This is a very important category, which relates to the need for everyone looking to get into the investment banking industry to make themselves known. My strong advice here is to find out who is on the recruiting team from your school and begin an initiative to get in front of them and let them know that you would be a good candidate. If you were not lucky enough to get a bulge bracket or relevant internship, this is your chance to have someone on the recruiting team call your name when the time comes. This is where networking is key.

NETWORKING AND INTERVIEWING

Networking comes in many forms, so in this part I will just focus on a few major helpful tips for getting into the investment banking industry. Now that you have a general view of how the process can go internally, you see the importance of getting in front of the right person and making yourself known. If you are a senior at a university looking for first-year analyst roles, the best person to get in front of are college alums who just got hired. As the bulge bracket hiring season begins early in the fall, recently graduated students who got hired into these banks typically go through a training program in the summer. So by early fall they are just beginning their full-time role and are still eager and excited about their position. Get in front of those analysts before the job duties become so overwhelming that they no longer have time to reciprocate.

Getting in Front of Key People

I’m often asked who the best person in HR is to reach out to. It’s important to note that most investment banking groups actually appoint an analyst, associate, or vice president to manage the groups’ daily operations—including hiring. This particular person is a banker who liaises with HR to determine staffing needs. A candidate needs to find out who that person is. So, for example, if a candidate applies for an investment banking position online, that resume typically gets sent to the HR department and is sorted among potentially thousands of others. To enhance your chances of getting selected, find an actual analyst or associate working in the group you are applying for and reach out to them. LinkedIn is an excellent resource for this. So if you submit your resume for a position in Mergers and Acquisitions at Credit Suisse, for example, use the LinkedIn search bar to find who is actually working in that group and send them an InMail. InMails are more powerful than just connecting with that person, as an InMail typically goes directly into their inbox.

When I was a first-year analyst, I would get a flood of emails from students who wanted to break into the investment banking industry. In the beginning, I was eager and excited to respond to everyone. Over time, as work took over, and conversations with students became repetitive, I started to filter whom I responded to. I was still very interested in recruiting good analysts, but I wanted to be sure I was speaking to someone who was really serious and would interview well if I brought them into the firm for an interview. So it is very important that candidates prove in some way that they know what they are getting themselves into either through experience or extensive knowledge about the industry. “Breaking into the industry” could mean the candidate read about banking in a blog and knows they can make a lot of money but doesn’t really understand the function and roles of a banker. Or it could mean someone is seriously qualified but just hasn’t gotten the right opportunity to interview. We look for the latter, and it’s very important that you demonstrate right away that you are someone who truly knows what

you are getting yourself into and understands what an investment banking job entails. So having a prior internship and the relevant skills matters. In addition, how candidates present themselves is most important and will be discussed.

The Two Most Important Investment Banking Interview Questions

Whether it's an initial phone call or a first-round interview, I would easily determine a candidate's qualifications by asking the candidate to introduce himself ("Tell me about yourself") and then asking another simple, yet key question: "Why do you want to get into investment banking?" I will explain what the recruiter is typically looking for next.

You will never know exactly what someone will ask in an interview, but there are certain topics that almost always get covered. No matter how the call or interview is introduced, you will most likely be expected to explain why you want to work in this type of field and explain who you are. The answers to these questions are simple, yet they demonstrate intent. Believe it or not, I have easily narrowed down 50 candidates to 15 by asking these two simple questions. Often, even students at the top business schools just haven't prepared themselves in a concise way to answer these questions effectively. "Tell me about yourself" is your "elevator pitch" of yourself. It's what you are about. The perspective is very important. I will explain.

Tell Me About Yourself Candidates often confuse the questions "Tell me about yourself" and "Walk me through your resume" as one and the same. In fact, they are the opposite from a timeline perspective. "Tell me about yourself" is a story of who you are—what you are *about*. It should be an overview of pivotal moments in your life beginning with when and where you are from through to why you are speaking to the recruiter today, and they all need to connect in some way. "Tell me about yourself" is a 60- to 90-second elevator pitch of you explaining why you should be chosen for the job. The answer to this question not only demonstrates intent, but preparedness and presentation.

You should always begin by introducing yourself by simply stating your name and where you are from. Keep it simple. Then focus on where you attended college or university and why your specific major was chosen. This should lay out some groundwork toward the career of choice. If the major is not related to career of choice, then you must be prepared to explain what situation occurred that led you to change course. It would be ideal if there were some transferable skills from major to career that can be highlighted to help explain the transition. *Briefly* give an overview of past internships by simply stating the nature of the role and why it applies to overall goals. Remember the important component here is *why*. Many people rattle off their history but do not explain why they've chosen their specific major or internship. Finally, you should conclude with why you want to work in the current field. This very general framework is summarized as:

1. Where you are from?
2. Why did you choose your university and major?
3. Tie together your past experiences in a way that explains why you want to work in the field.
4. Conclude with the answer to why you want to work in investment banking, which we will explain further.

Thinking about this general framework will help keep focus. All too often candidates start discussing aspects of their life that are not relevant and will lose the recruiter. Other aspects of a candidate's life that are possibly relevant and interesting can be thrown in

during the discussion but do it after the initial pitch. The answer to this question makes an important first impression and will set the tone of the rest of the interview. If it is not concise, it may reflect poorly. Also, I do not recommend going into the actual day-to-day duties in each internship or experience described; just provide an overall description and how the experience fits into the overall story. Details can be saved for later questions, like “Walk me through your resume.” Again, “Tell me about yourself” should be an overarching story of who you are and how you fit into this role. I will explain more in the next section.

Explanation of Past Experience Candidates often have trouble simplifying their past experiences. Often their explanations are too long-winded and lose focus on the overall story. As mentioned earlier, it’s important to focus solely on an overview of what the role was and why the role was chosen. And this should ultimately explain how choosing that role fits into the candidate’s overall career goals. If a candidate is pursuing an investment banking career and they have prior investment banking internships, the story is clear and direct. But often candidates have had several varying experiences or are trying to make a transition. One needs to be careful in explaining these past experiences as part of the story. If a candidate has a lot of varying experiences on their resume, a recruiter can rightfully be concerned that the position they are interviewing for may also be just another of the many. Most recruiters want to know this job is a serious step in a candidate’s career and will potentially be a long-term one. The candidate needs to demonstrate that. A candidate needs to treat each and every past experience as a small step toward their ultimate goal as opposed to “random” short stints. If one can explain each experience as building toward their ultimate goal, this will help give a recruiter comfort in the seriousness of their candidacy.

For example, let’s say we have a candidate looking to enter the investment banking industry. This particular candidate, however, did not have prior investment banking experience. They had an internship in accounting at “Big 4” accounting firm Ernst & Young. A recruiter would most likely question the accounting internship to see if the candidate is actually interested in investment banking. Now, we all know investment banking is a highly competitive industry, so how the Ernst & Young experience is presented is very important. If a candidate loosely explains this past experience, and maybe even others, without making a connection into the banking industry, the recruiter may see this as a sign of lack of focus. How would a recruiter know that the candidate’s investment banking interest is not another short-term one like the candidate’s interest in accounting? Recruiters do not like this impression of candidates bouncing around from role to role and industry to industry. This is where tying together everything in the story comes to play. I also strongly recommend that you keep your explanation positive; don’t focus on any negative aspects of the internship. I often hear candidates explain, “I didn’t like the people,” or “Accounting wasn’t for me.” Find positive transferable skills that make the recruiter believe the accounting was a steppingstone toward the ultimate goal of getting into the investment banking industry, something more like this: “My experience at Ernst & Young provided me with the strong basics of practical accounting. I strongly believe the corporate accounting and due diligence skills learned during my internship could be directly applicable toward analyzing and valuing companies in M&A and underwriting transactions. This would best prepare me for a full-time analyst role within the investment banking industry.” You could also add something like “Although Ernst & Young wasn’t my number-one choice, it was the best offer I was able to receive at the time as the investment banking industry is a highly competitive one.”

So this method can be applied for most past experiences. Keep explaining how each prior role was a step to the next and all toward the ultimate goal of investment banking. You are building a story and making an impression.

Explanation of Irrelevant Experience Sometimes past internships are not relevant at all. What if the candidate had other internships that were, for example, in marketing or sales prior to Ernst & Young? Or what if the experience was even more distant, like working at a coffee shop? First of all, you don't have to put *every* experience on your resume, especially if you have had so many jobs or internships that your resume extends to a second page. Keep the resume to one page and drop the oldest experiences, especially if they are irrelevant. So if this candidate had worked at a coffee shop, let's say as a freshman in high school before all other internships, it's okay to not include it. In my opinion it's okay to eliminate prior experiences if they are far in the past and not relevant. As for the sales and marketing internship, the candidate can include them but simply talk over them so as to not make them a focus of the goal and story. For example, the candidate can add, "While at university, I took various internships until I finally received something I thought would help me build toward my ultimate investment banking pursuit." The candidate can then continue to speak about their Ernst & Young experience. The key focus here is that it is unlikely that a candidate is going to get an investment banking internship before their junior and senior years. First, not every firm hires freshmen and sophomores, and the ones that do have very limited spots. So the more a candidate can turn their junior and senior experiences into a positive and continue to demonstrate their ultimate goal, the more presentable they will be and the more successful a candidate they will become.

Why Do You Want to Get into Investment Banking? Again you never know what a recruiter is going to ask in an interview but be assured they will want to know why you want to work in the field. Even if this question is not asked outright, it should be part of your overall story: "Tell me about yourself." "Why do you want to do investment banking?" is a staple, and believe it or not, it is not always answered adequately. The wrong way to answer the question is to focus on the money. "I want to be a dealmaker" is another poor answer. These answers are superficial and don't focus on the specifics of why investment banking exists and what it does to provide value. Often I hear answers like "I want to work with smart people," "I want to be in a competitive environment," or "I want to be challenged." Although these are possible true answers, these answers can apply for many different fields—consulting, equity research, even a nonprofit. The answer to why you want to do investment banking needs to be specific and focus on what investment banking is and how it provides value. It also needs to mention to whom it provides value. So, to better understand what a good answer is, it is important to understand that investment banking is two things: (1) mergers and acquisitions (M&A) and (2) underwriting. Mergers and acquisitions is the process of buying and selling business. Underwriting is the process behind raising capital. Both are initiatives utilized to hopefully drive external growth in some company. A managing director in an investment banking group would advise the client on some M&A or underwriting opportunity. This opportunity should aim to be of value in driving growth in the client.

A good answer should have a personal "hook," something like "I want to work in the investment banking industry because I want to understand the process and strategy behind M&A and underwriting, both processes that drive value in business." This is completely different from the general "working with smart people in a competitive environment" type of answer and certainly sets a candidate apart from his or her peers.

Hook So, as mentioned earlier, it's important to have a story, an "elevator pitch" of yourself, from when and where you were born all the way to today—why you are sitting in front of the recruiter. This pitch is complete with the addition of a hook. This is a story, ideally from your past, that ties all these components together. The hook both completes and personalizes the story. The hook should in some way lead into your answer to why you are choosing investment banking. Some examples of hooks deal with a rooted passion in stock investing, or maybe a company that you started when you were young. Another great example of a hook is an experience with a family business—maybe one that was failing. The hook is designed to extract a rooted passion that seeded your interest in the field.

Think about what your hook should be. This hook will apply to not only your story but cover letters and networking emails. So let's say this candidate who worked previously at Ernst & Young was a young entrepreneur and started a company selling crafts years ago. This could have been a very early step toward exploring a career in business. Now trace from the time of this hook toward the other necessary pieces included in the story and find a way to apply this original experience to each, connecting them all. So maybe this candidate did, in fact, decide to study finance because he or she found potential interest in the career through trying to start a company. But how would this ultimately lead all the way toward an interest in investment banking? How can an entrepreneurial experience be banking related? Well, remember investment banking is at its core M&A and securities underwriting—initiatives that drive growth in business. Maybe the candidate faced a major growth hurdle in the startup company that required the need to raise money. That could be an angle. Underwriting is the process of raising capital by issuing securities. If you can connect your hook to investment banking in this way and apply the earlier components, you will have a complete story, maybe something like this:

"I was born in Malaysia and ever since I was young thought of myself as an entrepreneur. At an early age I started a crafts company that sparked my interest in business. Unfortunately, I hit a few hurdles with my business due to lack of funding. Despite that setback, the experience led me to pursue a business degree in the U.S. While studying at my university, I researched and explored several career paths and realized investment banking is at its core the process behind growing businesses through M&A and underwriting. Maybe if I had these skills previously I would have been able to grow my business. So I decided to pursue this field as a career. Because the investment banking industry is very competitive, especially for a junior-level internship, I settled for a summer role at Ernst & Young. Although not ideal, it strengthened my accounting from a practitioner's perspective and gave me exposure to the due diligence process, which are both applicable to investment banking. Now I am here to apply my passion for growing businesses through M&A and underwriting, and my knowledge of accounting and the due diligence process learned at Ernst & Young toward a career in the investment banking industry."

That's a good answer. Answering this question appropriately gives the recruiter the impression you were meant for this job in some way. Few candidates are that thorough in their answer, so this will set the candidate well apart from the competition.

Once you've crafted an ideal story for yourself, it's time to get up to speed technically. There are many guides out there that focus on the myriad additional behavioral questions one should prepare for. This book is designed to be a technical preparation guide. So having presented my perspective on the most important behavioral questions above, I will now move on to the technical.