

Investment Banking as a Career Option

I often times speak with alumni who are interested in pursuing careers outside of traditional law firm practice. One area that has been of interest to alumni has been investment banking. However, in recent years, alumni have also become increasingly interested in considering careers in management consulting. I have put together some information and suggestions regarding investment banking and management consulting which may be helpful to those of you who are contemplating a move into either of the two career fields.

What is Investment Banking?

Investment banking is a multi-faceted practice area that involves structuring financial transactions for private and public companies into developed and emerging markets. Investment bankers identify capital opportunities, negotiate and structure deals, and execute private and public financial transactions. The essential function of an investment bank is to act as an intermediary between potential investors and those who seek capital. Investors include individuals, mutual funds, municipalities, public corporations, and private institutions. Generally, capital is raised through the issuance of equity (stock), debt (bonds), or through a merger and acquisition (buying and selling part of a company). Investment bankers perform duties ranging from the preparation of disclosure documents and marketing materials for public offerings, to analyzing potential mergers and acquisitions for boards and shareholders. Investment banks offer many different practice areas that typically fall under broader classifications such as investment banking, investment management, merchant banking, finance and operations, information technology, global research, fixed income, risk management, and equities. Due to high salaries, large potential bonuses and the drama associated with the financial markets, investment banking has become increasingly popular among JDs. Generally, those with JD degrees choose positions in corporate finance, M & A, structured finance, or a more technical discipline.

Why are so many lawyers interested in Investment Banking?

Many lawyers-turned-investment bankers mention that the key attraction to the field is being "close to the action," working with CFOs and CEOs, and being in the center of the decision-making and strategic business planning. One alumnus commented that in investment banking, "you are able to drive the process, whereas in law, the process drives you." Investment bankers are there at the origination of the project; they put together the deal, whereas lawyers are typically brought in later in the process. Investment banks value the ability of their associates to attract clients and generate business, and new hires are expected to participate in client development right from the start. Practitioners with only a few years of experience find that investment bankers have more responsibility in the early years than is true of a typical law firm associate. Additionally, the incentive to make the switch from law practice to investment banking has not only been the ability to make a deal happen, but also the opportunity to spend time and energy on a variety of tasks, rather than primarily on research and drafting. Investment banking is extremely lucrative. The starting salary for entry-level associates is approximately \$125,000 per year. Investment banking salaries start higher and increase more steeply than salaries for the equivalent experience curve in the legal profession. Additionally, the investment banking industry is known for extravagant performance bonuses-sometimes as large as 60-100% of the base pay. By all accounts the disadvantages of investment banking are long, unpredictable hours and occasionally extensive travel. Hours fluctuate depending on the client and the project, ranging from 50 to 120 hours per week. By most estimates, the average is about 60-80 hours weekly, usually with at least one day's

work per weekend. There is a greater opportunity and need for travel than in traditional firm practice. There are some weighty considerations to be made for any lawyer thinking of a move into investment banking. Finding a job in investment banking is a long and arduous process and generally requires a real commitment. I have seen many alums make such a switch but not without a great deal of effort on their part. First, an attorney must decide whether he/she is ready to leave the law. Depending on the circumstances, reentering the law after investment banking could be more difficult. Investment banks tend to operate on an incentive and performance based system for advancement, rather than the lock-step system of many law firms. Consequently, anyone making such a switch must be ready to hit the ground running.

Getting a Job in Investment Banking:

Alumni have commented that JDs who enter investment banking are generally not as prepared initially as their MBA counterparts. Your success in breaking into investment banking as a lawyer depends largely upon your ability to show how your legal experience and training are applicable to the investment banking industry. Thus, it is traditionally easier for transactional lawyers to make such a move. Your resume should point out the skills and abilities that are sought after in the investment-banking field:

1. Indicate your accomplishments and successes. Whenever possible, quantify your achievements, using dollar figures, percentages and other indicators to showcase your performance.
2. Demonstrate analytical ability, reasoning skills and unique problem-solving successes. For example, discuss how you creatively structured a client transaction.
3. Illustrate your "team player" characteristics. Make clear your collaborative effort with other lawyers, as well as with other professionals, such as investment bankers, accountants, developers, etc. How have you worked together to solve intricate client issues? What experiences in your past show that you collaborate well with others to achieve a common goal? Pitch in to meet deadlines? Care more about the result than the credit?
4. Emphasize your strong research and writing skills. Investment banks are interested in lawyers for their strong research and writing skills and their attention to detail. Try to represent your skills in your resume
5. Show your academic strengths. Depending upon the length of time since you graduated from law school, emphasize classes that you have taken, such as Corporate Taxation, Accounting for Lawyers, and Corporate Finance, that have a business and/or quantitative focus.
6. Demonstrate a propensity for leadership and responsibility. Highlight significant responsibilities and leadership positions held whether through previous employment or community/professional leadership positions.

Management Consulting as a Career Option

What is management consulting?

Essentially, a company, government entity, or non-profit organization hires a management-consulting firm to assess problems, improve operations, or plan for the future. Consulting continues to rank among the most popular careers for recent MBAs. Today an increasing number of professionals with JDs and

PhDs are turning to management consulting as a lucrative alternative career. The various types of management consulting include: strategy, operations, information technology, and human resources. In my experience talking with alumni, I have found that not only are there fewer women than men in the field, but that they tend to work more in the process and human resources groups than in strategy consulting. The consulting industry has grown tremendously realizing an average 16% per year revenue increases over the past several years. Industry growth is being fueled by corporate expansion into emerging markets and rapid changes in industries such as IT evolution, privatization, and globalization. Previously, consultants comprised an elite cadre of highly paid general strategic advisors. Today, however, consulting is changing. It is becoming a broad-based system used to evaluate operations and information systems on a specialized level. Consulting firms often require employees to specialize, or are hiring individuals who already have expertise in a particular field.

What are the pros and cons of management consulting?

A major advantage of management consulting is that it is a very intellectually challenging field - - one that provides a great deal of intellectual freedom because there is no prescribed way to do things. Management consultants generally work in teams, making for a more collaborative, less solitary and perhaps less competitive work environment than traditional law practice. The average tenure for a management consultant is about three years. At that point a large number of consultants leave to work for a client. Certainly then, another advantage of management consulting is the large number of contacts individuals are able to make. Consulting then may be a fast track to very high-level corporate positions. Management consulting is extremely lucrative. The starting salary including bonuses for a candidate with an MBA is \$120,000-\$190,000. It is difficult to say exactly how this would translate for a candidate with a JD or for one who has practiced law for a number of years. In general, however, consulting salaries start higher and increase more steeply than salaries for the equivalent experience in the legal profession. Additionally, the consulting industry is known for extravagant performance bonuses. By all accounts the disadvantages of management consulting are long, unpredictable hours and very extensive travel. Hours fluctuate depending on the client and the project, ranging from 50 to 120 hours per week. By most estimates, the average is about 60-80 hours weekly, usually with at least one day's work per weekend. Similarly, travel requirements vary from company to company and project to project. Nonetheless, consultants generally are expected to move into the client's facilities for the duration of the assignment. It is quite typical for a consultant to be on site 4 days a week and in home office on Friday. This lifestyle can be difficult for anyone, particularly those with young families. There are several unique features of management consulting that set it apart from traditional law practice. As mentioned above, a great deal of the consultant's work takes place at the client's place of business, and thus the consultant is always "on." The consultant on-site is oftentimes unable to retreat to his/her office and must be available to the client at all times. Another feature of management consulting that sets it apart is that in the law, being detail-oriented is essential. According to one alum, in management consulting it may even hurt to focus too much on the detail. Consultants may shoot for 80% certainty - there's not time to seek 100%.

What are consulting firms looking for in a candidate?

1. Superior credentials and a commitment to excellence: There's no way around it-- consulting firms hire top-notch, extraordinarily intelligent, excellence-driven individuals. Management consulting firms look for superior professional credentials, a demonstrated track record of success, and an excellent academic background.
2. Logic and problem-solving skills: Analytical reasoning and creative problem solving are the two most important abilities recruiters' want. Most firms have intensive training programs to teach the business, but a candidate must first possess the mental horsepower the job requires.

3. Business judgment: This is especially difficult for candidates who do not have an MBA, as well as for those lawyers who have little transactional background. These candidates must demonstrate business acumen and basic knowledge of the business world.
4. Client and relationship-building skills: Perhaps more than any other industry, consulting is about the client. Interpersonal and relationship-building skills are crucial for both the newcomer working on a team, and later for client development. Demonstrated ability to provide high-level client service and outstanding interpersonal skills are mandatory.
5. Quantitative skills: While it is not necessary to have an accounting or math background, you must be able to demonstrate a facility and comfort with numbers, as well as with spreadsheets and with basic accounting.
6. Personality: Management consultants work in small teams for long hours over extended periods of time. Therefore, firms not only look for people who are team players, but individuals who remain calm under pressure, and are willing and able to work the long hours, and still be fun to be around.
7. Attractive candidates are those who also demonstrate perseverance, attention to detail and decisiveness.

Customizing Your Resume for Management Consulting

Your success in breaking into consulting as a JD depends largely upon your ability to make your experience and training as a practicing attorney applicable to the management consulting industry. Your resume should frame your experience in terms of the skills and abilities important in the consulting field:

1. Highlight your achievements. Whenever possible quantify accomplishments with numbers. Use dollar figures, revenues generated, novel strategies developed on behalf of clients, etc. The bottom line is that you want to show how you helped clients solve a problem -- which is exactly what you will do as a management consultant.
2. Establish your ability as a quick learner. Consultants are expected to become overnight experts on each new project. Use your prior experience (this is one place where lawyers with litigation experience should have an advantage) to show your ability to get up to speed quickly and still be able to discuss new areas confidently with a client.
3. Demonstrate a propensity for leadership and responsibility. Highlight significant leadership responsibilities in both employment and in professional and community positions.
4. Illustrate your "team player" characteristics. What experiences in your past show that you collaborate well with others? Pitch in to meet deadlines? Care more about results than taking the credit? This is about your ability to cooperate with other people to achieve a common goal.
5. Show your academic strengths. Be aware that some firms are very exacting in their academic requirements especially for individuals who have only been out of law school for a short while.

The Consulting Interviews: A League of Their Own

Moving from law to management consulting without an MBA requires a major commitment. Alums that have been successful have approached the process much as they were going to teach a new course, or were studying for another bar exam, etc. The consulting industry is known for its unique interview

process. The interviews, unlike interviews for most other positions, require a serious commitment to preparation. As a non-traditional hire (no MBA), your interview is particularly important - this is where your prospective employer will decide whether you have what it takes to make it in consulting. Use this opportunity to show the recruiters that you not only possess the necessary brains and analytical skills, but that you understand the basic markets and industries in business today. Consulting interview questions generally fall into four categories: (1) Case studies, (2) Guesstimates, (3) Brainteasers, and (4) Behavioral questions. Information about and tips for answering each of these types of questions are widely available in career manuals and online at sites like Vault.com and Consulting Central. Successful candidates spend months preparing for these challenging questions, researching individual firms, practicing answers, and having others quiz them. The questions are designed to test your analytical and reasoning abilities, knowledge of business concepts, and your poise and ability to respond intelligently under pressure. One cannot take these interviews lightly. Guesstimate questions might be something like "How many manholes are there in NYC?" An appropriate response would include your guesstimate number and your path of logic. How did you come to that number?

Conclusion

If you are contemplating a move into investment banking or management consulting and want to set up an appointment to talk through issues, raise questions, and clarify your thoughts and brainstorm - do not hesitate to set up an appointment. When possible, face-to-face meetings are often more productive, however, telephone appointments are welcome. Contact the OCS receptionist at 202-662-9300 and discuss appointment availability.

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