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## So How Should an Investment Banker Spend Their Recession?

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There was a time when investment banking was a career path representing prestige and respect. After the effects of 2001 with the tech bubble bursting and the tragic impact of 9/11 we believed the worst had happened for the industry. In the years that followed we continued to build careers with the expectation of continued prosperity until this current credit crisis, after which we are now questioning what's next. The immediate thought is to just get another job, easy enough. Another option would be to take some time off and ride out the storm. Although that sounds ideal, is it really a viable option? With the demise of the most highly respected investment banks in 2008, what can we expect for 2009? The media has prepared us for the worst predicting no jobs in investment banking for the foreseeable future. With all the negative press and talk of a severe recession what lies ahead for most bankers? The good news is that you have options.

### **Take a Sabbatical**

**Take a vacation** – Seriously, you've been working 90-100 hours a week for 6 years. If you are just now reading the "Dear John/Jane" note that your spouse left for you – and it's dated 3 months ago – it's time for a vacation. Take sometime to decide on your next step. You can always call your Executive Recruiter from any tropical location of choice.

**Re-evaluate your career choices** – Investment banking is an attractive career for many but be honest with yourself. Didn't you always just really want to become a Restaurateur, College Professor, Computer Programmer? Maybe you really wanted to be a CFO, management consultant or entrepreneur. There is no better time than to make your dreams happen.

**Become a Soldier of Fortune** – Do you have an adventurous streak? Do you want to get really rich? Many investment bankers move back and forth between I-banking and entrepreneurship. Consider joining an emerging company. As an investment banker you have skill in the deal game and you likely know a great deal about certain industries. Talk to your executive recruiter about emerging growth companies. Write a prospectus – circulate it around to some of your old friends. Have your father call his golfing buddies. After a few months of this you'll find someone with an interest in you or your project and they'll cut you in for 25% and a Director title.

**The looming question though is what does it do to my resume to be out of work for a period of time?** - Luckily in a distressed financial market the amount of time looking for a new opportunity is understood. Since there is no way of knowing when the financial markets will turn around and with so many unemployed individuals, firms will not be focused on the length of time between employment. Corporations will also be more realistic as many have had to streamline their own operations. Keep yourself one step ahead at all times.

If the above options do not resonate with you perhaps the following is your way to go.

### **Working in Corporate America**

**The Trusted Advisor** – You've been advising CEOs and CFOs on the biggest game of all – why stop now? Companies still need your expertise.

**The Path of the CFO** – Corporate America is not for everyone but neither is investment banking. Companies looking to grow by acquisition or looking to raise capital need former dealmakers in the CFO suite.

Finding a corporate job for senior level bankers may be a bit of an adjustment. These roles do not afford the luxuries bankers are accustomed to receiving. The more junior staff will find the transition easier as the classes of 2007 and 2008 have not benefited from the fruits of their hard labor. Bonuses aren't what they used to be and the individuals who still find themselves employed are appreciative of a steady paycheck. Corporations will typically pay a slightly higher base although most bonus structures will range from 5%-25% on average. Although investment banks right now are not paying out those large bonuses as past years, that soon will change as the economy strengthens but when that happens is still a question. As for the executive levels, many will find that starting a new venture outside of banking may be their only course of action. With corporate cutbacks companies are more likely to want to hire these experienced executives on a consulting basis. In order for corporations to continue to grow however, they may start to consider how to benefit from bankers expertise on evaluating acquisition opportunities both domestically as well as globally.

For bankers, transitioning into corporate America can be quite scary. Many are used to running from deal to deal looking for that adrenaline rush of a company's transaction closing. Corporations may fear that these people will not stick around when the markets improve. Their thoughts may also be how much of an investment are they willing to make with the idea that these individuals will want to return to banking the first chance they get.

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With the financial markets taking such a beating, the possibility of a full turnaround in the next 18-24 months is somewhat unrealistic. Most investment banks will start to staff up again and grow their departments however this process will definitely take time. In the interim, the idea would be to be able to transition into a role where your expertise can be appreciated. Some investment bankers will lose the desire to return to banking and continue to watch the company grow while the economy begins to rebuild. During these times individuals begin to take stock of what they want out of life and really take the time to soul search. Some truly decide that money is not a driving factor any longer and the opportunity to be a part of something steady seems to now align with their goals. For some enjoying a quality of life becomes important while as for those who truly love banking working the hours seems less of a sacrifice. There will also be a dramatic change to the perception that investment bankers require special treatment as bankers become more flexible with career choices. The idea of watching your colleagues lose their jobs and sitting and waiting to see if you are next can be a humbling experience.

When transitioning towards a corporate role becoming prepared and doing your homework will be most important. Understanding that investment banking hires the top of the class from many business programs, the transition will still produce many challenges. Some of the hurdles that bankers will find in evaluating corporate opportunities are that many companies are looking for more than just their financial analytical skills. Job requirements may include a heavy component of accounting and while the fundamentals of accounting is necessary in finance, the more technical aspects such as specializing in GAAP and financial reporting is not something that bankers are exposed to on a daily basis. Companies are now combining roles and will therefore be seeking individuals who may have started in accounting and then transitioned to banking.

### **Continuing Your Path in Investment Banking**

Should your choice be to continue in investment banking, certain concessions would need to be made. Relocation for example. Another is to consider becoming more of a generalist, most bulge brackets broke out their investment banking groups within areas of specialization. Many boutique banks have found greater success being generalists. Although you feel that your interests lie with a specific industry, the ability to become more versatile will provide you with leverage in the current economy. Unrealistic salary expectations are something to consider as many boutiques do not have the resources to offer such lucrative pay packages. Be prepared to work harder for less pay. As downsizing has affected the banking industry across the nation there are fewer bodies to pick up the slack. Additionally there is always someone next to you that is willing to sacrifice lifestyle for the opportunity. However, there are some opportunities that arise out of these hard economic times. Certain areas of banking such as restructuring or valuation are typically looking to build their staff. With stricter regulations in the financial industry, companies find themselves requiring outside valuation firms. The heavy loads of debt that companies are left with recently are necessitating the services of restructuring firms whereby finding themselves with more deals than they can handle. Certain banks will begin to capitalize on this opportunity and begin to expand their services to include restructuring groups requiring bankers with strong leverage finance experience.

### **Networking, Networking, Networking**

With all that being said, remember the most important thing is to continue your networking efforts. Take the time and see what events are being held by organizations. Many of these organizations offer breakfast meetings, happy hours, seminars and conferences. Even something as minor as meeting someone for coffee or lunch is a great way to stay in touch with the marketplace. Also if working with a recruiter make sure to stay in contact with them, even if they are not currently working on searches that fit your background. During this time there are some alternative options you may consider. As discussed earlier consulting allows someone to continue to network and keep abreast of what's out there. Some might take this opportunity to take some classes to broaden their knowledge base or attain some type of certification. Some Universities may offer the opportunity to teach a program benefiting from your experience.

Keep in mind the best way to stay ahead of the game is to remember how important it is to be kept up on your process, this can only benefit you in the end.