



THE
CONSORTIUM

The Consortium Finance Network

A special interest group of The Consortium 2009

Consortium Students in Finance

First-Year Tidbits

Prepared by the Consortium Finance Network

The financial industry is in the midst of turmoil, uncertainty, and upheaval. But for those in finance, that's not a reason to derail a career or dampen interests. Some see these times as periods of reflection, anxiety or transition. Yet others see **opportunities** and **interesting challenges**. They are excited about the next chapters in banking and finance and the roles they might play.

The financial-services landscape will change across the board—from commercial and investment banking to corporate finance and private equity and hedge funds. The industry will likely attract those genuinely motivated by and interested in finance: financial services, capital markets, financial instruments, financial modeling, analysis, research, trading, brokerage, financial technology, etc. There will continue, however, to be opportunities, although they may present themselves differently—as they did after other significant financial episodes.

The **Consortium Finance Network** encourages you, Consortium students eyeing finance, to continue to pursue this career path, but do so intelligently, strategically, and, yes, with special passion.

Based on input from many like you (Consortium alumni and current students), CFN has prepared an **informal guide** for you, as you approach the first year and a formidable recruiting and interviewing period for all-important internships.

Use it as a guide to devise your own game plan. Refer to the articles relevant to you. We hope it helps. We also stand ready to assist, elaborate, and share experiences.

For more information, refer to www.consortiumfinancenetwork.blogspot.com and www.bankingorbust.com.



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1. The Summer Before School Starts

Banks (including investment banks, money-center banks, some boutiques and regional firms) have an unwritten rule (a truce, so to speak) that they not start formal recruiting of first-year MBA candidates for critical internships until after the school year starts. **Internships** are important, because banks use them as the pool from which they will make full-time offers. Some b-schools, in fact, don't permit banks and consulting firms to approach students on campus until well into the first year.

Orientation Program

Hence, banks do not do formal interviewing and recruiting at the **Consortium Orientation Program** (or other "pipeline" programs, such as Toigo or Jumpstart). They do, however, start sizing up potential candidates early, gauging whether candidates will "fit": Are they client-oriented, do they exude enthusiasm? Do they have in-depth interests or insight on banking topics? Can they "hold their own" in presentations, financial models, or debt-equity arguments? Do they bring something special to the table?)

At these summer sessions, there is no formal measuring of technical skills. But no doubt, they start checking intangibles right away.

The chance to prove technical ability will come later. Some banks presume a base level of technical competence from the sheer fact they are looking at candidates at top schools who have passed a first-level test by getting in. Some will interview carefully later to see how well candidates have learned b-school material in finance and accounting. Other banks put candidates through a tough technical drill, almost impossible to prepare for.

Interviews

As the summer nears its end, first-year students start planning "**informational interviews**" with contacts at the banks they are interested in. Information interviews are not formal, but new students use them to create a "buzz" about their candidacy.

They don't entail a technical evaluation. Often they will be with school alumni at the bank. HR people don't conduct them, but help arrange them. They are important, nonetheless. Banks will use those meetings to determine who will be placed on the preferred interview lists on campus.

In 2009, the environment is different. In a less-competitive environment (as MBA students explore other options and after the departures of Lehman and Bear), banks will spend more time this summer and early fall convincing talented students that corporate finance and sales & trading are still highly desirable and rewarding paths. They know they must sell students on banking, as they did in the early

2000's after the dot-com surge imploded. Students should listen to the arguments and weigh them against their inclinations to try something else.

Well into the first year, banks will have formal **technical interviews**, but after they have selected students for first-rounds. Getting on the coveted first-round lists is sometimes the hardest step in the initial phases (not the interviews themselves, some will say).

Late Summer. Over the summer, it might not help to worry about being technically ready. Students instead should assess which banks might be a best fit and start preparing by getting into a rigid process of keeping up with what's going in markets and products, among top firms, among potential clients. To say the least, be informed, be up to date, be confident, show insight and have a plan when school starts.

Tracy Williams, Founding Member, Consortium Finance Network

2. Must-See Site: www.bankingorbust.com

After stints in investment banking, last year Michigan Consortium alumnus Ken Alozie started a new venture, a new web site devoted to assisting those interested in getting into and succeeding in investment banking. His site is a must-see for those committed to **corporate finance**. The site offers step-by-step hints not only in getting the job, but in thriving and doing well in the early years of a banking career.

The hints include suggestions on ensuring your **technical, analytical skills** remain polished. It also includes suggestions on how to polish all-important **intangibles**—attitude, presence, confidence, etc.

A Banker's Life

The site helps present a vivid, sincere picture of work-life in corporate finance—the daily demands, the recruiting process, the deals, deal teams, the clients, the modeling, the appraisal process, and the steps to move up the ladder. In every phase in the first 3-5 years in a banking career, Ken offers solutions for success—what you need to know, what you need to read, why you need to keep up to date, what models are useful for firm valuation or mergers & acquisitions, etc.

Industry Updates

The site is updated frequently with news items, new opportunities, books about the industry and relevant topical information in corporate-finance fields (M&A, private equity, capital markets, etc.). All Consortium first-years interested in finance should book-mark this site and refer to it regularly. Nowhere else will you see the whole industry summarized so well in one package.

Tracy Williams, Founding Member, Consortium Finance Network

3. The Informational Interview (Part I)

As is the case with anything that requires consistent effort and self-discipline, getting started on your **summer internship** search is the toughest part of finding your dream job. This summer many of you (especially career-changers) will wonder where exactly to begin.

Networking sounds like a logical first step. After all, networking means informing people you know—personally and professionally—that you are looking for a job. Let’s assume that you have become skilled at networking and that you’ve established several career objectives (with a particular industry or firm in mind), the next step is **informational interviews**. They are an excellent way to expand your personal network and collect valuable information about a company or position that interests you. Also, they are important because they help gain internships, which help gain full-time offers upon graduation.

Two Types

Informational interviews can be used in two different ways: you can use the interview to get **information**, or you can use it to make an **impression**. To get **information**, you need a basic understanding of the **organization**. This means doing some research on your own about the firm and developing a good set of questions. I cannot over-emphasize how important your research will be in developing insightful questions (See part II).

Although it’s been said that informational interviews are considered a safe environment to ask questions, make no mistake that **impressions** are being formed very quickly about your knowledge, passion, personality, communication skills, and technical skills.

There are many reasons to conduct an informational interview. Here are a few:

- You can evaluate your **compatibility** with the company by comparing the realities of the field (skills required, working conditions, schedules, culture, and common traits of employees) to your own personal interests.
- You can determine how people in a particular business, industry, or job view their roles and future **growth opportunities**.
- You can gain **insight** into the kinds of topics and concerns you might face in a potential job interview and improve your interviewing skills.
- You can get **feedback** on your relative strengths and weaknesses and learn industry jargon.
- You can expand your **network**, gather more valuable information, and learn of possible job opportunities.

- This type of interviewing is usually acceptable after your first two-to-three months in b-school. By December, you should be more comfortable and able to have **in-depth conversations** with your contacts.

Make a Positive Impression

Try to schedule several meetings **in person** because putting a face with a name can be as powerful as the questions you ask. For example, I traveled to New York City five times from Bloomington, Ind., during the first semester in b-school. This worked in my favor, as recruiters acknowledged the extra effort and costs associated with these trips. My willingness to travel allowed me to get more face time than some of my friends who were attending schools within walking distance of Wall Street. Make sure if you are visiting someone's office to dress as you would for a job interview. If you are meeting someone for coffee, use **common sense**, and dress to match. Specifically, if you are in New York, Chicago, or San Francisco and meeting a banker for coffee, I recommend wearing your interview suit. Also, offer to pay for the coffee. It's a nice gesture. Chances are they won't let you pay, but you should offer anyway.

When you are setting up your informational interview, make sure to find out with whom you will be meeting and the position or title. Google interviewers to find out more information on them, including recent articles or announcements of their latest business deals. This could help you develop a more targeted list of questions.

If you want to make a good **impression**, you need to have a solid grasp of the following:

- **Organization** – Know the names of the key people and their titles, products, industries, recent deals, and the culture.
- **Questions** – Have them ready (Take a page from the trial lawyer handbook and know the answer, for the most part, to any question you ask); make sure you understand the jargon.
- **Group(s)** – Which one do you want to work in? Why you are passionate about the firm and a particular position? (Rehearse your story and elevator pitch; your answer to "Why banking?" should flow by this point.)

Again, regardless of which type of informational interview you are requesting, the importance of **researching** the industry and company cannot be over-emphasized. It's critical to at least appear well-educated on the subject.

Bottom line: You want to be able to demonstrate a **familiarity** with the company's activities and with the **current issues** facing that sector. This will also keep the conversation going.

Ultimately, you are trying to impress them enough so they will continue to refer you to others within the firm. You want as many VP's and MD's as possible pounding the table and reciting your name

when the company puts together their interview list--the "A" list. This typically occurs sometime in January.

Finally, when requesting an informational interview, make sure to tell your contacts right away that you would like to learn more about their industry or firm and that you will be the one asking all the questions. Most people won't feel offended (especially once you assure them that you are not asking for a job) and will usually be more inclined to help.

If you tell a contact you want advice, mean it. Also, unless specifically requested, sending your resume' to someone you would like to meet for an informational interview will probably give the wrong impression. Have your resume' handy, in case they ask for it, and be ready to talk about your past experience, if necessary.

All that said, this summer begin the process early, instead of waiting until school starts. If you would like additional tips to help you prepare for technical interviews, I encourage you to visit the site www.bankingorbust.com.

Camilo Sandoval, Indiana Consortium Alumnus, Bank of America

4. The Informational Interview (Part II)

Requesting an Interview in Person or by Phone

Bankers who grant informational interviews are generally willing to share 20-30 minutes of their time to explain their **expertise** in their field. Remember to be flexible in your **scheduling**. Bankers are usually busy throughout the day. I found the best time to schedule meetings was between 5-9pm. If your prospective interviewee seems too busy to talk to you, ask for a convenient time when you can call back to discuss scheduling an appointment.

Although there are many **techniques** to request the informational interview, the following are good approaches I used:

- "Hello, my name is _____. I'm conducting **career research** in your field. I would like to meet and talk with you for about 30 minutes so that I can find out more about your field of expertise."
- "Hi, my name is ____ and I'm a student at ____ University. I got your name from _____. You're in a line of work that I'm interested in, and I was hoping that you could help me gain insights into the profession. I'm sure that my questions could be answered in a 20-30-minute informational interview."
- If you prefer to arrange an appointment in person, **recruiters** (HR) are your best resource. They hold the key to getting inside the unit or section of that organization, if you do not already have an inside contact or referral. Ask them some of your questions. You will usually get good information. Recruiters know how things work, the names of key people, job requirements, etc. It is important that they understand what you want. If you ask them something that they feel could be more fully answered by someone else, they will usually give you a referral.
- You can use your own creativity, but the most important thing is to emphasize that you are simply trying to get **first-hand information** and whatever they share with you will be appreciated.

Most of the time, your prospective interviewee will be more than willing to take 20-30 minutes to answer your questions. Sometimes the person will want to talk over the phone, but often he or she will invite you to his or her workplace. When you can, schedule the interview at their workplace because you'll learn more and make a stronger connection with the person.

Within a day, follow up with a short note expressing **appreciation** for the opportunity to meet, if possible, remarking on your continued interest, preferably with reference to something specific discussed in the meeting. This can also be a point to remind the banker about a **referral** you had requested.

A word of caution: Scheduling informational interviews early (June through Sept) has plusses and minuses. On the plus side, you begin to improve your network, knowledge, and ability to articulate your story much sooner. On the minus side, those early contacts may have a harder time remembering who you are in December (Remember the “A-List” in [Part I](#)).

That said, I would follow up again with a **second informational request** closer to November and December. Just make sure not to ask the same questions again. This would be the time to impress them and show what you have learned since your last conversation.

At the end of your informational, do not miss the opportunity to expand your network. Ask for a referral. If things went well, it is usually okay to ask, “Is there someone else in your group you can refer me to?” or “Can you introduce me to X in Z group?” This simple move can unlock many doors.

Additional Tips and Resources

If your cell phone contract is almost up, or if you are thinking about upgrading your phone, invest in a **Blackberry**. It can be a time-saver. Sometimes your meetings need to get pushed up or down, or someone who wasn’t available beforehand now has a 30-minute window to meet with you. Your Blackberry will make sure you don’t miss a beat.

Once you invest in a Blackberry, it’s usually not a good idea to write long e-mails to bankers. As a rule of thumb, if you have to scroll down to read your email on a Blackberry, your message is too long. Either way, get comfortable with the idea of never getting replies from bankers or having to follow up several times just to schedule a meeting.

In Summary

Be prepared

- Research and understand yourself (the best answer, not the first answer)
- Be prepared to talk about everything on your resume’
- Do a mock interview
- Understand the industry, company and job

Differentiate yourself from the rest of the candidates

- Do so through stories and accomplishments
- “Bullet-point” the answers to the questions; dig into the back of your mind
- Ask good questions

Make good first impressions

- Dress professionally and appropriately
- Travel light
- Be on time!
- Bring extra copies of your resumes, paper, pen and handkerchief

Most interviewers make their mind up within the first three minutes of the interview

- Maintain good eye contact
- Keep a warm smile
- Have a firm hand shake
- Maintain good posture
- Be relaxed and confident

Show enthusiasm and focus

- Focus on the positive
- Think before you speak
- Know what you want to get across and then do it. Memorize points, not passages. It makes your answer linear and you know how and when to end. The inability to end an answer can be fatal.
- Maintain a sense of humor

Don't forget to

- Turn off your cell phone
- Turn the interview into a conversation
- Get across your main points before you leave the room
- Write out questions you want to ask in advance

Asking Good Questions

Here are a few tips on how to set yourself apart from the crowd during an informational interview or networking session. I learned very quickly that asking good questions can set you apart from the crowd. Below are some suggestions to get you started. By no means are they the only questions you should consider asking:

The Basics

Acknowledge whom are you talking to. It is not the same to talk to an **associate** as to a **managing director**.

- Don't push too hard with the questions.
- Do not try to "impress" the audience with a "smart" question: keep it simple.
- Do **research**, including actually reading the **website** and news runs and base questions from what you find.
- Specific questions could deal with topics such as what banks are doing to re-evaluate client needs in the current economic situation.
- Attend all events.
- Don't talk/ask about salaries

A list of questions depending on the audience

When talking to "recruiters" (human resources staff):

- The main theme is "**logistics**" questions about the internship program.
- How does the summer program works? Rotational, generalist, specific assignments?
- How many summer interns are you taking?
- Do you have a **mentor** program for the summers?
- How is the **decision process** run for final offers? Mid-summer and final reviews (or evaluation/appraisal)? One final review? Who runs the process? Who is the decision maker?

When talking to associates in industry groups:

- The main theme is the normal day in the life of the associate.
- What level of **involvement** do you get in the execution of transactions in your group?
- Describe your **interaction** with the product group's seniors and associates.
- How is the deal flow in your group?
- How is the deal flow affected in your group by the current market?
- What's the **client exposure** of associates in your group to clients?

When talking to a VP or a Managing Director:

- The main theme is strategic/firm-specific-related questions.
- How is the **deal flow** in the current market?

- What are the industries or products most affected in the current market?
- What are the industries or products most benefited with the current market?
- How do the current changes in the banking industry affect your firm?
- What's the strategy of the firm towards a particular market (geographically, top Fortune 500 firms or middle-market clients, etc.)?

Camilo Sandoval, Indiana Consortium Alumnus, Bank of America

5. General Advice

Touch points

My biggest advice to incoming class would be in the **recruiting process**. You have to demonstrate early and often that you know what you are getting yourself into and know why you want to do the job. I would suggest **identifying institutions** in which you can relate to the people doing the recruiting and identify that (those) connection(s) early. The key is to have as many touch points with the right people as possible.

Ryan Brown, Texas Consortium student, JPMorgan Investment Bank intern

Professional Designations

I would also look into pursuing **professional designations**. Many people from commercial and investment banking have transitioned to investment research, particularly because it is typically a less volatile business. CFA designation is a designation that is becoming a requirement for asset management jobs. A gentleman from my MBA class went from UBS Investment Bank to manager research with Evaluation Associates (Milliman). I would also apply to as many positions as possible at the graduate recruiting site, even if it isn't your number one choice.

Joshua Norman, Bank of America

Scholarships and Internships

Congratulations on becoming a Consortium member; however, keep in mind there are other scholarship and internship opportunities for which you can apply. Some big banks in the past—including JPMorgan Chase, Goldman Sachs, Morgan Stanley, and Credit Suisse—have offered **MBA scholarships/internships** to help boost their **diversity pipelines**. Consortium students in finance should explore the opportunities. There is often, however, a hitch. If you accept the scholarship, you must commit to accept the internship. Hence, the opportunity is grand if you know you prefer a particular institution.

Whether you earn the scholarship or not, there is an advantage to applying. Applicants' **qualifications** are reviewed more closely than in normal interview cycles, and they may also get to show skills by preparing **essays** or **business plans**. (This helps minimize some of the subjectivity in a normal recruiting process.) In some cases, qualified applicants who don't win scholarships could be considered for and offered internships after going through the program's rounds of interviews.

6. The Elevator Pitch: Clarity, Above All

The "elevator pitch" is the current **catch-all phrase** for selling yourself (your background, your deal, your pitch, your company) in a few precious minutes. You've got two minutes. Or sometimes, 30 seconds. What do you say? How do you say it? How do you make the lasting impression? How do you create a buzz?

"Elevator pitch" is best known in the **networking** or **recruiting** environment, when you want to make yourself known or special. But the pitch applies to other business settings, too: winning the deal with a client, making a point with a business head or even CEO. Elevator pitches are relevant in pitching specific deals, products or services to clients or convincing internal committees to do a deal, approve a transaction, invest in a business or bring a client on board.

The most important factor in this one-minute pitch, above all, is **clarity**. Sometimes clarity is more important than the details or genuine logic of the pitch. Can the listener understand what you are saying and hear the main points without having to ask again or decipher what you said? If he/she can comprehend in minutes what you say, that's half the ballgame. The successful pitch wins you permission to get to the details or to the underlining logic of your message. If it's not clear up front, then it's an uphill battle right away.

If the **listener** (the senior manager, the business-unit head, the client, the CEO, the special networking contact, the board) understands the first few statements and points clearly, that sets the stage for the next parts of the conversation. In fact, the conversation unfurls easily from there. If those first few statements are clear, precise, and hard-hitting, sometimes you may not even need to go through the rehearsed latter parts of the pitch. The listener, inspired and eager by your convincing "**headlines,**" will help progress and push the conversation along, because he/she is engaged or understands where it's going.

Try to be **relevant, unique, and different**. But always, **clear and succinct**. Then show applicability right away. The listener thinks, "Okay, good point, but how can all this be useful to me right away?" So keep in mind, after that hard-hitting first sentence, the listener wants to **connect the dots** with specifics and then wants to be ready to jump into the conversation in a natural way. If the dots can't be connected and if the listener has to struggle to jump in, then the pitch dies.

Polishing the techniques of the elevator pitch works, too, for **getting deals done** in banking and actual business settings with clients. The client will ask, "Why should I do this deal with your bank?" Or "Why should I buy this product or service?" A bank's internal committee will ask, "Why should we do this deal at all?" And often, you get only minutes to sell in both cases--even if the meeting is supposed to last an hour!

Tracy Williams, Founding Member, Consortium Finance Network

7. Opportunities at Banking Boutiques

MBA students or experienced bankers in transition tend to think first of the "bulge brackets" (if the term still exists after the demise of Lehman Brothers and Bear Stearns) or "money-center banks" when they look for opportunities. Beyond this tier, they may want to consider "boutiques." Loosely defined, they are smaller investment banks with more focused businesses and with, perhaps, a variety of interesting opportunities or career paths for those in corporate finance.

The best known include Lazard Freres, Allen & Co, Greenhill, and Evercore. Others include Sandler O'Neill, Jefferies, Thomas Weisel, Perella Weinberg, Financial Technology Ptnrs, W.R. Hambrecht, Southwest Securities and many others. They include minority-owned firms such as Loop Capital, Utendahl Capital, or Williams Capital.

They avoid being all things to all people and have **specialized businesses** or **advisory services**. They are less capitalized, smaller, and will likely not have large brokerage and trading arms. Although in this environment they are enduring some decline in business, they will all less likely have been pummeled by large trading losses, complex CDO or CDS transactions, huge mortgage-related positions, or highly leveraged balance sheets.

Lazard Freres, for example, is widely known as a top-tier mergers/acquisitions advisor, but also has a thriving restructuring group to help companies in a downturn like the current one. **Greenhill** was founded when Morgan Stanley president Robert Greenhill decided he wanted to run his own advisory firm. Like Lazard, it is now a public firm. A Goldman banker formed FT solely to advise companies involved in financial-services technology.

Allen & Co. is best known for big deals it has done and big contacts it has in media and telecommunications companies. **Sandler O'Neill**, which survived the 9/11 attacks in the World Trade Center, has a specialty in advising financial institutions.

Loop Capital, based in Chicago and headed by Jim Reynolds, specializes in municipal finance and institutional brokerage.

Williams Capital Group was formed years ago when Christopher Williams decided to go on his own after stints elsewhere, including Lehman Brothers. It now has offices in New York, Chicago, Texas and Shreveport and focuses on fixed-income, corporate finance and private equity.

There are pros and cons in exploring "boutiques" or setting up a career there. Some are highlighted below.

Pros:

1. They tend to be **innovative** and **creative**. If you have a good idea, because there are fewer formalities, the firm will frequently encourage it, nurture it, and try it.

2. There is organizational **flexibility**. They may be willing to create positions for people with special talents, financial experience or skills. They may also be willing to promote and advance people at a faster pace.

3. They tend to be focused on **clients** in specific industries (health care, financial institutions, media, technology, etc.); hence, they look for people with industry expertise and unique experiences. And they may be **deal-** or **transaction-oriented**, not bogged down by processes and policies.

4. They are out of public view. (This can be a "pro" and "con.") As banks, they are **regulated**, but they don't "move markets" or attract too much attention. They tend to conduct business (corporate finance, bond underwritings, investment management, etc.) quietly.

5. They avoid **conflicts** of interest. Big banks manage conflicts of interest with clients all the time. They advise or finance clients who may also compete head-on with them. Boutiques are less likely to be faced with looming conflicts, because they are smaller or they ensure they avoid them.

6. They don't have as much **risk exposure** in trading markets. Proprietary trading is not often a major revenue source. And often, they don't have the capital to support unusual trading positions.

7. They may not have the sophisticated risk-management organizations large banks maintain, but many are private or **closely held**, and as a result, they tend to be risk-averse in how they deploy capital. They are careful and deliberate in taking on big investments, trading positions or global expansion.

Cons:

1. For career transitions, boutiques may not be easy to approach. They may not have formal ties to business schools or rigid **recruiting** processes. So there may be barriers to entry if you don't "know somebody." They rely on alumni networks and special contacts.

2. Those not minority-owned may not have formal **diversity** programs or stated diversity objectives. Some may not demonstrate a "compassion" for diversity, although they will extend to hire anybody if talent, experience, or know-how finds them. Some don't have a good track record with under-represented minorities, but most are open-minded about possible solutions.

3. The business and **revenues** of "boutiques" may not be diverse. They may rely too much on one or two business lines. Lazard, however, is an example of how to remain stable by managing a restructuring business to offset possible declines in its asset management, advisory and M&A businesses.

4. They may not have formal **development** programs and career paths, which have long defined

careers at big banks. At big firms, new associates are hired into programs or "classes." They are trained, rated, ranked, and promoted based on contributions and timetables. At boutiques, promotions and career paths are less rigid, but may be too subjective.

5. If history is an indication, founders and owners may be quick to sell out. Recall Alex Brown, Hambrecht & Quist, Wasserstein Perella, Montgomery and others--all eventually acquired by big firms. Boutiques sell themselves if the price is right or if growth is limited. But they are always forming and re-forming (e.g., Perella Weinberg).

6. The lack of capital discourages global expansion. They may not, therefore, have a big international presence or global clients.

All in all, for those exploring finance, these firms offer special experiences and opportunities to shine. They readily give enormous responsibility to those who want it and don't want to "wait your turn." They are good places to learn a lot and make a difference.

Tracy Williams, Founding Member, Consortium Finance Network

8. Lack of Diversity Caused Their Demise?

Many may have missed *Diversity, Inc.* magazine's "Why a Lack of Diversity Killed Lehman Brothers and Bear Stearns" in its Dec-08 issue. Daryl Hannah's article is now available in its entirety online at www.diversityinc.com.

Hannah's case is not a cause-effect argument. It does not say explicitly a scarcity of under-represented minorities in leadership roles caused their demise. But the article shows how the **lack of diverse leadership** at both was a symptom of an **insulated, closed-door culture**.

Such lack of open-mindedness led them to **financial pitfalls** or spurred them to make imprudent business decisions or take outrageous risks.

The diversity records at both firms were not entirely woeful. They both probably realized too late they had some catching up to do. A lot. Both firms had **diversity-recruiting programs** for entry positions. In its last year, chief financial and chief risk officers at Lehman were women.

Otherwise, **people of color or women** were not prominent in the board rooms of both. In his recent book about Bear's implosion *House of Cards*, William Cohan presents a picture of a firm not too hospitable to or concerned about under-represented minorities. Yet the firm often boasted about attracting unsung talent that hadn't taken the traditional, elite routes to get to Wall Street.

To its credit, Bear had been an occasional **Consortium** supporter (one year, acting as a sponsor of one of the panels at the Orientation Program). Lehman was known to have recruited many Consortium graduates in the last decade, sometimes as many as 5-7 interns and full-time associates a year.

Tracy Williams, Founding Member, Consortium Finance Network

9. Jamie Dimon's Letter to Shareholders

For years, Warren Buffett's letter to shareholders has been anxiously anticipated and widely read. The message is not an extensive review of operations, performance and profits. It's more an opinion piece on the **state of investing**. Sometimes it's a mini-course or a required primer in a specific topic in finance, where Buffett, Berkshire Hathaway's CEO, explains the mechanics of his approach. It's best known for being straightforward and rational, packing as much common sense as possible.

Enter Jamie Dimon, closely watched CEO at JPMorgan Chase. His letter to shareholders is a spin-off of Buffett's approach: straightforward, colloquial at times, abrupt and brash when he needs to be, rational--reading like an extended op-ed piece. Head-on monologue. Some in the industry contend his letter this year is a **must-read** for all in banking and perhaps for all in Washington. It's not your basic review of all business lines.

For example, he assessed the state of "structured finance": "We deliberately avoided the structured CDO business because we believed the associated risks were too high. Structured finance in its most complicated forms, such as CDO-squared, has largely disappeared after unleashing a myriad of problems on the financial system. They will not be missed."

He discusses whether large banks are "**too big to fail**": "Size is not the issue," he writes. "It is when institutions are too interconnected that an uncontrolled failure has the potential to bring the whole system down. What we need is a resolution process that *allows failure without causing damage to the whole system* (his emphasis)."

In general, he criticizes what happened the past two years, but offers an array of thoughtful, practical solutions, especially for regulating the system. For those interested in reading more, refer to www.jpmorganchase.com.

Tracy Williams, Founding Member, Consortium Finance Network

10. The Crisis, as Covered by B-Schools

Consortium schools Yale SOM and NYU-Stern were mentioned in a New York Times article Mar-15 about how prominent business schools are responding to the current financial crisis. (See "Is It Time to Retrain B-Schools?" by Kelley Holland.)

Top business schools are examining how best to address to **the crisis and its impact in coursework**. Some are reviewing and analyzing specific events such as the collapse of Lehman Brothers and Bear Stearns; others are revamping courses and writing new cases. Yale is in the process of writing new case studies. NYU professors prepared analyses of the crisis, which will be published in book form.

Bloomberg Markets columnist Matthew Lynn argues (in its April issue) that banks will need to reduce overall compensation for top bankers by 40-50% from past levels to reach what he called "sustainable long-term levels."

Tracy Williams, Founding Member, Consortium Finance Network

11. B-School Rankings: Take a Peek, But Be Cautious

Another major publication (*U.S. News & World Report*) just unveiled its latest **business-school rankings**. If you look closely, they are hardly similar to rankings at other publications—most notably those provided by *Business Week*, the *Wall Street Journal*, and the *Financial Times*.

Hence, the best advice? Take a peek at rankings, but don't get obsessed by them—whether you are applying, are in b-school or are an alumnus. Nonetheless, you'll still encounter a world or culture (ours) fascinated with rankings, ratings and lists.

Consortium schools, on the whole, generally fare well. That Consortium schools aggressively seek students from all backgrounds and foster a diverse environment might be a contributing factor.

Rankings identify quality business schools that are “doing it right,” keeping up to date, accepting top-tier students and making themselves relevant. But the **criteria** can be a problem. They vary by publication. And even for the same publication, both criteria and rankings may differ significantly from period to period. It becomes hard to determine which ranking in which year is the fairest.

Rankings are **controversial**, but attention is paid to them—at least for a short period after they are publicized. Students and alumni in transition hope they add prestige and differentiation to a resume'. (And sometimes they do.) Other alumni care about them merely for pride's sake.

Corporate recruiters pay attention to them, too, if only to narrow the pool of schools they can efficiently recruit from or draw the line above which they will focus recruiting efforts. In that respect, rankings are a planning tool, not a point of prestige or pride.

Deans may be forced to obsess over them, even if they don't want to. Rankings might be one of the benchmarks for how they are evaluated. Deans, therefore, will be attentive to all criteria for which they can influence (students' test scores, placement efforts, recruiters' perceptions, faculty-student ratios, alumni giving, etc).

There are **plusses and minuses** when it comes to rankings. The minuses first:

Deans and school officials will inevitably focus on them, sometimes too much, because rankings may be a factor in evaluations or in how outsiders perceive their performance. That risks the leaders of b-schools distorting the **basic missions** of teaching students, increasing knowledge, contributing to global enterprise and promoting dialogue.

Deans don't want to deviate from the mission, but they have constituencies they must respond to. They may need to explain a decline in ranking from, say, no. 7 to no. 13 in one year. Rankings will force them to care more about GMAT scores, the school's perception from the outside, and the starting salaries of the graduating class. Caring too much about starting salaries might mean the school pushes students to work at hedge funds rather than in public service.

Rankings can also be unreliable, just when some feel the need to rely on them. Even Stanford might be rated no. 1 in one, but no. 6 or 7 in another. Or in the same publication, it might be rated no. 1 this year, but fall to no. 4 or 5 the next year.

Rankings might influence a prospect's decision to choose one school over another, when the lower-ranked school is a better fit.

Beyond the vaunted lists of 1-50, there are some subtle **plusses** in the effort:

The exercise might highlight good, unheralded schools that, for some reason, exist (and thrive) outside the halo of a "Harvard-Stanford-Wharton." For example, when rankings appear, we see Wharton on the lists, but we also see other **outstanding schools** such as Carnegie Mellon, Case Western, Vanderbilt and USC.

We may also see how some schools from year to year improve or deserve attention for **special initiatives** or novel changes in curriculum. Note how Yale last year courageously altered its entire approach, possibly setting a trend. The process can reveal how, say, Cornell, NYU, and Dartmouth are competitive and have sneaked into top-tier.

The exercise permits prospects to review and compare certain statistics if they need to. The criteria, however, are still based too much on narrow **statistics** (e.g., average starting salaries).

Publications tend to accompany lists with a general, somewhat thorough assessment of graduate business education, the curriculum, and relevance to global issues. They step back to report whether schools are **preparing students** for the next generation of corporate challenges (in management, technology, environment, globalization, and even accounting). In the latest, *U.S. News* analyzes schools' efforts to increase **female students**.

No doubt for the next round, publications will ponder whether schools have "taught the crisis" sufficiently and have prepared students for a new landscape in finance (including regulation, risk management and recession-proof initiatives).

Rankings sometimes highlight schools that excel in a particular field: marketing, finance, international business, operations, etc. Schools with **distinguished specialties** can be highlighted—to the benefit of recruiters or prospective students. If Michigan and UNC excel in operations, and if NYU and Virginia excel in finance, the publications will say so. In the latest, Indiana is among top schools in accounting.

In sum, the best compromise would be for publications like *Business Week* and *U.S. News* to identify a class of top schools (say, top 25 or 50), all deserving of, say, a AAA-rating based on minimum criteria, but not ranked. The problem with that is that doing that risks their selling fewer magazines. Rankings create mild controversy, which of course increases newsstand sales.

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