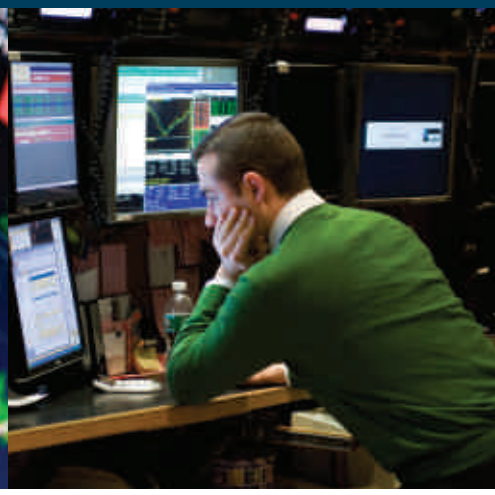

2009-10

Careers in Financial Markets

Your guide to finding a job in securities and banking

Special Section on Diversity

eFINANCIALCAREERS.COM
THE FINANCIAL JOB MARKETPLACE

Welcome

Welcome to the fifth edition of *Careers in Financial Markets*, from eFinancialCareers.

Investment banking remains a popular career choice among today's very best graduates and MBAs, so the competition to secure that all-important first foot in the door is intense. The aim of this guide is to offer you real insights into the world of Wall Street and the securities business, and to give you the knowledge you need to stand out.

As you develop your career, we hope eFinancialCareers will be your online companion. We serve the global financial community as the Web's top site for career management and jobs in the securities, investment banking and asset management fields. Professionals from analysts to managing directors at the world's leading investment banks, hedge funds, ratings agencies and trading firms rely on us every day.

In addition to job listings, eFinancialCareers provides premier job market and pay analysis, employment advice and a series of tools to help you maximize your career opportunities. One such tool for job seekers is our career guides published in the U.S. and Europe. These unique guides profile the current trends, career paths, top players and skills required for the principal financial professions.

If, having read this guide, you'd like to learn more about the industry, conduct some pre-interview research, or simply post your resume for your next job, come and visit us at eFinancialCareers. Be sure to check out our Campus Connection, which provides news, tips, background and other information especially for business students.

With best wishes for your career,

Mark M. Feffer
U.S. Editor, eFinancialCareers
www.efinancialcareers.com

eFINANCIALCAREERS
THE FINANCIAL JOB MARKETPLACE

Contents

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Resources

How to Use This Guide

Careers in Financial Markets is designed to be used in conjunction with eFinancialCareers, where you'll find up-to-date pay and hiring news, career advice and information on employment trends in the financial markets. This guide will ground you in the securities industry's different sectors and provide background information on available career paths and the skills you'll need to be successful.

To be credible at interviews, you have to know the difference between, say, global custody and private equity, or risk management and compliance. That's why our *Sectors* section reflects the range of professions and skills needed for each area. The *Overview* presents trends and career paths across the industry as a whole and investment banking in particular. *Finding a Job* provides tips for identifying and landing not just your first job, but the *right* first job, while *Managing Your Career* explores strategies and tactics to help you move steadily up the ladder – and to the top. Finally, our *Diversity* section explores the financial industry's efforts to attract and retain a diverse work force, from both the employer and employee point of view.

I hope this guide will inform and inspire you for your financial career. And, I hope you'll use eFinancialCareers as you build your success. If you have questions or comments, please be sure to let us hear from you.

Jon Jacobs
Staff Writer, eFinancialCareers
www.efinancialcareers.com

A Career in the Financial Markets

Is there any such thing as typical?

Each investment bank has its own personality. Some see themselves as cutting edge while others pride themselves on tradition. Some celebrate the art of the deal, while others laud diligence. Many have tens of thousands of employees in locations around the world, while others measure their staffs by the dozen and work out of a single office suite. Despite such differences, most share a common approach to their organization. So no matter where you work, you'll probably encounter a similar retinue of job titles in similar spots on the organization chart.

Analyst

In investment banking, the first rung on the ladder is the analyst. It's in this position graduates invariably begin their careers. In the language of Wall Street, "analyst" is simply another way of saying "trainee."

The work analysts do varies from division to division. In corporate finance, they're the number-crunchers who study a firm's financial reports and put together "pitch books" - the company and sector research that helps a bank win business. In sales, they hit the phones, calling (relatively unimportant) clients on various (non-crucial) matters. Analysts assigned to the trading floor can't trade until they've passed their regulatory exams. Even once they have, they're heavily constrained until they prove they're not going to press the wrong button and lose millions.

Most banks keep analysts in place for three years, then decide whether or not to renew their contracts. Of course at that point, analysts have the option of deciding whether they want to stay on or make their way in another firm.

Analysts being considered for promotion must demonstrate an aptitude for leadership, the ability to present their point of view persuasively – even when it's contrary to the views of others – and an understanding of the needs and motivations of both their firm and its clients.

Associates

"Associates" are either analysts who've made the grade or business school students who've joined the bank after earning their MBA. Typically, associates manage and allocate work to their own teams of analysts. Here again, they usually hold their position for three years.

Vice Presidents

Successful associates move into the role of vice president, and it's at this level life starts to get exciting. While the title may sound daunting, don't be deceived: Any large investment bank has scores of VPs in its ranks.

In corporate finance, vice presidents manage the day-to-day affairs of associates and analysts, and usually have more frequent contact with clients. Those working in sales, trading or research often have their own book of customers, more flexible risk parameters when trading, or their own list of companies to research. Because sales people and traders operate on their own, exceptionally talented trading-desk VPs can make more money than their firm's managing directors.

At this level, career transitions are more difficult. So, many VPs will stay in place for longer than the typical three years. Those who don't progress at one bank often jump to another, where they can join at the next rank: director or executive director.

Director or Executive Director

For directors and executive directors – the titles are used interchangeably – the top rung of the ladder is within reach. These men and women are the right hands of investment banking's leaders, the managing directors. In corporate finance, executive directors help MDs handle relationships with client companies. In sales and trading, they call bigger and more important clients and place ever larger trades.

Managing Directors

At the upper echelons of the investment banking hierarchy are the managing directors. These are the rainmakers who work directly with clients and bring in business. As happens in any pyramid structure, few of those who started as analysts will make it to this level. One large bank promotes only 6 to 8 percent of its directors to managing director each year. At Goldman Sachs, the ratio of employees to managing director is roughly 16 to 1 (as of April 2009).

At the end of the day, individual performance, revenue generation and client service are keys to moving up in the investment banking world. How long should it take? It's not unreasonable for a hungry new analyst to become a managing director by his or her early thirties.

The Brave New World

The recent financial crisis continues to reshape the investment industry

The hiring climate on Wall Street and in the fund industry has changed dramatically in the past two years.

As recently as 2007, the world's leading financial institutions were combing U.S. campuses to recruit hundreds of students each into summer internships and permanent entry-level jobs. Global banks courted top students with lavish dinners, gave them weeks to respond to a job offer, and might even hire a sought-after candidate's spouse to help ease the stress of relocating. Students who possessed top grades, extracurricular leadership roles or Wall Street internship experience could expect offers from as many as seven or eight banks.

Those days are gone – perhaps forever. While the banking industry will eventually resume growing, its structure has been upended, its power and prestige dented, and some key practices – including how it compensates employees – have been placed under unprecedented government scrutiny and control. All of this translates into fewer job and internship opportunities on Wall Street than in years past.

And Then There Were Five

Start with the most visible sign: The number of large employers has shrunk. The disappearance of Lehman Brothers (broken up after a September 2008 bankruptcy filing) and Bear Stearns (absorbed by JPMorgan Chase in May 2008) leaves just five U.S. "bulge-bracket" banks, where there had been seven. A third bulge-bracket institution, Merrill Lynch, was acquired by Bank of America at the end of 2008.

Facing a tough business climate and the prospect of tighter regulatory oversight for many years to come, the surviving top-tier firms are in no mood to expand aggressively as they did during the real estate bubble earlier this decade. Through the early months of 2009, major U.S. and Europe-based banks continued to visit campuses, but made far fewer offers, even at top institutions like the University of Pennsylvania's Wharton School. Market conditions might be better by spring 2010. However, even if the worst of the industry's troubles are behind, a rapid rebound in campus hiring is unlikely. In the downturn that followed the technology bubble bursting in 2000, Wall Street didn't resume hiring in a big way until a few years after the economy and the financial markets had bottomed. A slow, relatively jobless recovery is widely expected this time around, too.

Fierce Competition

So, for the Class of 2010, the competition for coveted slots in the big investment banks' analyst programs looks fiercer than ever. For subsequent classes, the summer internships that provide an indispensable springboard to a job offer will be harder to come by.

Besides erasing more than 200,000 banking jobs worldwide from 2007 through mid-2009, the recession and financial blowups also prompted major financial institutions to re-examine bonus policies, slash employee perks, and cut back on international relocations.

Still, some business segments and functional departments have seen demand hold relatively firm during the downturn - or even benefit. They include restructuring and managing distressed assets, credit risk management, regulatory compliance, algorithmic trading systems, and retail financial advisors.

Coping With a New Landscape

What's an aspiring banker to do? If you're set on making a career in finance, you must have a Plan B and C to fall back on in case your Plan A doesn't pan out. Even if you attend a top-tier university, you should approach foreign banks, mid-tier firms and boutiques rather than focus all of your energy on getting an offer (or even an interview) from Goldman Sachs or JPMorgan. As bulge brackets pull back, selected institutions in those other categories are moving into the breach. And rather than confine your focus to investment banking, knock on other front-office doors like asset management or foreign exchange. Consider even starting out in a non-financial corporation with the idea of doubling back to Wall Street when conditions are better. For certain types of roles, banks like to draw well-placed people from industry.

However, always look before you leap. When you join an employer, its name will loom large on your resume, helping define your own brand reputation both while you work there and even after you leave. So perform thorough due diligence on any firm you consider working for.

And don't despair: Yes, the landscape has changed and, yes, the competition is even tougher than it was before, but Wall Street's still in business, and it's looking for smart people to lead it into the future.

Into the Storm

How to approach a rattled job market

Despite what you may have heard, there are still jobs in investment banking, because banks never completely stop hiring students. What's more, you don't have to do anything to find a job that students who graduated into a bull market didn't do. You just have to be more intense, more focused and more flexible in your job search.

What's it take to win a Wall Street job? Let's start with the tangible assets recruiters look for in students:

- A near-4.0 GPA from a painfully selective college.
- A related major such as finance, business, accounting, financial engineering or economics.
- Alumni to champion your cause.
- Leadership experience in extracurricular groups.
- Stellar communication skills.
- Prior internships in investment banking.
- Division I athletic experience.
- An aunt or other relative in the business.

Seek out as many items from that list as possible. Do what it takes to keep your GPA high. Get tutored, study when you'd rather party, and build personal relationships with your professors by visiting during office hours.

Major in a relevant field. High level math and information technology coursework are proof you have what it takes to estimate risk or price securities.

Join the business club and volunteer so much they make you president. Improve your communication skills by joining the local Toastmasters Club or taking a public speaking course.

Start building alumni relationships the day you arrive on campus. Alumni won't hire you just because you went to their school, but they may talk to you about company culture, make sure your resume gets seen and steer you to the right classes and internships. Join professional associations and go to live events and informational interviews.

Spend the summer in an investment banking or a related internship, not counseling kids at Camp Wikiwacky. Otherwise, you'll be passed over in favor of the student with the right experience.

As for relatives in investment banking and rich, trusting friends - you've either got them or you don't. If you do, make use of them.

Up Your Odds

Then there are the intangible assets that can put you above the competition:

- Likeability and charisma.
- Understanding the employer's corporate strategy.
- Organizational skills.
- Your energy and effort levels.
- Devoting time to job seeking.
- Willingness to take what's offered.

Does it take you an hour to walk across campus because everyone you pass stops to chat with you? That's good. If you're not well-liked by many, try to figure out why not and fix your flaws before you job hunt. Ask your bluntest friend how you come across. Do a practice interview at the career center and beg them to be harsh.

With competition so fierce, you need to stand out during interviews and campus events. Prepare by researching companies and the people you're about to meet. Start at the company's Web site, read annual reports and news stories, then dig deeper with networking conversations.

Pay attention to culture and the differences between individual firms. Be ready to discuss current company issues, who you are, what you want to do and what's in it for them if they hire you. Be humble and portray yourself as someone who knows some things but still has a lot to learn.

This takes a lot of time and energy. So starting your freshman year, schedule a regular day and time for job hunting. Log your research and networking efforts. File flattering memos from your internships and copies of brilliant work.

Just Say Yes

When all this work pays off and you finally get an offer, don't even think about jerking them around. Respond ASAP. If you're waitlisted, express your delight.

If the job's in Boston and you wanted to live in New York, or you had your heart set on analysis but the job is in municipal bond sales, take it anyway. Do what you can from the inside to get where you want to be in the future.

The Campus Recruitment Process: A Survival Guide

Breaking into investment banking has always been difficult. Drawn by the field's high pay and the potential for international travel, thousands of soon-to-be graduates apply for the few hundred openings offered by each of the largest banks in a typical year.

But this isn't a typical year. As the market re-invents itself, even experienced investment bankers are challenged to find work. "The joke on the street is that there's one job in investment banking and it might be gone," says Dr. Phil Gardner, director of the Collegiate Employment Research Institute at Michigan State University. "In students' lifetimes, Wall Street is going to be different."

Still, your best bet for landing a job in investment banking remains landing a spot in a training program via on-campus recruitment. "Goldman Sachs, Merrill Lynch, Morgan Stanley, JPMorgan and Citigroup still have investment banking practices, and they'll all have analyst programs in the future," says David Schwartz, a financial services recruiter at DN Schwartz & Co. in New York.

Vivienne Dykstra, a former investment banking recruiter turned graduate-recruitment consultant, notes the premier investment banks have sliced recruitment by 35 percent to 50 percent. "That's true of both internships and full-time opportunities," she says. "The challenge for them is making sure they hire the best of the students when they need less people, and to have students deselect themselves if they're not of the right caliber or lack a passion for the job." Small and mid-size firms have also cut back - or even eliminated - graduate hiring, she adds.

Start Early

While not everyone enters investment banking through campus recruitment, it's the route taken by between 80 and 90 percent of the students hired. In addition to on-campus events, banks use online applications and in-person interviews to seine waves of candidates. If you want to secure your spot on Wall Street, start acquiring coursework, extracurricular activities, social skills and relevant internships as early as possible. Groundwork laid in those areas during your freshman and sophomore years will help you during the on-campus process when you're a senior, Gardner says.

Indeed, the search for your banking job should start the first week of your freshman year. Check with your school's career center to see which banks make campus recruitment visits and learn how to sign up for events. If the school doesn't draw investment bank recruiters, does it draw large commercial banks? Ask which professors have investment banking ties and sign up for their classes. Read your professors' journal publications, stop by the office to discuss them and offer to do any task – no matter how menial – to support their current research projects. Don't just join student banking and finance clubs, volunteer for a committee and move into a leadership position. Next, visit the cooperative education office to check on internships. Find mentors on and off campus, and seek their advice on choosing the right classes for the track you want to get on.

Surviving Application Forms

With thousands of applicants seeking positions, it's not surprising investment banks use the Internet as the starting point in the application process - or that their online forms eliminate over 50 percent of applicants. "You have to be a top-notch, A student," Schwartz says. A GPA below 3.5 will likely knock you out, unless there are mitigating factors like being the captain of a Division I Champion team. Still more are knocked out by behavioral questions such as "Describe a situation in which you displayed leadership skills to influence the outcome of an event." Your answers must be detailed, concise and demonstrate a skill used in investment banking. Ask professors, alumni, career center pros and fellow students for feedback on your replies.

In a year like this one, your job search could be ended by overly brief answers, spelling errors, skipped questions and posting replies from one bank's application form to another's.

If you're at a high-profile college, your application is going to be noticed. If you lack an Ivy League pedigree, seek alumni help. "Boston College has a very tight, very active alumni group on Wall Street that cares about the kids who come out of BC," Schwartz says. "If a BC student calls and says they're really interested in becoming an analyst, the alum will keep an eye out and make sure their application is given due consideration." However, he notes, "There's never a guarantee an alumnus can get you in."

While you should get your application in as early as possible, before you submit online, there's one more thing to do: Get rid of anything inappropriate that you've posted on

your own social networking sites, and ask your friends to remove anything about you from their pages, as well. That would include pictures of you drinking, partying, smoking, less than fully dressed (no bare chests even for men) or doing anything you wouldn't want shown on a Today Show segment your grandmother was watching. Google yourself to make sure you haven't missed anything.

Meeting Prep

If you're at a top-tier university, you'll likely do a first-round interview or be invited to attend on-campus presentations followed by networking receptions. But before attending any event, or starting your networking efforts, be sure to prepare, says Lara Berkowitz, associate director, finance careers, for the London Business School. Remember that even information chats are interviews. "Read up on the sector, the company, look at investment banking models, pitch books, and research. Learn to talk the talk, know why you want to do what you want to do and how you're going to sell yourself," she says. "Know how you're going to keep the conversation going."

Practice sessions and other programs offered by your school's career counseling center can help prepare you for more formal on-campus interviews, which are designed to test your skills and probe your personality. Usually, you'll face a panel of junior staffers from the business to which you've applied, along with a human resources professional (see Ace The Interview on page 13). Portray yourself as a team player and a leader, with technical and company-related knowledge.

If you succeed, your next step is a second-round interview at company headquarters. If you make it that far, you're a champ: At this point, about 400 of 10,000 applicants are still standing. Of those, between half and two-thirds will receive the coveted offer of a full-time job.

If You Don't Make the Cut...

So, what do you do if you're one of the many students who don't make it through the campus recruitment process?

"If you haven't found anything by spring, expand your search, be flexible, but still have in your mind very specific goals, and continue to be proactive," recommends Barbara Hewitt, senior associate director of career services at the University of Pennsylvania's Wharton School. "Think more broadly about other skills you have and where else can you use them."

While you may not land the exact position you wanted, you can set yourself up to take another run at your dream job in a few years. One option is to find a slot in another department, such as Operations. "When people did that in the past, it wasn't terribly effective," says Dykstra, the graduate recruitment consultant. "But some experience is better than none, and some work is better than none."

Another option is to increase your skill set by continuing on for a master's degree in a high demand area, such as quantitative analysis or financial engineering. Fluency in one of the languages spoken in emerging markets – including Russian, Chinese, Arabic or Nordic languages – can also help land you a position, says Diane Morgan, director of the London Business School's career services department.

Morgan also suggests developing transaction-related skills by finding deal-oriented work. "Asset management start-up companies are coming to us looking for students with research, modeling, forecasting and company evaluation skills," she says. "Some of the roles with the smaller start-up asset managers and hedge funds are unpaid, but you're getting experience."

Or, land a compliance position at a regulator and aim to return to the private sector within a few years.

It may make sense to get industry expertise and then return for your master's in business administration in a few years. "Learn about a particular industry and use that knowledge combined with an MBA to move over into banking," Hewitt suggests. "Finance is a skill that every organization needs, so you don't have to work in financial services to use those skills." Hot industries right now include pharmaceuticals, education, health care and alternative energy.

If you're completely enamored with banking, perhaps you can stay in the sector by working in another niche. Regional commercial banks tend to recruit from Midwestern schools and tend to be conservative, but they can be great places to work. Financial services sales, including insurance and financial planning services, are another option.

As a last resort, students who don't find any work should be prepared to do an internship that will eventually lead to a permanent spot, says Dykstra.

Q&A

Barbara Hewitt, Senior Associate Director of Career Services, The Wharton School University of Pennsylvania

What advice are you giving students who want to pursue a career in financial markets?

We are lucky. Most of the recruiters are still coming here, but they're not hiring nearly as many people as they were in better markets. Some, after all their recruiting, decide they can't make an offer to anyone.

We encourage students to be proactive, and to have specific goals but to be flexible. If you haven't found anything by spring, expand out. What other skills do you have and where else can you use them? The federal government is hiring, smaller firms are hiring. Think more broadly. Finance is a skill that every organization needs so you don't have to work in financial services to use those skills.

"Organizations want students to take the offer or not, so don't try to string them along. Companies are watching their budgets so I'm not seeing the nice dinners and lavishness we have seen in the past."

How has the recent downturn changed the college recruitment process?

Student expectations need to be realistic about the opportunities they may be offered. Most students are not going to have four or five offers. Companies are not interested in waiting around to hear back from a student on an offer. In a tight job market, it can irritate companies if students try to negotiate too heavily. Organizations want students to take the offer or not, so don't try to string them along. Companies are watching their budgets so I'm not seeing the nice dinners and lavishness we have seen in the past.

If I want to work on Wall Street but can't get hired, what can I do now to improve my chances of eventually landing a job there?

It's hard to get those positions when you're not coming out of an MBA or undergrad program. However, you might become familiar with a particular industry by working directly in it and then use that knowledge to move over into banking eventually. For instance, you could work in the pharmaceutical industry and then move to a company that invests in pharmaceutical startups.

Is it possible to find work on the buy side with only an undergraduate degree?

There are fewer opportunities, but we certainly see students taking investment research positions and going into private equity positions doing the background research on acquisition targets. There are some opportunities on the buy side and it's growing more common, but still not as many as on the sell side.

How do I turn an internship into a full-time job?

Do an extraordinary job. Stay late, network outside your department, do more than you're asked. The organization might have something at the end of the summer for high performing interns. That being said, fewer interns from last summer were offered full-time positions in the fall 2008 because of hiring reductions.

What can young people do to make sure they leave school with a job offer in hand?

Consider how flexible you're being. Look at different geographical or functional areas. If it drags into months after graduation, consider volunteering at a non-profit in a business area to develop fresh skills and show you're acquiring new skills. Keep going back to your career center. Most will provide some career assistance to alums.

"Do an extraordinary job. Stay late, network outside your department, do more than you're asked."

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All About Internships

You'd never buy an interview outfit without trying it on first, to see whether it fits well and becomes you. But many people jump onto a career path without considering whether it's the right one. Having an internship lets you try a profession on for size.

Corinne, the director of investor relations and marketing at a Connecticut-based hedge fund, is a perfect example. In college, she double-majored in finance and art history. Her first internship was at a major auction house. But she realized her path there would be stunted. So she took on business-related internships with employers large and small, public and family-owned, and found her niche. Without an internship, she says, "you're not prepared for the responsibility and independence."

That said, however, finding an internship in the financial world is challenging now. "It's tight this year, there's no question about that," says Barbara Hewitt, senior associate director of career services at the University of Pennsylvania's Wharton School. "We're down about 27 percent in terms of on-campus interviews. The big banks we typically work with are cutting their classes of students. And I don't think things will be rebounding any time quickly."

Among other things, Hewitt notes, that means prospective interns don't have a lot of negotiating room. If a bank makes an offer, it's one a student can't refuse. "They're not interested in extending deadlines, and aren't willing to give people an extra two weeks to decide whether they want a position because they wanted time to interview with other firms," she says. "Ironically, though, it's more important to have had an internship now. The large banks didn't come back and do a lot of hiring with people who didn't intern with them. But it makes you competitive at other organizations (such as asset management and boutique firms, corporate finance departments and non-profit organizations) if you understand finance in an applied way."

Eileen Stephan, the head of graduate recruitment at Citigroup, has a slightly different perspective. While declining to give specifics, she reports the number of internships at her firm is fairly consistent year to year. "We're aware of the current economic environment but have not decreased the size of the program significantly, and we may go a little bit higher as the markets improve," she says. Further, Stephan says, Citi "abides very carefully by the guidelines set by the schools we recruit from" in terms of setting decision deadlines.

In choosing summer interns (rising college seniors) and summer associates (students between their first and second years of graduate school, 90 percent of whom are MBA candidates), Stephan says, "we look for people who can articulate an interest in the financial markets. Are they academically capable of doing the work? And an enthusiasm for financial services is important."

You'll have "a leg up," she adds, if you identify internship opportunities early. "The recruiting process can take a lot of time in researching firms, preparing your resume, interviewing, and networking," she says. "That's a lengthy process along with your academic requirements."

Hewitt agrees. "It's more important than ever to go to the interview having done your homework," she says. "This is not a time at all to wing it. And whenever you can, get people to put in a good word for you. It makes it that much easier when you can get recommended."

Keep Your Eyes Open

When seeking your internship, cast a wide net. "Understand that there's a variety of positions within financial services," Stephan says. "We look for people with a variety of backgrounds for positions in human resources, risk management, sales and trading, etc. This industry welcomes students with varied and interesting backgrounds."

Once you're in the door, keep a mental checklist:

- Do you like the work?
- Are the other employees' interests and skills similar to yours? Be curious (but not pushy) about their backgrounds and responsibilities.
- Is the work environment comfortable or lacking?
- If you don't feel you have enough to do, ask, politely, for more.
- Always be enthusiastic and professional.
- If you're in a new city, try to network with other students and alumni from your school. As you hone your existing skills and acquire new ones, you just might meet someone who can help you find a permanent job.

Landing Your First Job

You've studied the theories, honed your skills through internships, caught leads with your network, and now you've finally got a chance to convince an actual employer you're ready for the real world.

How, exactly, do you do that? By knowing who you are, what you want and what you can offer. Although that sounds simple, it results from a long process that, if skipped, often ends up with someone always being a candidate - and never an employee.

The key is to view yourself from the employer's perspective. As you write your resume, ask yourself if each item is presented in a way that demonstrates your value to the employer. When you network, be sure your elevator speech mentions what you can do for the company that hires you. Remember – it's not about you. It's about the employer's needs.

"This year, you have to be focused and know what you have to offer a company," says Phil Gardner, director of the Collegiate Employment Research Institute at Michigan State University.

Since banks are cutting back on student recruitment, there's less chance that those with majors other than math, finance and economics will be hired, says Vivienne Dykstra, a former investment banking recruiter turned graduate recruitment consultant.

"In the next year, recruitment is going to be focused on people with the right experience who've proven themselves," she says. Beyond good internship experience, you'll also need to do a mammoth amount of research so you know what's going on in the markets generally, and can describe why you're interested in joining a particular firm.

Academically, the better your GPA, the better your chances of landing the job. "Don't ever forget you need that GPA at a certain level to be attractive to certain employers," says Manny Fernandez, national managing partner, university relations and recruiting for KPMG, LLP, in Denver.

However, academics alone won't land you an offer. Your goal should be to strike a good balance between academic credentials and interpersonal skills such as leadership and teamwork, Fernandez says.

If you've worked your way through school, explain that briefly in your resume, along with items that showcase your leadership roles on and off campus. "If you integrate those words into your resume, and show how you've taken on responsibility and have been able to complete tasks, employers will look at you as someone who can grow to be a great contributor," Fernandez points out.

That what-I-can-do-for-you attitude needs to show up in all your networking communications, as well. "Use your connections, alumni, parents, peers already in the market, Facebook and LinkedIn," Gardner says. "And in doing that, say not what you're looking for, but what you can offer a company. The message has to be what you have to offer, not what you want."

Right Pedigree

How do you show value? By having a solidly built foundation. Did you take classes that led to a major relevant to Wall Street? Did you intern in investment banking? "If you graduate from college and all you've done is scoop ice cream or painted houses, you're not going to convince a hiring manager to hire you over everyone else," says David Staiti, a principal with Winter, Wyman & Co. in New York.

Can you explain why banking is the right career for you? Have you networked with alumni working where you want to work? "A lot of people think they can jump haphazardly into the Wall Street world," Staiti says. "They think it will be glamorous and they'll make a lot of money. It's not all glitz and glamour. I talk to people who are about to graduate and they don't seem to have any idea about what the job entails and the hours that will be involved."

To make sure investment banking is the right career, have candid conversations with your business professors, alumni and students who've done internships about what a day in the life of a banker is like.

"They're going to tell you that a typical week is 80 to 90 hours," Staiti says. "Some people love it, but that is a rare breed. Doing the due diligence is a very important piece for people."

If the hours and the challenge of actually finding a job in investment banking don't scare you off, remember that someone is going to get hired - and it could be you. "Those who are really keen and those who have a passion for the financial markets are not going to be deterred by what's happening," Dykstra predicts. "The good people will still find jobs."

Ace the Interview

You thought homework would end with your last final exam. But there's plenty of homework involved in a job search, including the prep you'll need to do if you want to ace your interviews.

There are two parts to this: First, know yourself. Second, know all about the company you're interviewing with. As an optional third, it never hurts to know someone who works there and can put in a good word for you. So network.

Socrates Said It

"Know thyself."

To answer questions about your skills and experience with fluency and grace, prepare a mental checklist of the professional assets you offer. Interviewers may ask open-ended behavioral questions to assess your organizational and oral communication skills. "Tell me about yourself" and "Tell me about a time when…" are perennial favorites. Don't give a chronological history of your life, but do talk about your academic and professional background, why you want the job, and why you're the right person for it.

You may also be asked about specific occasions where you demonstrated a particular skill, such as persuasiveness or team-building. If you consider your resume to be thin in these areas, think back to relevant instances during a part-time or summer job, when you were on a sports team, on a group trip, or working as a volunteer. In this way, you'll uncover pertinent anecdotes.

Don't be surprised if you're asked how you'd respond in a hypothetical situation. A question like this can gauge your soft skills, things like the ability to think under pressure, intellectual curiosity, drive, and commitment. Before responding, it's okay to take a moment to gather your thoughts.

Demonstrate Interest

Companies want to hire people who have a realistic understanding of the job and why they want to do it. If you've thoroughly researched the firm and the position for which you're interviewing, you'll be able to demonstrate professional passion and business savvy. So try to talk with people who work there and people who've left. Talk with people who work in similar capacities at firms in the same sector. Seek out related chat rooms and professional organizations, and be well-versed in issues facing the firm and its sector.

Practice, Practice, Practice

Interview questions necessarily vary with industry, position, company, and corporate culture. Read sample questions in job-search books and Web sites, and try to anticipate what you'll be asked. If the interviewer throws a curveball, you'll have enough material in your mental file to formulate a cogent and relevant answer.

Like any good performance, an interview takes rehearsal. Once all the facts and figures about yourself and the company are in your head, practice communicating them in concise sound bites. Role-play the interview beforehand. You never want the interview to be the first place you come up with an answer. In other words, don't wing it – practice. Ask a friend, your roommate, your girlfriend or boyfriend to role play with you.

And after the interview, debrief. Think about ways you could have responded better or questions you could have asked. It's good preparation for the next round.

Other Considerations

Protocol and etiquette count during and after an interview. Whether it's for an internship, summer position, or full-time job, dress modestly and professionally. Make sure you're immaculate and well-tailored from head to toe. Go easy on the perfume or cologne. And, in the category of "we shouldn't have to say this, but…." - leave the flip-flops home.

Also:

- Bring extra copies of your resume with you. They also should be immaculate.
- Shake hands and make eye contact with your interviewer. Wait until after the interview to jot notes about what you discussed.
- Send a prompt thank-you note. If you interviewed with more than one person, send a separate note to each. It's okay to e-mail it, but remember this is a business letter, so format it as such. Don't use abbreviations or emoticons, and spell everything correctly - especially the recipient's name. Customize the message for each recipient by reiterating something you talked about during the interview.
- Don't ever lie. Don't even exaggerate.
- Turn off your cell phone before you enter the building.

Resumes and Cover Letters

Fifteen seconds. One-quarter the length of a television commercial. That's about how long you have to sell yourself to a potential employer through your cover letter and resume. Like a good commercial, these two marketing tools need high production values, perfect editing, and compelling content. And they have to convey your message clearly and concisely.

While a resume and cover letter may appear to be two separate documents, they're really two components of one presentation, and should be packaged as such. Use the same 8 ½ x 11-inch, good quality paper for both - white or ecru only. Use black ink in the same font throughout, and be sure the typeface is between 11 and 14 points. Avoid fancy fonts and other embellishments. Center your contact information at the top of each. Everything should look neat, immaculate, and professional.

Once you've got those formatting rules down, you can focus on the content.

Your Cover Letter

The purpose of a cover letter is to explain why you want a particular job and what you can offer the company. It should contain no more than four paragraphs on a single page. But those four paragraphs are crucial, because hiring managers will use them to assess your writing and organizational skills as well as your level of interest in the position.
An effective cover letter will take time and preparation, research about the company, rewriting, honing, and careful proofreading.

In the first paragraph, convey the purpose of the letter.
If someone at the company has referred you, or if you've previously met the person to whom you're sending the letter, mention it here. Then describe your qualifications, skills, and experience, and how they mesh with the job's requirements. Keep your marketable skills front and center.

If you're sending an electronic cover letter, make it the body of the e-mail. (It saves hiring managers a step, and puts your profile in front of them immediately.) Remember, it's still a business letter and should be crafted as such, with a proper salutation and closing.

Tailor each letter you write to the specific position and organization. Cookie-cutter cover letters go stale quickly.

Your Resume

If the goal of a cover letter is to get the hiring manager to look at your resume, the goal of your resume is to be invited in for an interview.

A well-crafted resume is an at-a-glance synopsis of your skills, experience, and education. If it's well written, it will convey competence and spur managers to want to know more.

While it's not the great American novel, it is your professional autobiography. But remember: You're not writing a narrative. Avoid using personal pronouns. Focus on action verbs to emphasize your achievements, words such as demonstrated, managed, achieved, analyzed, created, implemented. Use nouns and avoid adjectives. Use short, easy-to-read sentences. Fragments are okay. Include bullet points where appropriate. And keep it concise. Even the most experienced candidate's resume shouldn't exceed two pages.

Stay objective and avoid the personal. That means don't mention the previous boss you considered to be mentally deficient, or the business practices you deem subpar. It also means not including personal information beyond your name, address, and pertinent contact information. Don't mention hobbies unless they're career-related.

As a new entrant in the job market, consider using a chronological resume. This format lists your work history in reverse chronological order, with the most recent job first. It's the most commonly used form and the one most employers are familiar with.

Before You Send Them

It's impossible to stress enough the importance of proofreading your cover letter and resume. Spell-check them. Then proofread them again. Ask a colleague, friend, or relative to have a look - a fresh set of eyes can find things you're inured to, and spell-check software often misses mistakes.

Make sure your grammar and spelling are perfect. Confirm the punctuation is consistent throughout. If you're waffling about including something, ask a mentor, teacher, or former boss to have a look, too.

Only when you're sure everything is absolutely perfect should you put them in a matching envelope, or hit "send."

How to Research Potential Employers

Know what you're getting into

Finding a great employer is a lot like finding a great date. The more you know before you agree to a match, the better. Backgrounding an employer not only assures that you'll have something to talk about if you do get an interview, it also increases the chances you and the firm will be a good fit.

Among the items you'll want to know about before you seek a position:

- Fiscal health
- Culture
- Corporate social responsibility
- How the company treats women, minorities and others
- Approach to work/life balance
- Pending lawsuits and regulatory actions
- Merger and acquisition potential

Delving into all this is easiest when the company is a large, public firm with thousands of employees. It's hardest when the firm is small and privately held. Players in some industries, such as hedge funds, are particularly difficult to background because they tend to be guarded about the information they release to the public.

Online Information

Begin your research with public sources available online or via your campus library. "The company's Web site is a good place to start," says David Staiti, a principal with Winter, Wyman & Co., a recruiting firm in New York. "The bigger firms will have informative sites, private equity and middle-market firms may not. If you're looking at a publicly traded bank, they'll have lots of information online because they have public filing requirements."

Other public records sources include the U.S. Securities and Exchange Commission's Web site (www.sec.gov), which offers information about litigation and administrative proceedings against firms and individuals, as well as EDGAR (Electronic Data Gathering, Analysis, and Retrieval), a database of public company filings.

You campus career center likely has access to general, regional and industry-specific business directories such as Hoover's (www.hoovers.com/free), which provide background such as competitors, revenues and officers.

Dig the Dirt

Dig a little bit online and you may turn up things that people dislike about your target firm. Just because one person didn't like the company doesn't necessarily mean anything, but you want to be aware, advises Simma Lieberman, author of *Diversity and Inclusion*.

And, of course, you can Google using both the company name and key words, such as "financial reports," "annual reports," etc.

Court Records

You can learn a lot about a potential employer by looking at lawsuits that have been filed against it, as well as cases it files against others. Search for that information at the federal judiciary Web site, PACER (www.pacer.gov), using the company name, or the names of company officers. You can also check lower courts in the state in which the company is headquartered - just Google "state name courts" (ie, "Delaware Courts") and the firm's corporate names.

News Searches

To get the latest dirt, you need more recent sources such as newspapers, magazines and blogs. Check these sources before you apply for a job, and follow them throughout the interview process.

As you search for information about a company, see how much emphasis the company places on its values, integrity and ethics, suggests Jeff Thomson, chief executive officer of the Institute of Management Accountants. For instance, does it participate in the Global Reporting Initiative (GRI), in which companies commit to corporate sustainability reporting? Does it have internal networks for women, gays or minorities? What charities does the company support?

Inside Scoop

If you really want the inside scoop, you've got to talk to someone who's seen the company from the inside. Start with your own social network, looking for someone who works for the company. Alumni and professors can also supply contacts, as can social networking sites such as LinkedIn, Plaxo and Twitter.

"If you talk to alumni who work there, you'll hear behind-the-scenes information that will help you figure out if this is the kind of place you'd want to work," Staiti says.

Networking in College – Online and Off

Networking is more than something you do to land your first job: It's a life-long skill that, once developed, will pay dividends throughout your career. "Contacts play a strong part in people getting work experience," says recruiter Vivienne Dykstra, director of Graduate Solutions Ltd., a company that helps employers attract talent. "About a third of the students with full time jobs in financial services have had an internship or work experience through family contacts or networking. It's the sort of industry where networks are critical to getting opportunities."

Ideally, you should start networking during your freshman year, giving you plenty of time to practice and hone your skills. Where do you start? Wherever you are.

"Talk to people at the beach, on the plane, at school," says Barbara Hewitt, senior associate director of career services at the Wharton School at the University of Pennsylvania. "Let people know what you're interested in."

Target Alumni

A good starting point is in your own backyard: your school's alumni. Your campus career center or alumni office may have searchable databases where you can find contacts based on industry, job function, home town, or major.

If your school lacks such information, use business networking sites such as LinkedIn or Plaxo, or social networking sites like Facebook to find alums.

Campus Connections

Take advantage of on-campus connections, too. If you play a sport, ask the coach for the names of older players who can act as mentors as you choose classes or find internships. If you want to become a portfolio manager, reach out to the school's portfolio manager. Remember, someone is managing that endowment.

Many campuses offer formal networking events sponsored by student organizations or academic departments. While these functions create great networking opportunities, they also terrify even the most capable students.

What you may not realize is that networking events frighten adults, too. "Everyone has the same feeling of panic before networking events," says Shawne Duperon, a Novi, Mich., networking and media consultant. "Your game is to make friends. Focus on friendship and miracles will happen."

To prepare for these in-person events, you'll need three things: a 60-second explanation about who you are (called an elevator speech), professionally printed business cards with your name and contact information, and background knowledge about the people attending the event.

If you're a student, your elevator pitch could mention your internship experience and what you'd like to do eventually. Students with no experience can toss out other ice-breakers, even those that aren't business-related, says Jeff Thomson, president and chief executive officer of the Institute of Management Accountants.

"Go in with a couple of things in your head so you're not at a loss for words," he advises. Sports is a safe topic, or you could mention a great book you just read, or a movie you saw.

After your 60-second pitch, ask the person to whom you're speaking about themselves. What's it like to live in the company's headquarters town (not every financial firm is located in New York) or the home of a major branch? What was the impetus behind a new product or service? This is where your background research can pay off.

As you work your way around the room, focus on asking questions instead of telling your own story and looking for work. "People love to talk about themselves, and when you listen to them, you can see if you want to connect, if there's a match," says Duperon. If they don't ask you a question, or they're not engaged, move on to the next person.

Once you've established rapport with someone at a networking event, ask if you can follow up later. Try a line like this: "It was great to meet you and connect, and I so appreciate your coming to this event. Would you mind if I followed up with you via e-mail? I'd love to hear more about…"

Don't ask for a card or offer your own until you've made a real connection. "When you pass out a bunch of your business cards without establishing a connection first, it's like kissing someone on the mouth that you don't know," says Duperon. "Yuck."

To follow up on your leads, forward a relevant news item, invite the alumni contacts for coffee and keep everyone posted on what you're doing this summer to further your career.

Your First Finance Skill-Set

What you need to know to get your job done

In the face of fierce competition for investment banking jobs, you've got to pick up hard skills before you graduate in areas like analytics, math, and written and verbal communication.

Which ones will you most need? "That differs depending upon the division the candidate is coming into," explains Vivienne Dykstra, a former investment banking recruiter turned graduate recruitment consultant and director of Graduate Solutions Ltd., based in London. "Each division tends to have a slightly different approach to how they weigh skills. In the trading side of the business, you won't be required to write as fluently and competently as you would in an analyst position."

"While not impossible, it would be difficult for a student to land a job in investment banking without any evidence of economics or finance classes on their resume," says Melanie Tinto, senior vice president and head of global campus recruiting and rotational programs for Bank of America. "Overall classes we look for are finance, accounting, economics, statistics and other financial-related courses."

Because investment banking work is generally done in teams, you must be a strong team player, Tinto adds. Evidence of this shows up in the classroom on projects, leadership roles in clubs or other campus activities, on sports teams, or in previous work experience.

Here are some of the most common banking divisions and the skills you'll need to break into them:

Client Facing

When seeking a client-facing position, expect to have your communication skills examined. These include being comfortable speaking to groups, ease in using PowerPoint, flawless grammar, and the ability to quickly and smoothly produce written documents such as case studies.

"Sales and general communication skills will be evaluated carefully, and your ability to work hard and to work with clients and teammates are probably equally important," Dykstra adds.

Financial Engineering/ Quantitative Investment

Here's the division where speaking Geek is a benefit, not a drawback. "If you're going to be structuring deals, the most important thing is going to be your brain," Dykstra says. Classes in database management, computer science, accounting, finance, upper-level math and quantitative analysis will show your sincere interest.

Sales and Trading

Remember when you were young and the ice cream truck pulled up to a group of kids? The sales guy could wait on four kids at once, remember who bought what, how much he was owed and how much change to give back. "That's what a good trader needs," says Santiago Maggi, chief investment strategist at Bulltick Capital Markets in Miami. "A trader needs to handle many things at the same time without losing track of all the transactions."

You also need to be a good salesperson, so you can sell whatever position you have. Maggi looks for traders who can read people and have a sense of where the market will move – a skill referred to as being a good tape reader.

Registered Representative

Obviously, you need sales ability to become a financial services salesperson, but you also need math skills. "If you're terrible at math you shouldn't even consider being a financial advisor," says Darin Manis, chief executive of financial recruiter RJ & Makay. "You do have to pass the Series 7 and Series 66 license exams. Both are math intensive and most companies will make you take a math test."

Analyst

This fast-paced job comes with immediate demands. "New hires will be called on to develop financial models and evaluate companies," says Tinto. "They'll be asked to read balance sheets, income statements, cash flow analysis, etc., and translate the information to their partners."

To do that you'll need analytical, evaluation, math and accounting skills, as well as Excel and PowerPoint training. Polish those skills at campus club or career center seminars, corporate-sponsored challenges or special programs.

MBA

Master's program graduates need excellent Excel, valuation and financial modeling skills, which they pick up in their finance and accounting classes, says Lara Berkowitz, associate director, finance careers, for the London Business School. They also need communication skills to transform those analytics into the pitch books and live presentations that land new accounts and retain existing business.

The Ins and Outs of an Overseas Job

The realities of working internationally

For years, finding a position overseas was seen as a way to build credentials and gather experience that would stand out on a resume. And now, when any hint of hiring gets attention, it's hard to ignore when bright spots emerge beyond North America.

In March, the Financial Times reported London-based HSBC Holdings was increasing the number of recruits to its international management program "from its customary 20 a year to 80 for 2009." Those had the potential to be sweet gigs: The firm's employees change geographic region and business group every 18 months for the first three years. After that, transfers in location and function occur every 36 months.

German Herrera, a consultant with recruiter Egon Zehnder International, notes companies are seeing a bigger percentage of their revenue generated overseas, which means gaining experience abroad could be more important than ever. Herrera, who shuttles between the U.S. and Latin America, notes compensation packages are tailor-made: Companies will offer just enough to attract a hire, but not more. Of expatriate experience, he summarizes, "If you do it well, you get good returns." But from the company's point of view, "if you don't, it's a waste of their money."

The competition for international spots can be tough. Arun H. Dhingra, a financial services specialist with Egon Zehnder, notes that in a difficult economic climate, firms often prefer to hire locally rather than internationally. This year, he's seen contraction in most geographies and sectors, particularly banking. Most international recruitment right now is happening at senior levels, he says. For example, a European bank may look for an American to lead its U.S. division, or *vice versa*.

Cultural Challenges and Distant Shores

The biggest issue with foreign assignments has always been cultural assimilation, which includes language fluency, according to Dhingra. Speaking at least two – but possibly more – languages definitely pays off. Foreign companies with a U.S. presence appreciate someone fluent in both English and their local language or dialect, such as Mandarin Chinese, for example.

When considering a post overseas, be sure to investigate the specifics of the position and the country it's located in. "Always visit the country before you decide on a job overseas," says Kathy Downs, of Robert Half International's finance and accounting division. "Before I place someone abroad, I will always ask if they've ever traveled to the locale, and I will also ask about their family situation and if they have a family member who'll need to work abroad too, since work visas may be hard to come by." This is, in her view, "a huge consideration."

Another concern is being assigned to a location that's remote from industry centers, says Herrera. For example, if you're working in New York, London or Hong Kong, you might be able to pursue contacts – or even job opportunities – with other financial institutions. However, moving for a job with South Africa's Standard Bank Group would be a different matter. Although the firm has operations in several parts of the world, expatriates located in its Johannesburg headquarters don't have as many colleagues from major banks for networking and socializing.

And then there's gender: "Gender differences in the workplace are a consistent issue," reports Lily Tang, an independent cultural consultant with expertise in financial services. "The ideal of a respectful workplace is so defined by the social norms of any given society, even in organizations working hard on diversity and inclusion, equity is elusive." The lack of attention or sensitivity to acceptable behavior and language can quickly derail a promising career.

For someone who's thinking of repatriation after a few years, a bigger risk is to accept an overseas assignment in an economy as rocky as today's, warns Dhingra. Structural changes in the financial sector, which has seen many investment banks morph into commercial banks, mean certain jobs may be gone forever. Companies are shifting business models and realigning compensation, seeking to reduce their risk and levels of debt. In such times, employers may not want to bring expatriates back to the U.S. payroll, he says.

Of course, make sure your own passport and any needed visas and work permits are in order. Consider the quality of living in the given city and its costs of living. Depending on what currency you're paid in, you may need to consider currency fluctuations, as well. However, notes Downs, "if you're being relocated by your current firm, odds are you'll be given a housing allowance or some other perk to relocate."

Managing Your Career

It's about more than your next job

Many people think career management is all about getting that next job. But it's much more than that. Among other things, managing your career is about making choices on what paths to pursue, climbing the ladder, and taking charge of your personal development.

It might sound overwhelming, but career management doesn't have to be complicated. The essentials can be boiled down to a handful of basics.

Find Your Passion

Your first step should be an exploration of where your talents, skills and interests can take you, and what options might await you at the entry level, says Roy Cohen, a New York executive coach and career counselor who advises Wall Street and financial professionals.

Once you've surveyed the landscape, examine potential avenues that could run through each one of them. "What you do is like decision-tree analysis," explains Cohen. "If you explore one option, then you say, 'Okay, based on this option, what are the potential directions that could emerge?'"

This step is likely to require a good deal of research. A good place to start is with a simple Google search on a descriptive phrase, such as "private equity." Reading up on each career on Web sites like eFinancialCareers is another good idea.

You also should talk to people who work in the sectors that interest you to gain an understanding of what they do. Find out what motivates them, and what excites them. Ask how they got to their current position, and look for parallels in their career paths. Also ask what they value when hiring at the entry level.

Focusing on a dream without knowing much about it can be dicey. "Unless you've grown up in the financial district, you may not know that you want to be a hedge fund manager or an investment banker," points out Cohen. So take the time to examine your interests, talents and skills and understand your options. Your ultimate destination may not be so apparent at the beginning of your career. And many jobs may cease to exist as Wall Street restructures itself.

Set Goals

Once you start working, and learn more about the direction you'd like to take, map out a game plan for where you'd like to see yourself in three or five years. That could include going back to school, or pursuing a professional certification like Chartered Financial Analyst or Certified Financial Planner. Your plan will have a lot to do with understanding your goals in both the mid and long terms.

When talking to people, try to gain an understanding of what you need to do to distinguish yourself. "In a very competitive marketplace, you need to consider every possible option to make yourself as attractive as possible," says Cohen. This inevitably includes seizing any leadership opportunities that present themselves.

You can start working on your leadership credentials as an undergraduate: Participate in an investment club at school, conduct research for a professor, work a summer job. Any kind of summer experience, even if it's unpaid, can be valuable. And remember, "Wall Street loves athletes," says Cohen. "You don't have to be a great athlete, you just have to be a good team member."

Build Your Network

The majority of jobs are filled through introductions. But networking isn't about talking to people who can get you an immediate job. Good networking is about finding the common ground you share with other people, and understanding how you can help them so that they'll have a reason to help you.

Most newly minted professionals don't appreciate the potential benefits of networking. But as more and more young people find themselves displaced amid layoffs and corporate restructurings, being able tap into resources and communities where you can promote your career becomes increasingly important. Networking doesn't guarantee you a job, but having connections can open doors that might otherwise be closed to you.

The easiest way to get started is through your school's alumni organization. Many schools provide networking opportunities for students and alumni to meet and mingle. You'll also want to identify professional organizations where you can get a student membership. For example, students interested in the more analytically oriented roles on Wall Street may find their local security analysts' society a good venue for meeting people and getting exposed to helpful information and ideas.

Extend your networking online to social-networking sites such as LinkedIn and Facebook. But don't mistake it for real networking, says Denise Palmieri, director of client relations at the Pinnacle Group, an executive recruiting firm in New York. "It's a hologram of your networking," she says. "All you are doing online is interlinking your networks." The reunion - where you really see each other and make genuine connections - is the real networking.

Continue Learning

Give after-work activities such as continuing education their due. Professional development classes are available through many professional societies, along with specialized educational firms. Formally recognized programs such as a part-time MBA or the Chartered Financial Analyst program have helped many a professional advance his or her career growth. Although many businesses have pulled back from sponsoring career-related education, some still do reimburse a portion of their employees' course fees.

It's also important that you read trade publications, such as Institutional Investor and others, to get exposed to industry lingo and the major trends in your field.

Develop Your People Skills

Success in a financial-services industry career isn't just being good at math and quantitative analysis. You'll need to have a diverse set of skills, including good interpersonal skills. This is particularly true in a competitive job market since people typically prefer to work with people they like.

"For a long time, Wall Street was really forgiving. It allowed in people who have may have been a little rough around the edges but were very smart and talented in their quantitative abilities," says Cohen. "But that's not acceptable any more. It gets companies into trouble."

When you think about continuing education, don't overlook these "soft" skills. Bear in mind what can help you succeed early in your career may be very different than what you need as you advance. Entry-level employees usually need to roll up their sleeves and be willing to do nearly anything. As you rise, you'll need to learn how to delegate. You don't become a leader by doing everything yourself. "What might be valuable initially, might be irrelevant or dangerous mid-career," says Cohen.

When it comes to the people that you work with, try not to take things personally or blame yourself unnecessarily. Often young people will get frustrated or disappointed, then make an impulsive decision. When it comes to career management, the biggest error you can make is being impatient and making a job move too quickly. "Wall Street is not a fraternity," says Cohen. "It can be a very rough experience. You've got to be thick-skinned."

Managing Yourself

Not long ago, advice on career management included discussions about the need to maintain an adequate work-life balance. For juniors and seniors graduating into a hyper-competitive job market, that may be impractical, says Cohen. "The only way that they will succeed is by bending over backwards and working 110 percent," he says. "This is a market that demands extra, not just enough. Extra."

The good news is that if you've done your homework, you'll have found a career you're passionate about. You'll have aligned your personal and professional goals and will likely be willing to make that commitment early on.

That's not to say that you should be working 24 hours a day. Don't let yourself get overtired. To stay on your game, you'll need to maintain a high level of energy and preserve your health.

Bear in mind that managing your career is a process, and the various elements often go hand in hand or overlap. The above isn't a to-do list where you check off an item and then move on. These basics are worth revisiting periodically. It won't be unusual to find your interests and passions changing, your goals in need of realigning, or that you've fallen out of touch with your network. An annual, semiannual or even quarterly career-management check-up will serve you well.

Voices of Experience

Professionals offer advice on investment banking careers

Dale A. Burnett, Real Estate Private Equity Group, AIG Investments

- First, focus on academics. Second, invest in the people around you. When you're 19 or 20 years old, you're not thinking about that. Don't hang around with the same type of people you hung out with in high school. Part of your future worth is who you know, which plays a big role in how enriched your life is.

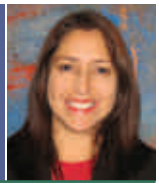
Richard Kass
Chief Investment Officer
KBK
Wealth Management

Sarah Baldwin Kavanagh, Vice-Chair and Co-Head, Diversified Industries, Scotia Capital

- Pick stocks or build your own portfolio. If you look at the market and try to understand why things trade the way they do, and why investors are behaving the way they are, you will be in a better position to understand capital markets.

Gunjan Kedia, EVP, Global Product Management, BNY Mellon Asset Servicing

- Many quantitative people can be comfortable with data and still fail to recognize a simple and important aspect of being successful: Data is only good as a "tool" to make better business decisions.



Marcia Rothschild
Managing Director
BNP Paribas

Jonathan Feniak, Director of Marketing, Sands Brothers Asset Management, LLC

- Come in and take on as much responsibility as possible and prove you can succeed in a role higher than your current one.
- Talk to people, attend events where you can meet people who work at hedge funds, and try to convince them why you should be a part of their team.

Megan Brown
Vice President
J.P. Morgan
Asset Management

Megan Brown, Vice President, J.P. Morgan Asset Management

- Take the opportunity to network and meet people in different aspects of the business.
- Don't be discouraged by current market conditions. If you're passionate about asset management and financial services, don't be afraid to demonstrate your excitement.
- Most important is the ability to listen to clients. This allows you to determine which products are best-suited to helping them achieve their goals.

Richard Kass, Chief Investment Officer KBK Wealth Management

- To be successful, you need to have a technical understanding of various investment products, so you can advise clients.
- It's important to be a people person, because the job requires you to listen and understand clients' fears and goals. It's critical that you be able to communicate with a wide range of people. They can range from professionals who are familiar with basic investment concepts to others who have little understanding of the markets.
- It's important to be able to take complex investment concepts and simplify them.

Robin Marshall, Partner, Growth Capital, 3i Group

- Spend time with people in the business or networking.
- You should be following the world of business, reading the obvious publications – such as The Wall Street Journal, Financial Times, The Economist, etc.
- There are also publications specific to the private equity world. Use them to learn about the key firms and important deals being done.
- It's important to participate in industry organizations.

Marcia Rothschild, Managing Director, BNP Paribas

- You must be self-motivated and able to work independently. It's important to be versatile and embrace different challenges. Demonstrate that you can close deals and grow a client relationship over time.

Alan G. Reid, Managing Director, DBRS

- It's important to have strong interpersonal and writing skills, as well as a hunger for learning since research into companies requires you to dig deep through information so you can ask the right questions and ultimately make the correct rating recommendation.

When It's Time to Make a Move

When and how to change jobs

Your grandfather may have retired with a gold watch, but it's unlikely that today's graduates will become lifers with any one employer. In the boom-and-bust financial industry in particular, professionals must be ready, willing and able to launch a job search on a moment's notice.

"New graduates must learn to be proactive," says Patricia Dorch, president of Six Figure Career Coach and author of *Six Figure Career Coaching Advice: The Ultimate Guide to Achieving Success*. "The time to update your resume is right after you pass your probationary period."

Since the question for new grads isn't "if" you should change jobs but "when," here are signs to help you recognize when it's time to move on.

Red Flags Need Prompt Action

- Financial troubles: Staff reductions are common during economic downturns, and any layoffs may not affect you or portend severe financial problems for your employer. But if your company is consistently losing money, seeking a buyer or divesting major business units, be proactive and start looking for opportunities elsewhere. Likewise if either your department or your desk fails to meet revenue or profit targets for more than a quarter or two.
- Limited growth opportunities: If you're stagnating, your career has plateaued and you foresee no changes on the horizon, it's time to move on.
- Passed over: If your contributions aren't being recognized, and peers with similar skills and experience are passing you by or being given special assignments, it's a red flag signaling the need for change.
- New boss hiring old cronies: A new boss doesn't always necessitate a job change. However, if she's terminating current employees and hiring former loyalists, chances are you're on borrowed time. Also, if it's public knowledge that your new boss was brought in to clean up your department, then it's probably time to go. Once you're associated with an underperforming business unit, it's very difficult to salvage your professional reputation and keep your career on track.
- Bad vibes from management: While it's not always fair, being liked by company management is critical for success. So if your boss or company executives give you the cold shoulder, and there's no leadership change in the offing, it's time to look for a new job.

Yellow Flags Are Warnings

If you have little control over a yellow flag situation listed below and things haven't been resolved within six months, it's probably time to move on, says Hallie Crawford, a certified career coach specializing in young professionals and recent college grads.

"It's human nature to either be impulsive or over-analytical in response to workplace challenges," says Crawford. "In the case of young professionals, 60 percent of the time they probably need to stay to get more experience and learn how to work through problems, and 40 percent of the time, they need to leave."

- Poor performance reviews: Anyone can make a mistake or occasionally miss some goals. But don't ignore serious performance issues or a situation that is de-motivating you from giving your best performance. "If you've received bad evaluations and negative feedback from your boss and co-workers, you either need to work on your performance or leave," says Crawford.
- Organizational changes: Whether it's a new boss, a company-wide reorganization or a lateral transfer, give yourself time to adapt to the situation so you can evaluate how it will impact your career. Also, don't get caught up in the post-change frenzy of co-workers; make a stay or go decision based solely upon an unemotional evaluation of what's best for you.
- Poor cultural fit: This is one of the primary reasons employees change jobs. But remember politics, red tape and frustration abound in all organizations, and new grads must learn how to adapt and survive in tough business environments. Give yourself time to acclimate to the culture before deciding to jump ship.
- Recruited away: While it's flattering to be pursued, remain grounded so you don't view a new opportunity through rose colored glasses, only to have regrets later. Do your homework and ask tough questions before deciding to accept another offer. "Learn to appreciate what you have," says Crawford. "Because the grass isn't always greener at another company, it's just more grass."

Getting the Most Out of Headhunters

Also known as "headhunters" or, more formally, "executive-search consultants," recruiters typically don't enter the picture until you're looking for your second job. You'll have to have some work experience before one will even consider talking to you. But once you've been in your first job for about a year, recruiters can become a solid resource. Before you begin reaching out to these career middlemen, here are five things you should know:

They Work for the Hiring Company

While recruiters can be helpful to candidates, they're paid by employers. "The company is our master," says Adam Zoia, chief executive officer of Glocap Search, a New York executive-search firm focused on financial services.

Companies often hire recruiters to supplement their own efforts, which typically include employee referrals and job postings on internal career portals and outside job boards. Recruiters can enter the picture when employers want to scour the market for a range of candidates, usually a wider selection than they could get on their own. Employers also hire recruiters to screen candidates.

Recruiters are paid to have a handle on the broad talent market and access to potential hires, using their judgment to narrow a list of 500 possible candidates, for example, to a limited slate of, say, 20. And recruiters often help with the interview process, provide feedback, and, if the offer stage is reached, help with negotiations.

They Influence Hiring Decisions

When working with recruiters, the most common mistake young professionals make is underestimating their importance to the hiring process. Cultivating good relations can pay off for you down the road, particularly as you gain experience and reach more senior levels, where recruiters often play an integral part in the search and selection process.

If a company outsources the task of filling a particular position entirely to one search firm, the recruiter's influence is very important. "If you don't get through the recruiter, the gatekeeper, you don't get to the client," Zoia points out.

How the recruiter is paid can send important signals to the candidate. If a search firm has been hired on retainer, the company is paying for its services up-front, that's a sign the company is more serious about filling the position. It also can mean the firm considers the recruiter an important partner in the process, making it even more critical to view her (or him) as a first-round interview with the company.

Put Your Best Foot Forward

To their detriment, young professionals often arrive late, unkempt or disorganized to recruiter meetings. "When candidates interview with a recruiter, they should be as serious as they would be with a company," says Zoia.

Any offense – a missed meeting, flaky comment or inappropriate behavior – could haunt you for years to come. Recruiting firms maintain databases of candidates for "sourcing" hires, and make notes about the people they've met. If down the road another recruiter sees negative notes about you in the database, he or she is a lot less likely to call you in.

If a recruiter sends you to a company on an interview, e-mail or call the recruiter to report on how it went.

One surefire way to get dinged in a database is to skip an interview. Last-minute cancellations are also a no-no. If something comes up you simply cannot help, give as much notice as possible.

Get On a Recruiter's Radar

Some recruiters have Web sites where you can submit your profile, others want candidates to contact them through e-mail, and some want a phone call. Usually an e-mail followed by a phone call is the best way to get started.

Make sure your resume is in good order. While recruiters usually will offer a few tips to polish up your resume, don't expect them to write it.

Your resume should highlight anything that might help you stand out from the crowd. Include any transactions you've worked on, awards, sports you've played and your grade point average, even if it isn't particularly high. Otherwise, recruiters and hiring managers will assume the worst.

Stay in Touch

Once you've connected with a recruiter, you'll want to make sure you're top of mind when a position comes up that might fit you. The best way to build a mutually beneficial relationship is to share information about what you're seeing in the job market. For example, let recruiters know when your company is hiring. After you've secured that new position, keep in contact.

Office Politics

Yes, they exist. But you can turn them to your advantage.

Politics exist in every workplace, and financial companies are no exception. Amid the constant competition for clients, resources, promotions and raises, nearly everyone has a story of unscrupulous co-workers who took advantage of a situation by cutting corners or stomping on toes.

Yet, office politics shouldn't be considered the exclusive domain of back-stabbers and manipulators. To the contrary, those who can understand the political landscape in their organization can use it to a career-boosting advantage.

Office politics most often boils down to a struggle for control, usually over resources, information or people, says Timothy Johnson, chief accomplishment officer for Des Moines, Iowa-based consulting firm Carpe Factum, Inc., and author of *Gust: The 'Tale' Wind of Office Politics.*

Individual or group success typically depends on tough tasks like pushing a project to the top of the queue, finding the right people to work on it and getting the time and tools to do the job right. Each department will have its own dynamics in play at any given time, as well. For example, "Show me an IT pro who doesn't answer to at least two different bosses, either implied or not," says Johnson. "Then you look at all the different technical issues going on, like who has the best software selection, who can make decisions about operating systems and compatibility. Information is also part of it, such as who has what information at what time."

Skills Trump Politics?

Oddly enough, those who don't play well with others often still succeed, especially if they have in-demand skills or, particularly, if they bring in revenue. "I've seen people who seem to offend anybody, but their phones ring all the time with people asking them for advice because they're good at what they do," observes one manager.

Still, left unchecked, unhealthy office politics can lead to more overtly offensive behavior, such as emotional bullying and all-out sabotage of others' efforts. When co-workers are doing a number on each others' psyches day in and day out, absenteeism, poor-quality work and a high rate of turnover are often the result.

The answer to all this: Play the game the right way. That means mastering a few simple strategies and avoiding a couple of key mistakes.

Perhaps the biggest *faux pas* is to make inappropriate comments to co-workers without considering their ramifications. For example, don't remark on the ugly car parked in front of the building: It could belong to your new group managing director.

Another common mistake is publicly displaying potentially career-damaging information. If you call in sick with a family emergency, don't go to a party that night and post pictures of it on Facebook. It's not much of a stretch to imagine one of your co-workers spotting them and alerting the boss. Remember: In the world of social networking, you never really know who's connected with whom.

Careful Communication

First and foremost, being a successful office politician means developing a rapport with co-workers - without being gossipy or delving into personal issues. It's important to understand the communications style of your group or department, especially since those who rise to management positions tend to be good communicators.

That extends to e-mail and electronic communications. Be judicious when using the "reply all" and "bcc" options, and write every e-mail calmly and respectfully. A good rule of thumb: Imagine the division head will read it.

Finally, do more observing than talking. Before long, it'll become clear what most people's motives are. Be cognizant of who's around you at any given time. It's might be okay to say something controversial to a friend, but if they're not a friend, what you say may come back to haunt you.

Building Effective Relationships with Mentors

It's a two-way street

Mentors can help you find the right career, steer you down the path to success and link you to a ready-made network of industry contacts. So where do you find them? Start by checking to see if your school has a mentor program, then expand your search to alumni and industry experts.

Whether they come from campus programs, a trade association or your own search campaign, as early as your freshman year you should begin to gather a group of experts who can act as a board of directors for your career.

Look first to your instructors. "Many professors have real life business experience, especially adjunct professors," says Jeff Thomson, president and chief executive of the Institute of Management Accountants (IMA).

Alumni also make great mentors, so check to see if your school has a program like DePaul University's Alumni Sharing Knowledge (ASK), where students can search for mentors by the industry they work in, the company they work for, their country of origin, their profession or their location.

Gillian Steele, managing director for the Career Center at DePaul, says on-campus events as well as student finance and business club meetings also offer opportunities to find mentors.

Real World Resources

Outside campus, groups such as the National Association of Securities Professionals and the National Association of Personal Financial Advisors offer reduced-cost student memberships. Join and attend events, including any student conferences like those held by IMA, to seek out mentors. Also, some professional groups, including the New York Society of Security Analysts, have formal mentoring programs for student members.

In today's world of remote workplaces, social networking sites are another source of mentors. The same trade associations that offer in-person networking events may have online message boards where students can lurk until they get a feel for the site, present relevant questions, and then seek out relationships with those who post answers.

Find Your Mentors

Once you've signed up for an event, how do you find a mentor in the crowd? The key, says Steele, is to network. "Talk to as many people as you can and look for someone you feel comfortable with, who impresses you. You don't need to say to someone, 'Will you mentor me?' You just tell them you have a lot of respect for them and their knowledge of the area, and you'd like to talk to them about what you're thinking." Then, you stay in touch.

Once you've found your first mentor, don't stop there. Susan Battley, a New York-based executive coach and author of *Coached to Lead: How to Achieve Extraordinary Results with an Executive Coach*, recommends finding multiple mentors. One person may help with concrete ambitions like getting up to speed on trading technology, while another may be a sounding board for sensitive, interpersonal topics. "Cast a wide net and build a personal advisory board," Battley says.

Build the Relationship

To get the most from your relationships, be sure to select at least one mentor who's different than you, says Chip R. Bell, author of *Managers as Mentors: Building Partnerships for Learning*. "People who are different can bring a perspective that can be instructive," he explains.

As you talk with your mentors, know what you're seeking. Early on, communicate your goals for the relationship and your expectation for the outcome, Bell says.

If improving performance is on your list of goals, remember your mentors have to see the real you if they're going to help. "Make sure that you're authentic, real and genuine and that you show your foibles and less-confident side," Bell says.

Be prepared to hear the good, the bad and the truly grim. "Many times when students come out of college they're a little bit full of themselves," Bell warns. "That sometimes makes it more challenging for students to hear and value feedback and advice, particularly when it's not what they were expecting to hear."

No matter how much your mentors' words cut, the best reply is one that's accepting such as: "Thank you. I appreciate your candor. I'm going to think about that." Denying the problem or giving excuses will only discourage your mentors from giving additional candid advice.

Finally, remember that a mentoring relationship is like a marriage. "Honesty is critical," Bell says. "If it's not working, you need say this is not what I want to do and allow both parties to adjust or abandon the relationship."

Where You'll Be in Five Years

Dreams, plans and forces beyond your control

Where will you be in five years? Although it's a common interview question for college graduates, it deserves special consideration for those starting careers in finance, especially at a time when the industry is undergoing an historic reconstruction. Your dreams and plans are likely to encounter forces beyond your control, so balancing them with a keen eye on reality is likely to be an important skill to develop for the newest generation of financial professional.

Not long ago, your first career-management challenge might have been competing for a coveted spot in a bulge bracket's training program. Now that many of these traditional entry-level jobs have disappeared, your main challenge might be figuring out just what your first step should be. To do that, you might need to rethink your professional and personal ambitions, says Denise Palmieri, director of client relations for Pinnacle Group International, an executive-search firm in New York.

"If you had your eyes set on Wall Street as your next target, what was that about?" Palmieri asks. "Dig into the underlying basis of why you wanted to go to Wall Street." For example, did a parent or teacher suggest finance was the career for you? Or are you intrigued by analytics, research, or the technology?

On the Right Road

For some, a Wall Street job was a way to get somewhere else. If that's true for you, ask yourself if there's another route you can follow. If you'd seen Wall Street as the gateway to a career in private equity or venture capital, for example, what attracted you to those sectors to begin with? In other words, ask yourself: What is the dream you're trying to fulfill?

"If it's really because someone told you that's where the money is, you have to pick a new job," observes Palmieri. "Because that's not the case anymore."

Some people see Wall Street as a means to jumpstart launching their own business, perhaps by meeting bankers and other contacts and learning about financing. For others, the goal is to make a lot of money to seed a new idea. If either of these was your long-term plan, consider other avenues toward your goal. For example, is your new company something you could bootstrap?

Once you have a strong sense of what your long-term goal truly is, you have your mission. Now try putting it in writing. "There's power in creating a written plan," notes Vickie Austin, founder of Choices Worldwide, a career-coaching firm in Wheaton, Ill.

Next, think about what you'll need on your resume in five years, as a waypoint to your long-term objective. Map out a strategy to get there, then decide the tactics you'll use to turn the strategy into action. Turn those, too, into a written outline. Then, get busy. Your outline should become your checklist.

Hello, Reality

Unfortunately, dreams need to be flexible. If you find other aspects of your life – your finances or relationships, for example – are suffering, you may have to reevaluate your goal or try another road toward reaching it.

Focusing on dreams and plans isn't something you do only at the outset. All through your career, you should stay tuned in to them. As time passes, your dreams are likely to change. What's more, you'll have to stay up to date on the business world's evolution in order to make sure your goals and your strategies remain valid. "You may have to reframe your dream in the context of the market," notes Austin.

Balancing dreams with reality often requires resilience. It's important to be able to bounce back from the disappointments that you'll inevitably encounter. Having a strong network of people to whom you can turn for support and guidance is key, as is having a contingency plan. Be open to trade-offs.

To stay on course, you may need to manage your expectations. A setback in the morning doesn't mean you can't still accomplish something that moves you closer to your goal, says Greg Sells, a Chicago-area Certified Financial Planner. "Persistence can be one of your most powerful assets," he says.

Reality may impose limitations on your dreams. But when you're committed to a lifelong mission that you truly believe in, such setbacks need only be temporary.

Building Knowledge & Professional Relationships in the Financial Industry

- The Wall Street Technology Association (WSTA) provides a forum for IT and networking professionals in the financial industry to stay on top of current and emerging technologies, operational approaches, and business issues that affect their firms.

- Founded in 1967, the WSTA provides educational opportunities and facilitates interaction between financial technology professionals and a broad spectrum of vendors and consultants. This is achieved via seminars, networking and social events, print and on-line publications and white papers.

- **Who are WSTA members?**
  Currently, the WSTA has approximately 1700 financial technology professionals from banks, brokerages and insurance companies. Most are located in the New York Tri-State area, with over 50% having titles of CIO/CTO, Vice President or Manager.

- **About the WSTA Vendor Affiliate Program**
  (open to vendors, industry specialists and consultants)
  The WSTA Vendor Affiliate Program provides organized opportunities to keep financial industry professionals aware of current and emerging technologies and other services important to the industry. Networking and relationship development is a significant part of the Vendor Affiliate Program.

- To learn more about joining the WSTA or its programs, please visit www.wsta.org or call 732-530-8808.

WSTA
Wall Street Technology Association

Networking as a Professional

It never stops

Like many a business buzzword, "networking" is a victim of its own success. Over the years it's become so enwrapped in oversimplified myths, the central idea was lost. The unfortunate result is that many people who'd benefit if they put enough effort into networking give up before they've given it a serious try.

For instance, one widespread myth portrays networking as a parlor game built around trading business cards the way school kids once traded baseball cards. Attend a variety of business/social events, press the flesh, make a few good impressions, and presto! A newfound acquaintance will refer you - or even introduce you - to someone who's interviewing candidates for your dream job.

Of course, it's never that easy.

Even a less pie-in-the-sky version - request job leads from people you already know professionally - rarely yields results. Does that mean nurturing a network is a waste of time? Decidedly not.

Networking is Hard Work

One reason many people have difficulty networking is they don't appreciate what hard work it is. Networking with strangers is hardest of all. Advancing from a new acquaintance to a potential job referral usually means cycling through multiple levels of contacts (one refers you to another, who then refers you to another, and so on) and informational interviews - whose only return on your time invested may be the opportunity to secure yet another informational interview with a next-in-line contact.

Even when networking with people you already know, success requires tenacity, creativity, a willingness to take chances, and a willingness to do favors for others.

However challenging it is, effectively building and leveraging a network of professional contacts is essential to your continued success. The good news: Even if glad-handing isn't your style, there are several ways to make it more comfortable.

The Myers-Briggs Type Indicator, a widely used personality test, defines people according to where they get their energy on the extrovert-introvert scale. Typically, extroverts get theirs from interaction with other people and taking initiative in work and personal situations, while introverts tend to get energy from thoughts, memories, and feelings.

Conventional wisdom says extroverts jump into networking easily. However, the reality is introverts are often more successful because they prepare so well. Extroverts are often so used to "winging it," they often don't develop good contacts and good information.

Tips for Introverts

New York career coach Bettina Seidman offers these tips to improve your networking:

- Don't try to become a master networker overnight. Instead, take baby steps. If networking hasn't been a regular part of your life, take it slowly and build confidence.
- Don't assume you're bothering people. Most will be glad to hear from you based on a mutual contact, friend or colleague.
- Rely on your supporters. Network first with mentors, close colleagues, and friends.
- Remember all the times when you have been successful in other group endeavors.
- Try to take a colleague, friend or manager to meetings or conferences so you'll know someone there.
- Don't underestimate the power of listening.
- Read an industry newsletter before attending a business/social event or an informational interview, so that you will be comfortable sharing the tidbits you have learned.
- Develop a well-crafted pitch, focused on your goal and what you bring to the table.
- Rehearse, rehearse, rehearse what you plan to say.
- If you have news or a problem to solve, try picking up the phone and telling someone else about it.
- If you're uncomfortable at gatherings set up solely for networking, try to attend those that have a purpose – listening to a speaker, for example – since they tend to have a planned agenda.
- Reach out as often as you can, by picking up the phone or sending an e-mail.

Job-Hunting While Employed

How to look, discreetly and professionally

Most people move on more often in their careers than in their love lives. But no matter how many times you do it, looking for a new job while you have one can be tricky.

"Keep in mind that even though you may be looking for a new job, you still must devote your full attention to your current company while in the office," says DeLynn Senna, CPA, executive director of North American permanent placement services for Robert Half International in Menlo Park, Calif. "This means you shouldn't use your work computer to search job boards, for example, or speak with potential employers from the phone at your desk."

Most companies would make an exception if you're using their computer to search the internal postings. Just be sure to let your supervisor know before you apply for another slot in your own firm.

"Most managers would rather keep a top performer with the organization in some capacity than lose the person to another company," Senna observes. "If you're open about your intentions, your current manager likely can put in a good word and smooth the transition for you."

Look Inward

Be cautious about who you share your restlessness with. "Network for opportunities with those you trust," says Roberta Chinsky Matuson, CCP, president, Human Resource Solutions in Brookline, Mass. "This will help reduce the likelihood that your current employer will find out about your search before you're ready to tell them about it."

The hush-hush attitude should carry through into your dealings with recruiters, adds Jim Boghos, president of Corporate Search America in Longwood, Fla. "Usually the way an employer finds out someone is looking is when a potential suitor ... (breaches) confidentiality," he says.

The perils of real life aren't the only risks a job hunter faces. What you do online can also reveal your intentions. When you post your resume at eFinancialCareers, your first decision is whether to make your contact information visible or keep your profile confidential.

If you want to remain anonymous, be careful about what you put in your resume. "Don't do anything that's a dead giveaway to where you work, like mentioning your experience with a proprietary software or unique delivery system," says Matt Johnston, chief executive officer of Workway, a Burbank, Calif., staffing firm.

And be careful your online self doesn't trip up your real world self. "Don't make the mistake of posting something on your blog about your current job search," says Matuson. "More and more employers are doing Google searches on their employees."

On the other hand, don't make yourself so unknown recruiters and employers can't quickly locate you via e-mail or cell phone, says Gregory Reymann, a recruiter for the Judge Group in West Conshohocken, Pa. If you have queries forwarded to an e-mail address, check that address daily. Returning calls at lunch or in the early evening is fine since many recruiters work late precisely so they can speak with candidates outside of business hours. But, don't expect a recruiter to hang around the office waiting for your call until you drive home from work and have dinner, he warns.

Being Discreet

If you're at all good at job hunting, you're eventually going to have to sneak out to do interviews. If you can't schedule interviews on the weekends or before or after work hours, be careful how you dress, warns Johnston. "If the office is casual, a suit is going to be noticed," he says. Keep your interview clothes in the car or in your off-site gym locker and change on the way to the interview.

Another alternative is to schedule all your interviews for a single day, and then take the time off with a vacation or personal day. "One day off looks less suspicious than a half day here and a half day there," Reymann says.

As you tiptoe around, keep in mind you may end up staying put, Johnston says. "You may realize after three or four interviews that the job you have is your best job," he says. "We always caution people not to damage the bond of trust they have with their current manager. At your next job, you may be learning new skills that will enable you to manage the company you just left."

Besides, showing respect is the right thing to do. "If you are disrespectful toward your firm during your job search," Senna concludes, "you are unlikely to receive a strong recommendation from your manager. Practicing proper etiquette can help you avoid burning bridges."

Working with Corporate Culture

Know the lay of the land

Once you've landed a job, how you do your work will be only one of the factors that figures into your success. In large part, the relative ease and speed of your advancement will depend on how well you navigate its corporate culture. You won't find the rules in the employee handbook. So learning the lay of the land should be one of your top priorities when starting a new job. Here's a roadmap to learning and working effectively within your firm's culture:

Ask Questions

During your first month, try to find out these three things about every person whom you meet:

- How they came to the organization.
- Why they're passionate about the organization.
- Why they're passionate about their job.

After talking to several people, you'll begin to see themes emerge that will reveal the true nature of the company's culture.

As you talk to people, listen for clues about the company's value system. Every business has a different process for getting things done, usually based on what the organization values most. For example, a fast turnaround might be more important than being thorough. Or maybe being organized is what gets emphasis. "You're going to get some consistent answers," says J.T. O'Donnell, founder of Careerealism.com, a career news Web site based in North Hampton, N.H.

The sooner you figure out the company's values and how you can represent them, the sooner you'll rise to the top. The key question you want to answer is: What makes a person successful here?

For your first 30 or so days on the job, hold back from offering any opinions. Instead, be an observer. If you're asked your views on a business policy or decision, say you'd rather not answer since you just joined and are still learning how things work. It's okay to respond with something like, "I'm the new person here and can you ask me that in a month."

Manage Up

Your boss is your No. 1 customer. Make it your goal to find out what's truly important to him or her, and help achieve those goals. "Try to see where they're coming from," says O'Donnell. Your next step is to leverage that knowledge.

Ask your boss for projects in which you can showcase your skills and talents.

However, don't bite off more than you can chew. Put your hand up for small assignments at first, even it's just heading up an office committee. Then be sure to knock it out of the park. If you're not 150 percent sure you can deliver, don't take it on. There'll always be leadership opportunities after you've established your reputation.

Word will spread quickly about your abilities. Soon, you'll be tapped when a job you're best suited for needs doing.

Seek Out Mentors

Having mentors is important, and so is having at least one outside the organization. Why? You'll want to be able to confide in someone separate from your company who can provide perspective on what you encounter and help equip you to handle office opportunities - and threats.

After about six months or so on the job, after you've had a chance to prove yourself, find a mentor in the organization. While the company stars might be an obvious choice, it's often best to find someone who's not only in the position to help you climb the ladder, but also has the time and bandwidth to work with you. When approaching would-be mentors, explain the reasons you respect them and cite concrete examples. Be sure to say you'll work with them on their terms. "People rarely say no," says O'Donnell.

Avoid Gossip

When conversations with co-workers turn gossipy, don't go there. Walk away. People often use gossip as leverage to get one up on one another, as if to say, I know something that you don't know. What's more, gossip can make colleagues wonder what you might say about them when they're not around. Avoiding gossip shows you're career minded, and that you want to maintain your professionalism.

Take the Long View

If you find yourself clashing with the prevailing culture, take a deep breath and remind yourself the situation is only temporary. Young people change jobs about every 18 months.

Avoid making generalizations about a workplace based on one or two negative encounters. But when there are deep differences in values and styles, don't compromise yourself. "You don't need to change who you are," says O'Donnell.

Negotiating Compensation (and Related Hints)

Know your value and ask for it ... politely

Say "negotiate" in a word-association game and most people will probably respond with "compensation" or "raise." Areas open to career-related negotiation, however, encompass much more than money. So knowing how to negotiate effectively, what to negotiate for, and how to plead your case can help to advance your career. By association, your compensation will advance as well.

In fact, says Lee Miller, author of *Get More Money on Your Next Job in Any Economy*, "the most important thing is not money. It's probably the least important, as long as you're getting a competitive salary." What's more valuable, Miller says, are opportunities for training and professional development, job opportunities, and the projects and teams you may be invited to work on. "Frankly, the company wants to develop you," he observes. "And companies like employees who are proactive in developing their own career."

That doesn't mean you should agree to be woefully underpaid, however. Research the salary range in the sector and geographic area you're interested in. (Sites such as JobStar, Salary Expert, Moving.com, and CNN Money are good places to start.) Objectively assess whether your education, experience, and skill sets merit numbers in the higher range.

Sleep On It

If, after one or more interviews, you receive an offer, ask for time to consider it. "When the offer is extended, show appreciation and interest, but don't respond immediately," recommends the Career Development Center at Brown University. "Let the employer know that you want to review the offer (which you should ask for in writing) and that you need time to make the best decision for you and the employer. Ask when a decision is expected – and, if needed, request more time to compare offers or do necessary research. The offer will not be withdrawn if you make this request."

Even in your first job out of school, "if the salary isn't competitive, you can ask for more," Miller says. But, he cautions, "ask, not demand." In other words, say, "would it be possible" rather than "I need to have."

And never mention your high rent, significant student debt, or materialistic romantic partner as justification for wanting more money. Underwriting your private life isn't your employer's responsibility.

Rather, Miller says, "show why you think the salary isn't competitive and ask whether they can improve it. Be very prepared. Know your value in the market, what you bring to the table, and what you want."

If the company is adamant about adhering to the lower range, try to find alternative deal sweeteners. For instance, ask whether you can have a performance review in three or six months that might raise your salary. Find out whether there's wiggle room in the benefits package, or miscellaneous perks like tuition reimbursement or in-house training. Ask about options such as flextime, telecommuting, or covered commuting expenses.

If an offer is truly unacceptable but you'd like to pursue the position, make your position clear in as positive a way as possible. Specifically note what's lacking in the original offer: is it the role and responsibilities, the money, the location, or the benefits? Then, suggest a solution. However, be willing to accept the consequences. The offer could be rescinded.

Speak for Yourself

While the rules of negotiation are the same for men and women, the sexes "tend to behave differently," at discussion time, Miller notes. "Women tend to negotiate less, especially when it comes to negotiating for themselves." If you don't feel confident acting as your own best advocate, he recommends taking a course in negotiation skills and reading books on the subject. "You have to feel comfortable negotiating for yourself."

Finally, in any negotiation, don't become emotional. Stay objective and be armed with facts. Have a goal in mind, then try to find mutually beneficial ways to achieve it. And regardless of the outcome, don't burn any bridges. Be gracious. You don't want to alienate the person with whom you've negotiated, who could be a hiring manager or even your future boss.

Profiting From Performance Reviews

Making the most of that one-on-one with your boss

To many, the annual performance review is about as welcome as a colonoscopy. Could any good ever come from a one-on-one where your boss – no matter how much he or she might respect your work – is required to detail your strengths and weaknesses?

Simply put: "Yes."

"Performance reviews are one of the few chances for employees to receive honest feedback that determines whether or not they'll get a raise or a promotion," says Vicky Oliver, author of *Bad Bosses, Crazy Coworkers & Other Office Idiots.* "As such, they are valuable tools if used correctly."

To make the most of the opportunity, career advisors and hiring managers outline a series of steps that can be summed up in three broad injunctions: Be prepared. Be objective. Be strategic.

Plan Ahead

Like every important business meeting, performance reviews have a planned agenda that requires certain information compiled in advance. Typically, there is a review meeting and related evaluation and self-evaluation forms that both supervisor and employee must complete. As an employee, you'll aim to emphasize your strong points, obtain high ratings, and turn discussion of your weaker areas into a springboard to opportunities like education, training, or involvement in a project that will look good on your resume.

"When the employee understands it properly, they can actually guide their manager," observes career coach Bettina Seidman. Performance appraisals "really should be professional development plans," she says. "You might even get some seminars paid for, or even a graduate degree."

Planning ahead is vital. A favorable review is more attainable if you've recorded your own achievements as they occur, have pro-actively managed your relationship with your boss, and are prepared to pitch your own professional development goals for the next year or two.

"Keep track of your successes over the course of the year. Don't try to remember them at the last moment," advises New York career coach Win Sheffield.

Don't Ignore the Easy Stuff

When toting up achievements for your review form, don't confine your list to only major challenges. "A lot of our jobs are spent doing things that are so easy for us - after all, that's why we're hired," Sheffield points out. He says it's important to state how you added value through superior performance in those cut-and-dried, routine aspects of your role. When doing so, take care to note "the subtleties, the things that you add on top, that show you are not just a good analyst but a great analyst, the guy taking initiative."

Sheffield suggests making continuous efforts to air any concerns your boss may have with your performance. If the boss wasn't fully satisfied with something, you're better off knowing right away so you can take steps to address it, rather than let the discontent build up until review time. Since a supervisor often won't voice criticisms without prompting, you should take the initiative to actively solicit negative feedback. Each time you complete a project, Sheffield suggests asking your boss: "What can I do the next time to take it to the next level?"

How to Profit From Criticism

Of course, the review meeting itself is almost certain to bring out some negative feedback. When it does, practice judo - not boxing. "Don't expect to change the boss's mind," counsels one manager who's led teams within a number of large companies. Instead of challenging or disputing a negative comment, he says, "Continually twist the boss's feedback to your advantage." For instance if told, "I need to see you take on more responsibility," ask for the big, high-profile project you've set your sights on in anticipation of that moment.

He offers these additional tips on handling criticism in a performance review:

- "Very calmly and nicely" ask for concrete examples of the failing that was attributed to you. Ask for specifics that can help you recognize the behavior yourself.
- If you receive a bad rating on some dimension of your job, ask for a follow-up meeting to get feedback about your progress on that particular issue. It makes it much less likely that will be identified as a weakness next time around.

Trends in Diversity

Investment firms continue to pursue diversity goals, if more quietly

In 2008, two fundamental events altered the dynamics of diversity on Wall Street.

First, the election of Barack Obama – as the first African-American president of the United States, not to mention the first black head of state outside of Africa – ensures diversity will remain front and center within corporate America, by example if not dialogue. Second, on Sept. 29, the Dow Jones Industrial Average suffered a decline of 777.68 points, wiping out $1.2 trillion in market value. Two weeks earlier, the Chapter 11 bankruptcy filing of Lehman Brothers Holdings and the acquisition of Merrill Lynch by Bank of America sent shockwaves through the business world.

The carnage in the markets was measured in jobs as well as money. During 2008, announced financial job cuts reached 260,110, peaking at 91,356 during the month of November, according to outplacement firm Challenger, Gray & Christmas. The Bureau of Labor Statistics said unemployment in securities, commodities, funds, trusts and other financial investments reached 82,000 during 2009's first quarter, more than double the level of the previous year's period.

The impact of the crisis was fast and sobering. Andrea Sáenz, executive director of the Hispanic Alliance for Career Enhancement, says her budget this year was slashed. At the same time, Gloria J. Woods, vice president of client solutions at the Kaleidoscope Group, a diversity consultant, says financial firms "are trying to stay committed." As an example, she cites firms who've begun to develop their staffs' ability to lead internal diversity councils and deliver education workshops. And, she adds, "while firms aren't hiring now, they are maintaining memberships and networking to build talent pipelines with minority associations."

Indeed, developing and retaining a diverse workforce remains a critical challenge for investment firms and banking institutions. Most large firms still have diversity officers and/or departments to deal with hiring issues and programs. However, according to the Robert A. Toigo Foundation, which was founded to encourage minority students to consider financial careers, 55 percent of diverse financial professionals believe minorities have borne a disproportionate burden amid headcount reductions. Not only are financial pressures felt through layoffs, Wall Street's troubles have resulted in more competition for most every job, leading experienced people to compete for positions that were once the domain of juniors. Since many firms have focused their efforts on diversifying their more junior ranks – thus building a pipeline that would eventually rise to senior management – the risk to their long-term goals is real.

Changes Afoot

As the financial services industry changes, so does the definition of diversity. Companies are moving to recruit diverse candidates from across the globe. As they deal with offices, operations and clients in different locations, having a workforce with an understanding of local languages and cultures is a key factor for their success. According to a 2008 survey from Korn/Ferry International, a Los Angeles-based provider of talent management solutions, 49 percent of its consultants noted diversity issues were increasing in visibility due to globalization trends. The study, The Executive Recruiter Index, is a quarterly survey of 228 Korn/Ferry International consultants serving some of the world's largest corporations and not-for-profit organizations.

Why is diversity a success factor? Because markets aren't monochromatic anymore. Having a diverse employee base to meet and transact business with is a key to making sure a firm remains competitive. As one executive puts it, "Customers like to work with professionals who look like them." Add to that the growing economic force of the world's communities. JPMorgan Chase notes more than 43 million people in the U.S. - or 14.7 percent of the population - identify themselves as Hispanic. As the country's largest and fastest-growing ethnic segment, Hispanics control purchasing power approaching $1 trillion a year. As their wealth increases, families tend to look toward members of their own communities to help them manage it, and that goes for customers of private wealth managers as well as retail banks.

For all that, R. Roosevelt Thomas, Jr., founder and president of the American Institute for Managing Diversity, contends the most important thing for companies to ask when hiring is "Are they qualified?" Corporate America, he notes, is embracing a representative workforce, which isn't the same as one that is diverse. A diverse workforce, he emphasizes, has "differences and similarities with regard to attributes and behavior."

In other words, not everyone thinks or behaves in the same way as other members of their community. A diverse team made up of Harvard Business School graduates may not be particularly diverse in its thinking, no matter how dissimilar are their characertistics such as gender or ethnicity. "The challenge today is that it's difficult to have a representative workforce without diversity," Thomas explains.

Developing Talent

Mentoring and networking are cornerstones of talent development, notes the Toigo foundation. Within many investment firms, minority workers have access to formal mentoring programs and can establish informal mentoring ties, often "forged through social processes of attraction and career similarity." But being of the same gender or race isn't enough to make a prospective mentor valuable. That kind of common ground is fine, but one also must connect on deeper, more fundamental issues.

Fortunately, the industry has both company-wide and industry-wide programs to foster networking and mentorships. For example, Women on Wall Street is an annual conference sponsored by Deutsche Bank's Women on Wall Street Network that brings together thousands of professionals from Wall Street firms and related industries for an evening of networking and career development. Goldman Sachs's Brokering Change presents speakers, panels, career workshops, roundtable discussions and draws participants from a variety of Wall Street firms. Morgan Stanley's Institutional Securities Women's Day brings together female undergraduates from investment banking, fixed income, equity research, and institutional equities divisions with senior employees.

Of course, with times being tight, newer and smaller firms may find it difficult to devote resources to anything above and beyond what they see as their main business. But at firms with established programs, which have succeeded in knitting diversity into the fabric of their cultures, efforts continue. Having buy-in from key leaders is still the best barometer for success of any and all diversity efforts.

Diversity Initiatives

Organization	Target	Organization	Target
American Indian Graduate Center (AIGC) www.aigcs.org	American Indian and Alaska Native	Hispanic Alliance for Career Enhancement (HACE) www.hace-usa.org	Hispanic/Latino
Asian & Pacific Islander American Scholarship Fund (APIASF) www.apiasf.org	Asian/Pacific Islander	Management Leadership for Tomorrow (MLT) www.ml4t.org	African American, Hispanic/Latino, Native American
Financial Women's Association (FWA) www.fwa.org	Women	National Black MBA Association (NBMBAA) www.nbmbaa.org	African American
Graduate Management Admission Council (GMAC) www.gmac.com	African American, Hispanic/Latino, Native American; Women	National Hispanic Business Association (NHBA) www.nhba.org	Hispanic/Latino
HISPA (Hispanics Inspiring Students' Performance and Achievement) www.hispa.org	Hispanic/Latino	The Robert A. Toigo Foundation www.toigofoundation.org	African American, Asian/Pacific Islander, Hispanic/Latino, Native American

This is a partial listing. For additional organizations and details, see page 93.

Finding the Right Fit

How to know if a firm is right for you

Culture clash is one of the most common reasons professionals leave their jobs. That's why many interviewers size up candidates for what they call "cultural fit" - how well their goals, values and style will mesh with the company's. And as a candidate, you'll want to do the same thing for the companies you're interviewing with.

Finding the right cultural fit requires the self-awareness to know what kind of environment would suit you best, says Denise Palmieri, director of client relations for the Pinnacle Group International, a search firm in New York. Ideally, you want to be in a place where the people will be thrilled to have you, as opposed to where you're constantly trying to justify yourself. "You'll have a better experience, you won't be under the gun, and you'll have an opportunity to be mentored," she explains.

While culture is important, as a graduating senior or a new grad, your No. 1 objective is to get a job. While people who graduated from college just one or two years before you may have juggled multiple offers, in today's market, turning down a job because of cultural issues is a luxury few new graduates can afford. Your first post-graduation job should be all about getting experience.

Cultural fit really begins to play a big role in your success after your first or second job. Workplace subtleties are likely to become more apparent after you've had some first-hand experience. You may find yourself, for instance, asking, "Is everybody in this industry a jerk or just the people that I work with?" says Palmieri.

Where to Find Evidence

So how to gauge a company's culture? Most companies' Web sites claim they have a "team-based culture that values diversity and is dedicated to serving clients and upholding the highest ethical and professional standards." If it sounds like brochureware, it is. Still, a company Web site may offer clues that might confirm any hunch you have about it.

One good place to find clues is the site's "executive bios" page. Are all the executives men? Are they all of one background? If all the top managers graduated from Ivy League schools, for example, you may not fit in as well if you don't share that pedigree.

During an interview, be sure to ask your own questions about how the manager came to be in his or her job, the challenges facing the company, and the ideal person to help overcome those challenges. Then listen for the priorities that emerge in the answers. Every company will have a different approach to solving an identical problem, notes J.T. O'Donnell, founder of Careerealism.com, a career news site based in North Hampton, N.H.

You can also try some back-door reference checking by seeking out former employees through social-networking sites such as LinkedIn and Facebook. Recognize, however, references frequently aren't honest. People are "careful about what they say because they don't want something attributed to them," says Palmieri.

Gut-Check Exercise

After all this, what if you still having trouble making up your mind about a company? "You have to trust your gut," says Palmieri, suggesting this "gut check" exercise.

You'll need a bowl and two slips of paper. On one slip, write "Take the job." On the other, write "Keep looking." Tell yourself you're going to draw one slip out of the bowl and, no matter what, you'll do what it says. Make your draw, read the paper, and then check your gut. Do you feel your heart sinking, or is your reaction: "Great! That's what I'll do!"

Even if you know you're taking a job that isn't ideal for you, this exercise will tell you if you're compromising. You'll be able to go into it with your eyes open, knowing in advance it wasn't perfect but you chose to accept it regardless.

If you find yourself in this situation, remind yourself that every job is temporary. You're not going to be there forever. Focus on the good aspects of your experience. You'll have the opportunity to build your skills, particularly the ability to deal with a situation that isn't 100 percent perfect.

Working with Diversity Groups

Plant the seeds early, and cultivate your network regularly

Business is as much about who you know as what you know, and for someone about to graduate from college into the workforce, expanding your network of contacts is both a vital and long-term proposition. Especially in a downturn, financial professionals must rethink their strategic relationships at work, especially if they're a member of a group that's underrepresented in the industry.

More than ever, strategic relationships are essential, observes Liz Lynch, founder of the Center for Networking Excellence in New York. Today's difficult environment means more people than ever will tap into their networks to make sure they can not only advance, but hold onto their job when their firm is cutting back. Lynch notes that those in a professional network - where everyone is in the same sinking boat - should branch out. "Try groups outside of work and think about reconnecting with your alumni association, volunteer or join a nonprofit," she says.

For example, many more professional women and women of color are networking at conferences and association meetings. "For the less-confident professional, honing your communications and professional skills in a safe environment can certainly help you to come back to the male-dominated workplace," she says. But if you're limiting your network to a women's group or an association for black professionals, you may be missing out on other opportunities. Women of color need to look for other networking opportunities at work and beyond. "You have to be prepared to take the next step," she believes.

While cultural influences shouldn't hold a professional back, it's important for professionals to take a look at themselves. Lynch uses herself as an example: "As an Asian woman, I was told after business school that I didn't talk up enough. I took a Dale Carnegie class and it helped."

Lynch advises women of color to remember that relationships at work are critical to gaining key posts and landing assignments with important clients. In addition, she says women of color need to be flexible when it comes to selecting their mentors. "Depending on the expertise or division in financial services, you simply may not be able to find someone who is exactly like you in your organization," she points out.

Developing Your Network

John C. Guerra, Jr., chief executive of the New America Alliance, an organization of Latino business leaders, suggests starting with your inner circle and moving outward. "Seek relationships with successful members of a group, such as the Hispanic employee resource group, and use that group's good reputation to establish mentors within the company at large," he says. "Then seek more associations out of your own area of function, expertise or focus."

But you don't have to begin at the office. "Almost anyone in your everyday life can be part of your network, including relatives, local merchants, neighbors, and fellow alumni," writes Jane Hyun, an executive coach and multicultural leadership strategist, in her book, *Breaking the Bamboo Ceiling*. "The earlier in your career you begin to build these relationships, the better it will be for you as you make various transitions."

"Getting a job is really a marketing process," notes Kenneth Lee, an adjunct professor at American InterContinental University and former mentoring director of the Black Alumni of Notre Dame. In this context, the *product* is you; the *place* is the industry, function and companies you have your sights set on; *price* is the salary you'll accept and the company will pay; and *promotion* is your resume, cover letter, elevator pitch and interviews.

Don't lose sight, though, of the *personal* aspect of networking. Be more of a giver than a taker and at the end of every connection always say, "Don't hesitate to give me a call," even if you're junior to the contact, suggests Debra Feldman, an executive talent agent in Greenwich, Conn. Stay in touch with everyone you meet, especially former colleagues and classmates, she adds. "If you admire someone in your industry, don't be bashful about introducing yourself. The person who initiates the network is flattering the person who's the contact. Most people really enjoy the fact that someone is reaching out to them," Feldman says.

Q&A: Mark L. Chamberlain

Chief Diversity Officer, Americas, Deutsche Bank AG

As chief diversity officer for the Americas at Deutsche Bank AG, Mark L. Chamberlain oversees the U.S. division's Diversity Recruiting and Diversity & Inclusion office. He joined Deutsche Bank in October 2007 after holding a number of roles in diversity and professional recruiting at JPMorgan Chase & Co. He also has seven years of experience as a corporate finance banker in global leasing and leveraged finance, which included arranging large-ticket, syndicated financings for companies in the chemicals and transportation industries.

"Our definition of diversity includes all aspects of an individual – from age, ethnicity, nationality, physical ability, gender and sexual orientation to work and communication style and personality type."

Chamberlain graduated *magna cum laude* with a bachelor of science in business administration from the University of New Hampshire. He earned his MBA from the Yale School of Management.

How does Deutsche Bank define diversity?

Our definition of diversity includes all aspects of an individual - from age, ethnicity, nationality, physical ability, gender and sexual orientation to work and communication style and personality type. Deutsche Bank doesn't focus on just the two historical attributes of gender and ethnicity. We look at culture, sexuality, religion and diversity of thought. Several years ago Deutsche Bank took the position of broadening its definition of diversity to be more inclusive and to encourage all employees to get involved in the bank's many diversity initiatives.

Why do you include personality type, and work and communication style in this definition?

If you have a team of six white women or men, just because they look or seem alike doesn't mean they all have identical backgrounds and experiences. There could be significant differences among them, and we should try to tap into and gain from that diversity of experiences.

Amid the current global economic crisis, do you think banks and other financial entities have pushed diversity to the back burner, because they are concerned about sheer survival?

We're fortunate to have our 2009 budget for diversity initiatives flat to last year, considering the challenging market environment. This speaks to Deutsche Bank senior management's commitment to diversity. In addition, Deutsche Bank recently appointed Eileen Taylor (whose background is in banking, as opposed to human resources) to global head of diversity from Global Markets, our sales and trading division. This sends a strong signal across the bank that diversity is not just a human resource initiative, but rather the responsibility of all of us at the bank, especially those in the business divisions.

Does Deutsche Bank use any metrics to assess the effectiveness of its initiatives?

We use several metrics on an ongoing basis. For example, for employee networks such as Rainbow Group Americas (lesbian, gay, bisexual and transgender - or LGBT - employees) and Multicultural Partnership (minority employees), we look at attendance figures from conferences and events as an indicator of the networks' ability to attract audiences.

Another measure is our mailing lists. There are 1,700 employees on our Women on Wall Street list. Currently most of them are female, but my goal is to get more men on that list. Eileen and I have engaged male senior managers, in divisions such as asset management and banking, to be more involved in WOWS and they've been quite responsive.

What is your personal outlook on the future of diversity and inclusion in financial institutions, no matter how Wall Street may restructure itself?

Clients already have or will be changing. Companies need to pay attention to these changes and make sure they have the right individuals in place to meet evolving customer needs.

Q&A: Dale A. Burnett

Real Estate Private Equity Group, AIG Investments

At AIG Investments, Dale A. Burnett is responsible for the evaluation, execution and asset management of commercial real estate investments in the U.S., Europe and Russia. He holds a BS in finance from Boston University and an MBA from the Tuck School of Business at Dartmouth.

Is your present life what you envisioned as a teenager or even a child?

I have to say life has exceeded my expectations. On the one hand, I grew up and went to high school in South Jamaica, Queens, during the crack-cocaine era in New York. At that time, there were 2,500 murders a year in the city, so I didn't always think I would make it out alive, much less be successful. On the other, I always believed I'd do well and always hoped I would be a successful businessman.

Today I think I have been blessed beyond what I thought possible simply because I have done things I never envisioned. I never thought I would open my cellphone and call a congressman or start a nonprofit. I've been fortunate to travel all over the world, and I live a good life that I can see getting better.

I also never thought I'd attend Dartmouth as the first person in my family to go to college right after high school. Because I did not grow up around politicians and executives, I was not exposed to certain things. As a result, I did not decide to get an MBA until I was 28 so even graduate school was not a part of my original vision.

What are the core values you learned early in life that are serving you well now?

Integrity: Growing up in a tough neighborhood, you learn to honor your word and be ready to put your money where your mouth is. Your word is everything, so I try my best to be truthful. Ambition: I come from a family of Jamaican immigrants. If we were not ambitious, we would not have anything because we started from scratch in America. So I learned to strive for the best growing up. Since then, I've always wanted to be the best, to work for a top firm, go to the best schools, etc. Plus I didn't have a trust fund to inherit - although that would have been nice. Tenacity: I wanted to not just survive but to thrive, to expand beyond Jamaica, Queens, and it took a little fire to stay focused through all the distractions. That fire still fuels me. Faith: I was raised in a Christian home, which centered me and taught me good core principles that have only grown and become more a part of all that I do as I get older.

How would you describe your adjustment from an academic setting to the business environment?

Corporate culture may be foreign to some. In my case, it was to some degree, and the socializing that makes work easier took place in bars, which I didn't patronize as much - nor did I realize it made a difference if I did. Because of that, I didn't have a strong social rapport with my colleagues, and I didn't have a support network to help me matriculate into a culture that frankly was unfamiliar. I traveled all over the country during my time at Ernst & Young and integrated well over time, but I did so in a pretty choppy, trial-and-error manner that I would not recommend.

Graduates matriculating into corporate America should seek a sponsor and search out available support networks. I learned on the fly, which was a bit rough. New graduates should actively seek mentors, or they may end up doing things the hard way. I didn't focus enough on my quantitative abilities early in my career, like using Microsoft Excel. That was because I didn't have anyone to point that out to me. If you don't have a mentor, you find out things when it's too late - like at your review.

What advice would you offer to undergraduates and high school students?

First, focus on academics. Second, invest in the people around you. When you're 19 or 20 years old, you're not thinking about that. Don't hang around with the same type of people you hung out with in high school. Part of your future worth is who you know, which plays a big role in how enriched your life is.

Generally, once you leave college, you're not going to wake up in an environment with people from 20 different countries and 20 U.S. states. When I was in school, I had the privilege of interacting with the son of a Fortune 500 CEO, a Saudi princess, a Midwestern farmer for whom I was the first person of color he had ever met, and the daughter of a career military family who speaks six languages and has lived all over the world. Looking at the world through their eyes broadened my mind almost instantly, as I'm sure just meeting a kid from the inner city of New York changed their perspectives as well. The people around you offer you a whole other education.

Mergers and Acquisitions

Big deals, long hours, lots of travel - and lots of money

Specialists in mergers and acquisitions, or M&A, travel the world to work on deals that reshape entire industries. M&A refers to one of an investment bank's core functions: to advise client companies on whether to add businesses to their portfolio of assets, sell off divisions or subsidiaries they no longer want to own, or merge themselves entirely with another firm, either by acquiring the target company or selling themselves to it.

In truth, it would be more accurate to talk about mergers, acquisitions and divestitures. There are clearly two sides to every deal and M&A advisors work on both. In some mergers, two companies join as equals. In others, M&A bankers help clients find buyers or sellers for businesses that are of interest. In addition, the past decade saw an explosion in the number of companies taken private in buyouts by private equity firms.

Regardless of what drives the deal-making, M&A specialists work in a very lucrative business – although many years may pass before merger activity levels and bankers' fees return to the peaks of the past decade.

M&A requires hard work. At their client's beck and call, the people involved are often in their offices nights and weekends. Once a deal is underway, junior bankers can expect to keep busy assembling the reams of financial information and legal documentation necessary to get it done.

A variety of firms act as M&A advisers. While the top-tier global banks still dominate the volume rankings known as "league tables," middle-market and niche advisory firms have been gaining on them. Deals smaller than $150 million might be handled by the M&A divisions of accounting firms, or by boutiques that specialize in smaller transactions or deals in a particular sector. Although the biggest deals get the headlines, it's the numerous smaller deals, which occur on a regular basis, that drive the business.

Recent Developments

The credit meltdown that began in late 2007 cut the legs out from beneath the merger business. Lack of access to credit forced sharp pullbacks in private equity deal-making, especially leveraged buyouts (LBOs) – debt-fueled deals where purchasers obtain bank financing by pledging the assets of an acquired firm. Global private equity volume plunged 69 percent in 2008 compared with 2007, to $234 billion in announced deals, according to Thomson Reuters. Total announced merger volume shrank 30 percent from 2007's record high, to $2.9 trillion. Almost 1,200 pending deals were cancelled. Activity continued to wither in 2009.

The downturn sapped demand for investment bankers, sparking layoffs across Wall Street. Beyond that, the financial crisis is broadly reshaping the industry, which will affect bankers' compensation and career prospects for many years to come.

In general, the largest U.S. and European investment banks – which long commanded the greatest power and prestige – suffered the worst damage to their balance sheets and reputations. These so-called "bulge-bracket" institutions received most of the trillions of dollars in bailout aid from governments worldwide. In return for keeping banks solvent, governments imposed ceilings on the compensation of executives – and in some cases, ordinary employees – who work for taxpayer-supported institutions. In response, many bankers fled from large full-service investment houses to small or mid-size firms.

Over the past two years, boutiques have hired several hundred bankers away from former bulge-brackets, the New York Times found. The newer boutiques bear names such as Moelis & Co., Broadpoint, and BTIG. Their founders – typically, top dealmakers who left Wall Street to run their own shows – hope to grow into tomorrow's bulge-bracket banks, filling the space left by the disappearance of Lehman and Bear Stearns.

Meanwhile, Wall Street's traditional powerhouses are slashing openings for new graduates and MBA holders in 2009.

Roles and Career Paths

Mergers and acquisitions is principally an advisory role. When public companies announce they're "exploring strategic opportunities," it means they've hired an investment bank to advise them on a merger or sale.

Traditionally, M&A bankers advise clients on all aspects of buying, selling, and merging with other companies. They're typically part of a broader corporate finance advisory team, which also advises firms on how to raise the money needed to finance a transaction.

As a rule of thumb, the more senior you become in M&A, the more contact you'll have with clients. But as an analyst, you'll spend a lot of time working on pitch books, which outline a bank's ideas for a particular transaction. For example, should the client buy company X or company Y and, if so, how should the deal be financed?

M&A analysts usually conduct basic industry research and build financial models, which are used to price the companies concerned. Associates, who are one level higher in the banking hierarchy, oversee analysts' work and check to make sure their models are correct.

A further rung up, vice presidents oversee the work of analysts and associates, and often order the pitch book to be partially or completely rewritten – even when it means staying up until the early hours of the morning. Vice presidents report to the directors and managing directors who are the main points of client contact.

It's not unusual for pitch books to come to nothing. Clients may decide not to go ahead with the suggestions, or they may engage a rival bank. When a pitch book elicits a positive response, the M&A team moves into execution mode – seeing the deal through to completion.

If you're interested in pursuing a career in M&A, be diligent and keep banging on doors. It's critical to be a hard worker and a team player. It also helps to be bright.

Skills and Qualities

- Appetite for hard work
- Analytical ability and statistical aptitude
- Ability to work well in a team environment
- Good communication skills and self-confidence
- Strong attention to detail

Q&A

Sean Walker, Managing Director
Salem Partners

What's a typical day like for you?

The M&A business works in ebbs and flows. You're either trying to get a deal completed or working to get the next deal in the door. I spend most of my time on marketing. Each day, I'll review my calendar and have a briefing with an associate about marketing documents, upcoming pitches, or ways to get Salem's name out there. The rest of the day is spent calling prospects, talking to accountants, lawyers and private equity investors. Being in the middle-market is different than being in the bulge bracket. We generally don't get mandates because of the firm's relationships. We have to personally cultivate our own relationships and that's not easy work.

When we're in the market with a client we spend our time trying to get books (50-page books that describe our client's business) in the hands of private equity and corporate buyers, setting up meetings with those buyers, and trying to provide a compelling offer for our clients. All the while, we tailor an "acquisition thesis" that may be unique to each potential acquirer or investor. Ultimately our objective is to get best deal possible. This involves a lot of jockeying over the course of a couple of months.

Any advice for an up and coming M&A professional?

Currently it's very difficult to enter this business. It's tough to get the training and development in M&A at a boutique firm. For someone fresh out of college I'd recommend starting at a large bank with a training program in place. In that environment, you're better able to hone financial modeling and presentation skills. You need to be classically trained to appreciate how quickly these tasks are performed. Having that experience will make you more marketable, and help you stand out compared with other candidates if you decide to move to a boutique firm or more entrepreneurial environment.

What are the most important skills for a career in M&A?

It's important to be even tempered because almost every deal is an emotional roller coaster. Nothing is ever as bad or as great as you might want to think. To get a deal done, you must manage client expectations, which requires a steady type of personality. You're always an advocate for clients, but you also must advise them appropriately. Often times, middle-market clients are people who've built a business from scratch and poured a significant part of their life into making the company grow. They are wedded to their businesses, and you have to be well-versed in helping them achieve their goals.

Debt and Equity Capital Markets

The stimulus for economic and financial market development

Traded financial products are born in the capital markets divisions of investment banks. There, bankers produce the securities used by companies and institutions who want to raise money on the public markets. Their two main products are stocks, traded on the equity capital markets, and bonds, traded on the debt capital markets.

Stocks, also known as shares or equities, are bought by investors who want to share in the profits of a company through dividends or the appreciation of the stock's value. If the share price rises, investors can sell stock to other investors at a profit. If it falls, they might sell them at a loss. This trading occurs in the secondary markets, and the company itself doesn't directly benefit. It's raised the capital it needs through the shares' initial public offering, or "IPO."

Investment banks act as "underwriters" on behalf of the company issuing stock. In return for a fee known as the "underwriting spread," they assume the risk of issuing the shares and do the work necessary to bring them to market. The underwriting spread represents the difference between the price the issuing company receives for a stock and the price at which it's offered to shareholders. In order to spread the risk, particularly for large IPOs, investment banks typically pool their resources, with one acting as the lead underwriter, which manages the deal. The fees charged from the offering are shared proportionately between the underwriting banks, based on a written agreement among them.

Bonds are a form of debt. Like equities, they're issued by a company or government in order to raise money. In return for their money, the issuer promises to pay bondholders back at some designated point in the future. In the meantime, the bonds can be sold to other investors in the secondary bond markets. So, the bondholder who is eventually reimbursed is unlikely to be the original buyer. As with equities, investment banks act as the underwriters to create bonds and bring them to market.

Until the redemption date, bondholders receive interest payments in return for the service of lending the issuer money. Because these payments take the form of a fixed cash sum paid at regular intervals, bonds are known as fixed income products. Similarly, the bond markets can be known as the fixed income markets.

Capital markets divisions also issue more complex products, such as equity-linked securities – or bonds that can be converted into equities at a pre-arranged price – and derivatives. Equity capital markets ("ECM") divisions and debt capital markets ("DCM") divisions have traditionally been separate businesses. However, recent years have seen a trend toward combining them into a single unit.

Recent Developments

The fees that investment banks generate from stock and debt offerings depend on corporate America's aggregate need for new capital, which in turn reflects the level of economic activity and the trend of stock and bond prices. As the global economic downturn ensued in 2008, issuance of new securities sputtered. The credit crisis that began in the U.S. with sub-prime mortgage defaults spread to Europe, dragging down global equity and debt markets.

Capital raised through U.S. initial public offerings last year was down 43 percent from 2007, according to Thomson Reuters. (Most of the year's $26.4 billion total IPO volume came from Visa's record-size $18 billion stock sale in March 2008.) Hundreds of planned IPOs were cancelled. Banks' total fee income from both merger advisory and stock and bond underwriting slid 39 percent last year to $53 billion, according to Bloomberg data.

In the first quarter of 2009, worldwide equity capital market volume plunged 49 percent to $64.8 billion. IPO activity shifted to the Asia-Pacific, Middle East and Latin American regions (notwithstanding a nine-month-long official moratorium on IPOs in China, which ended in June).

Meanwhile the credit markets, where the financial crisis began, showed tentative signs of recovery in early 2009. But a full return to normal market conditions remained elusive.

A record $824.4 billion of corporate investment-grade bonds were sold in this year's first quarter, more than double the year-ago volume. Major issuers included Roche with $39.5 billion (the largest non-financial corporate bond sale ever), Pfizer with $13.5 billion, Microsoft with $3.75 billion, Nokia with $2.3 billion and Starwood Hotels & Resorts Worldwide Inc. with $500 million.

It remains to be seen whether the corporate borrowing surge stemmed from improving balance sheets and market

optimism, or simply federal intervention. Pharmaceutical giants like Roche borrowed to fund growth and acquisitions. But bond sales by financial giants JPMorgan Chase, Bank of America and Goldman Sachs were largely spurred by government lending, as well as huge guarantees and other measures by the U.S. Treasury and Federal Reserve. For the most part, only companies possessing the best credit were able to tap into bond markets, as corporate credit ratings faced continuing headwinds. In spring 2009 both General Electric and Berkshire Hathaway lost their top AAA debt ratings, while General Motors and Chrysler entered bankruptcy protection.

Roles and Career Paths

If you work in the capital markets division of an investment bank you could do anything from originating, to structuring, to syndicating. Or, you might work for a law firm that specializes in securities law and handles the legal aspects of submitting registration paperwork and other tasks.

In a bank, origination specialists are usually senior capital markets bankers. Their job involves a lot of travel as they meet clients in an effort to gain insight into their financing needs and persuade them to offer business to the bank. Essentially, origination specialists hold senior level sales positions.

By comparison, structurers are desk-bound. They spend their time creating complex financial products to suit a company's financing needs as communicated by the originators. It's up to the people on the syndication desk to ready the market for the sale. They calculate the best price range for the product in question, assess demand, and make sure the correct documents are in place.

Skills and Qualities

- Analytical ability and statistical aptitude
- Strong communication skills
- Ability to manage multiple projects
- Perseverance

Q&A

Sarah Baldwin Kavanagh, Vice-Chair and Co-Head Diversified Industries, Investment Banking, Scotia Capital

How did you rise to your current role?

After completing my undergraduate degree at Williams College, I worked in investment management in Boston before attending Harvard Business School. After finishing my MBA, I joined Lehman Brothers, where I'd worked as a summer associate. I spent six and a half years there as a generalist, moving from associate to vice president and working on IPOs, M&A, and other transactions.

Afterward, I moved to Canada, and worked in several jobs in the corporate sector. I returned to investment banking because of the challenge and the ability to gain exposure to different companies. I joined Scotia Capital in 1999 as a managing director in investment banking in Toronto. I quickly became focused on the media and telecom industries, as well as income trust IPOs. Next, I moved into a series of managerial positions, in relationship management, investment banking, and equity capital markets.

What's a typical day like for you?

My co-head and I oversee a team of 20 to 30 professionals across Canada that covers telecom and media, forestry, power, consumer and industrial companies. We spend most of our time working with corporations and helping them with the execution of various transactions. Also, I have my own clients I meet with to advise them on capital markets. I also spend a fair amount of time recruiting and mentoring people and developing a business plan for the group.

Any advice for up-and-coming capital markets people?

It's important to network with different people to identify the roles that may be the best fit for you. Get to know people in the industry. Read newspapers. Also, pick stocks or build your own portfolio. If you look at the market and try to understand why things trade the way they do, and why investors are behaving the way they are, you will be in a better position to understand capital markets.

What skills are essential for a career in capital markets?

First, comfort with numbers. Early in your career, the hours are long and involve heavy work with spreadsheets. You need to be quick and resourceful. As you move up the ladder, interpersonal skills become more important for both internal communications and client interaction. Integrity is also very important. Times are very competitive right now, and it's critical to constantly maintain the networks you build early in your career, whether it's keeping connected with former classmates or through organizations that you have been involved with.

Sales and Trading

Fortunes are won and lost trading in the secondary markets

Every day, millions of financial products are traded in the secondary markets, where traders buy and sell financial products after their initial issue. (That happens in what's called the "primary market.") In the secondary markets, salespeople advise clients on investment opportunities, while traders carry out the actual buying and selling of securities.

Sales

Salespeople spend the bulk of their time communicating with clients via phone calls, e-mail and other means. They're in contact with clients from the moment the financial markets open until the moment they close, as well as for several hours before and after. Clients might be high-net-worth individuals, hedge fund managers, institutional investors or corporate finance directors. Ultimately, salespeople take orders for financial products and communicate them to their trading desks for execution.

"Proprietary traders traditionally comprised an elite that included some of the best-rewarded people on Wall Street. But the banking crisis seriously hobbled this side of the business."

Salespeople have to be charming and persuasive – in short, they need to be good at selling. Most clients are knowledgeable and sophisticated buyers of financial products, whether stocks and bonds or derivatives like interest rate swaps or credit derivatives. It's the salesperson's job to introduce new investment opportunities to customers, and to keep them informed about changing conditions that might affect the value of securities in their portfolio.

Sales professionals typically start their day by reviewing financial publications like The Wall Street Journal, along with reports from their research staffs. They also listen in on morning conference calls conducted by their research departments, where they learn of upgrades or downgrades to securities already covered, or of new issues being added to the coverage list. All this material becomes fodder for the day's sales calls.

The salesperson's day doesn't end when markets close. Many say the couple of hours between the close and when clients start heading for home are the best time to discuss strategies in detail. After that, there are the dinners and entertainment with clients that can stretch well into the evening hours.

Trading

Traders are the people who actually buy and sell products on the secondary markets. They must make snap decisions that can involve millions of dollars and earn substantial profits in the process.

If you work as a trader, you'll have to be at your desk before the markets open. You'll spend the rest of the day sitting before an array of computer screens in the company of scores of your peers. The screens are a window into the financial markets, showing movements in the prices of stocks, bonds, commodities and other financial products, plus real-time news and research reports. At the touch of a button, traders can buy and sell the products whose prices they're tracking.

Other Jobs

In between salespeople and traders exists a hybrid: the sales-trader. Like salespeople, sales-traders call clients to recommend securities. Like traders, they trade the securities once a sale has been made.

Firms – particularly larger investment firms – also employ research-sales professionals, whose job is to sell their employer's research expertise. While investment sales professionals and sales-traders will use the bottom line results of a research report to pitch actual investments, research salespeople must be intimately familiar with the details of the analysis to be successful.

Recent Developments

The global financial crisis that began in 2007 differed in its impact on various areas of trading. Mortgage-related securities and structured credit – after growing by leaps and bounds earlier in the decade – were among the hardest hit. Thousands of professionals who had prospered through creating, selling or trading such investments, were abruptly laid off. Many of the eliminated jobs won't come back for a long time, if ever.

Meanwhile, demand for foreign exchange traders remained impervious to the credit crunch.

Beyond its impact on product types, the crisis upended the pecking order between two basic trading roles: flow traders and propietary traders.

Most traders are flow traders, who buy and sell financial products on behalf of an investment bank's clients. Salespeople tell flow traders what their clients want to buy and sell, and flow traders determine whether a particular trade is possible at a particular price. Once a client agrees to trade an instrument, flow traders are obliged to buy or sell at the price the client agreed to. The trader's firm can profit if the trader buys at a price lower than what was quoted to the client, or can lose if the market price climbs before the trader executes the purchase.

"Computer systems that let institutional clients enter orders directly are making public trading floors like Chicago's famed commodity 'pits' all but extinct."

In contrast to flow traders, proprietary traders trade on behalf of their employer – placing bets with a bank's own capital. They can make huge profits or considerable losses, so it's not a job for the faint of heart.

Proprietary traders traditionally comprised an elite that included some of the best-rewarded people on Wall Street. But the banking crisis seriously hobbled this side of the business. Today, keenly aware that banks went overboard with financial risk, public authorities are cracking down on proprietary trading. New regulations aim to prevent banks from giving their "prop desks" as much free rein as they enjoyed before the crisis.

Demand for flow traders suffered far less, excepting a few specific product areas (like mortgages, for instance) at the epicenter of the crisis. Because flow trading brings in revenue without risking a bank's own capital, the crisis actually raised the stature of many sales and trading professionals who control a reliable "book" of institutional client accounts.

A third area of change is the inroads of electronic trading platforms. Computer systems that let institutional clients enter orders directly are making public trading floors like Chicago's famed commodity "pits" all but extinct. The spread of various high-tech, high-speed trading systems is slowly molding sales-traders into consultants who instruct clients how to navigate the latest platforms.

Roles and Career Paths

Traders and salespeople can be categorized according to the products they trade, by the types of clients they sell to, or by the sector they specialize in. For example, traders might focus on foreign exchange, derivatives, corporate bonds, government bonds, or any number of other products. One salesperson might sell equities to pension fund investors, while another might focus on corporate bonds.

In addition, there are two fundamental types of trader: proprietary traders and flow traders, as explained above.

Skills and Qualities

Sales

- Outgoing and self-confident
- Ability to grow and maintain client relationships
- Excellent communication skills
- Ability to understand complex products

Trading

- Passionate about financial markets
- Can function well under pressure
- Self-confidence
- Comfortable with numbers
- Ability to think on your feet and react quickly to changing market conditions

Research

Providing the fundamental analysis behind investment decisions

Investment analysts provide the fundamental research that helps drive investment decision making on Wall Street. While money managers and traders ultimately decide what to buy and sell, the basis for their choices frequently starts with analysis provided by researchers at the major investment banks, whose work is then supplemented by internally produced reports.

Research reports are valuable because they fill in information gaps that can lead to inefficiencies in the market. Without a sense of a company's fundamental value, investors will tend to overvalue or undervalue its stock. By providing the basic information investors need to make wise buy or sell decisions, researchers help level the playing field.

Not all research professionals focus on equities. Analysts are also employed to study instruments such as corporate or government bonds, municipal securities, mortgage-backed securities and credit derivatives – even currencies, entire economies and entire markets.

Analysts who work for institutions like Goldman Sachs, Morgan Stanley or Citigroup are said to work for the "sell side" of the market. They produce reports on industries and companies, which their employers use as a basis for recommendations to institutional and individual investor clients. When the media says a firm's stock rose or fell due to a change in an "analyst's recommendation," the analyst is typically working on the sell side.

At the same time, institutions on the "buy side" of the investment landscape – hedge funds, mutual funds, pension funds and other firms that manage money for individual and corporate clients – also employ analysts to ferret out investment and trading opportunities. Since 2000, the buy side has pulled ahead of Wall Street's sell side in career growth opportunities for stock and bond analysts, economists and other research professionals.

Buy-side and sell-side analysts draw upon the same broad body of knowledge to generate their reports. Both have the same basic mission: to forecast returns and risks for different investments and make buy and sell recommendations. Yet, it isn't easy for an analyst with substantial experience in either camp to change spots and become employed across the aisle. Jumping from sell-side research to a hedge fund is particularly challenging.

Beyond investment banks and asset management firms, many analysts work in independent research shops. These niche firms sell their analytical expertise alone, without an investment banking component.

Recent Developments

The current financial crisis and consolidation of the banking sector eliminated thousands of research jobs. Major buy-side institutions cut back too, and dozens of hedge funds shut their doors. Meanwhile, a 2003 legal settlement that steered more than $400 million toward independent research firms ended by summer 2009, hobbling several independent shops that depended on this revenue stream.

Integrity Research Associates, a consulting firm that follows the investment research space, said in a February 2009 blog post: "The market for research analysts is likely to be extremely soft in 2009, as weak equity markets, plunging commissions, falling assets under management, and continuing redemptions make sell-side, buy-side, and alternative research providers lean towards reducing analytical headcount rather than increase their hiring of research analysts."

Three areas that grew strongly in recent years are mid-market financial firms, boutiques and expert networks. The decline of full-service institutions such as Merrill Lynch elevated mid-size banks and narrowly focused boutiques into vital career alternatives for many a professional who otherwise would have pursued or stayed within bulge-bracket banks. For instance, Susquehanna International Group, a diversified firm with 1,500 employees headquartered in Bala Cynwyd, Pa., was expanding its sell-side research franchise and advertising openings for both new graduates and experienced analysts through the spring of 2009.

During the past decade, a new brand of research providers called expert networks sprang up. Rather than churn out their own reports, these firms set up direct contacts between their clients (primarily hedge funds) and scientists or other authorities whose specialized knowledge could help an investor gauge the prospects of a product, company or market. This corner of the research business mushroomed from nine firms in 2000 to 42 in May 2009, according to Integrity Research Associates. Gerson Lehrman Group is the largest.

Roles and Career Paths

Researchers spend their time scouring companies' balance sheets, talking to executives, and participating in conference calls where company leaders discuss their results and future expectations. Researchers also analyze interest rates, economies, and other areas that could provide insight into the proper valuation of different financial instruments.

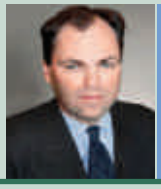
As a sell-side analyst's career develops, advancement and pay rests critically on relationships he or she is able to build with institutional buy-side clients. Issuing accurate recommendations helps. But on the sell side, you'll be paid for the business you bring in from big accounts that trade or do deals through your firm – not the profits someone might make from your recommendations. Even at boutiques built around research, analysts are required to build and satisfy a roster of clients eager to pay for access to their work.

Working on the buy side, for a hedge fund or asset manager, provides more freedom and flexibility plus the chance that your research will directly translate into investment or trading decisions. Typically, buy-side analysts receive bonuses tied to the performance of assets under management. Because the buy side is very competitive, it's harder to break into than the sell side.

Lead analysts, whether buy or sell side, seldom get hired without at least two or three years of experience, beginning as a research assistant or junior analyst under the supervision of a more seasoned professional. A lot of people break into the business via an internship. "I always counsel students to take advantage of internship programs as much as possible," says recruiter Edward Storm of Comprehensive Recruiting in Phoenix.

Skills and Qualities

- Analytical and mathematical ability
- Accounting and financial statement analysis
- Strong written and oral communication skills
- Specific knowledge of markets and market segments
- Demonstrated interest in the investment process



Q&A

Helge Skibeli, Managing Director
JPMorgan Asset Management

What's a typical day like in research?

At 8:30 a.m., we have a meeting with the traders, portfolio managers and analysts where we run through that morning's news. We'll look at news and interpret it and discuss the implications. I work with analysts, going through spreadsheets, reviewing the company and industry assumptions to make sure that we are comfortable with them.

At 4 p.m. each day an analyst will present the assumptions he's making and determine if we need to modify our position or move to overweight or underweight on a stock. Also, most days I am doing something related to recruiting.

What type of skills are important in research?

For research, the skill set is twofold. First, you need to have a strong analytical acumen. You must be able to understand what's important and what the key drivers are in your sector. If you can understand what the key issues are in a sector, you'll be able to understand how companies operate, their relative position with respect to costs, and be able to differentiate between companies.

In research, our ability to have a long-term perspective of a company results in a competitive advantage. Our analysts make seven-year forecasts of earnings. To do so, you must understand sustainability of a company's cash flows and earnings. How can a company sustain flows and earnings? How fast can it grow? In the end, answering these questions gives you an understanding of the intrinsic value of a company.

Second, you must be able and willing to take risks. You have to take your knowledge of a company or industry and make stock recommendations. It's critical that you have strong communications skills. You must be able to convey a message to a portfolio manager, as people act on your analysis.

What advice would you give to someone pursuing a career in research?

For undergraduate or graduate students, I would recommend getting experience where you're getting firsthand knowledge of portfolio management and research. Many universities have these types of courses. It's helpful if you can demonstrate that you have worked in this capacity during an interview. It shows us that the skill set is there and is more powerful than simply discussing your education. It's important for you to show that you know something about a company or a particular industry that you have analyzed. It shows that you have the right skill set for research.

Quantitative Analytics

The brains behind financial models

In the international financial markets, successful trading strategies are devised by highly educated, mathematically-oriented professionals known as financial engineers or more colloquially, "quants." These are the people who create the financial theories, computer models, valuation techniques and trading programs used by hedge funds, investment banks and other market participants to exploit opportunities that might be missed by average mortals.

By and large, this terrain is occupied by people with advanced degrees in disciplines such as physics, economics and computer science, or any of several mathematical specialties such as multivariate calculus, linear algebra, differential equations, probability theory and statistical inference. Generally, these people also need to be familiar with the C++ programming language, the most widely used in the field.

The fathers of computational finance are considered to be the economists Myron Scholes, Fischer Black and Robert C. Merton. Scholes and Black are synonymous with options pricing theory, having developed the famous Black-Scholes equation. Their model provided the fundamental conceptual framework for valuing options, and has become the de facto standard in the world's financial markets for valuing those instruments, as well as many types of bonds and derivatives that contain embedded options.

Beyond advanced degrees, many employers require prospective quants to pass a rigorous vetting process that includes verification of references and, ideally, published research to point to. One recruiter who specializes in the field tells of one candidate she placed with a high-profile New York hedge fund. The job offer was rescinded after a professor provided a less-than-glowing reference.

"This hedge fund actually went through the trouble of contacting the professor that supervised his dissertation, rather than the professors he listed as references – and that professor was located in Brazil," the recruiter says. The moral of the story: Make sure you have built strong relationships with your advisers and fellow researchers to go along with your good academic record.

Recent Developments

Financial engineers, like other investment professionals, face a more challenging job market in the wake of the financial crisis that began in 2007. While banks and asset management firms continue to need hard-core quant skills, hiring has become more selective. New Ph.D. or Master of Financial Engineering graduates no longer can count on landing a lucrative slot on a trading desk or hedge fund, unless they have previous relevant experience to convince an employer they can hit the ground running.

Hedge funds, a prime destination for quants in recent years, took a beating in 2008. As funds' assets shrank from both investment losses and clients withdrawing money, many companies reduced staffing while others exited the business altogether. Options Group, a New York-based recruiting and strategic consulting firm, estimates the fund industry will lose 20,000 jobs in 2009 on top of 10,000 jobs lost in 2008. Legendary fund chief George Soros publicly predicted that the industry ultimately will decline by "anywhere between half and two-thirds."

Meanwhile, the financial crisis is making banks take less risk with their balance sheets. That means less proprietary trading – a role where Wall Street quants are particularly active. Designing and trading complex structured mortgage and credit products, another focus for many sell-side quants, was one of the first casualties of the crisis.

On the bright side, the banks' travails spotlight the need for smarter risk management – an area that's long utilized advanced quant credentials. "There's a growing need for better quant models and more transparency and people who can identify risk quickly," says Jim Geiger of Analytic Recruiting, a New York search firm. Risk-focused quants also work for specialized software vendors that create and produce risk management products.

Another promising area is building and utilizing algorithmic trading models – tools that either execute large trades at minimum cost, or identify profitable arbitrage opportunities and place the indicated trades automatically.

Funds that rely on high-frequency, algorithm-based trading systems have grown to account for as much as two-thirds of daily trading volume. The systems proved their worth by outperforming other strategies when markets buckled. In order to retain these funds' business, broker-dealers large and small are adding engineers to refine the platforms that communicate orders, and adding modelers to write software for pinpointing arbitrage opportunities.

Roles and Career Paths

If you become a quant, much of your time will be spent developing, programming and updating financial models. When just starting out, you may be required to work completely by yourself, spending long hours building models from scratch and coding for several hours straight. Still, good communication skills are also helpful. A quantitative professional can be viewed by other members of a firm as a resource who can explain why and how their models work. Plus, after long periods programming complex models, you'll need to ask colleagues to review your efforts.

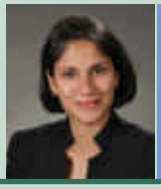
Quantitative analytics is one area where a candidate with a doctorate isn't considered to be overqualified, although a master's degree in the appropriate discipline can sometimes suffice. Unlike with MBA candidates, the pedigree of your university isn't always viewed as a hiring advantage. It's more important to demonstrate you have the skills needed to succeed in the job.

Emanuel Derman, a Columbia University professor and former Goldman Sachs quant strategist who wrote the widely read autobiography, *My Life as a Quant*, advises prospective financial engineers to begin with a bachelor's degree in "solid subjects" such as mathematics, statistics or applied math.

"Then, in an ideal world, learn some finance and then work for two years in the financial business," Derman told TradingMarkets.com. "That will help you decide whether you like the research side or the trading and sales side of the business. Then, if you want to be a financial engineer, come back and get a master's degree or a Ph.D. in that field."

Skills and Qualities

- Advanced degree in mathematics, economics, physics, computer science or similar disciplines
- Ability to program complex financial models
- Good communication skills



Q&A

Gunjan Kedia, EVP, Global Product Management BNY Mellon Asset Servicing

Could you tell us about your career path?

I grew up in India and studied engineering in Delhi. I came to the U.S. in 1992 for an MBA program at Carnegie Mellon. After graduating, I moved from Pittsburgh to Washington, D.C., where I spent two years at Price Waterhouse. I worked on international privatizations in developing countries. I traveled a lot, and it factored into my decision to move back to Pittsburgh to work in a more family-friendly environment. I took a job at McKinsey, then in 2004 joined Mellon. I started out in a corporate role and then moved into our asset servicing business. At some point, I figured out that I was good at math, which fit well with my engineering background and involved a lot of quantitative work.

Could you describe a typical day?

I'll give you a snapshot of a typical week. In a given week I may spend a few hours with clients. Their needs are complex, so I listen carefully and try to understand their needs, and then match our capabilities to their needs. If we don't have an existing product, we will design a product that fulfills it. Also, I spend time driving our development of leading-edge technology products and am responsible for the allocation of $650 million in technology capital. I also spend time working with our internal processes in such areas as risk management and recruiting, and manage large-scale projects we are working on in places like Europe. So, there truly is no typical day.

What types of skills are needed to work in a quantitative role?

We live in an era in which there is a tremendous amount of data and information available, so it is easy to become "data happy" and still be "information poor." Many quantitative people can be comfortable with data and still fail to recognize a simple and important aspect of being successful: Data is only good as a "tool" to make better business decisions. Data can be a powerful tool.

I recommend using the following approach: Look first at what pressing questions can be answered by data, and then use the data to address your hypothesis. What I have found is that, from a problem-solving standpoint, it helps to already know what question or questions you want the data to answer. It's important to learn what you need to know or what you need to answer, otherwise one could end up getting lost in what is "possible to know" from the data. With a hypothesis, you are steering toward an answer to the issue.

Hedge Funds

Live and die by your portfolio returns

The term "hedge fund" is based on the idea money managers can hedge their bets to ensure a profit, regardless of whether the market goes up or down. Although their greatest influence has occurred during the past two decades, the first was created some 60 years ago: In 1949 money manager Alfred Winslow Jones began short-selling stocks while buying others to offset his risk.

Hedge fund managers balance their exposure by using tools such as options or futures, or simultaneously holding long positions while also short-selling. What distinguishes them from traditional mutual fund managers is their willingness to push the boundaries of normal investment techniques in a quest for unusually high returns. Their results don't often closely track those of stock or bond markets. In addition, hedge fund managers are set apart by the amount of regulatory scrutiny they face – or the lack of it, some might say. However, that could soon change.

Hedge funds traditionally compete for top talent with the leading investment banks. However, the investment banks generally have more conservative bonus structures, are more risk-averse than hedge funds, and are subject to complicated compliance procedures. For some, all of this makes working at a hedge fund extremely attractive.

Most hedge funds follow a particular investment strategy. Popular strategies include:

- **Distressed:** These funds buy debt (or occasionally equity) of companies in or near bankruptcy. They strive to buy securities whose market prices are below the value of company assets under a bankruptcy plan or similar reorganization.
- **Market Neutral:** This strategy rests on hedging bets – owning one group of securities the fund manager believes will perform relatively better, while short selling other, borrowed securities he believes will do worse. The difference in performance can create profit even if the values of both the long and short portfolios rise or fall.
- **Global Macro:** Instead of focusing on the movements of particular stocks, global macro funds create and manage portfolios based on their reading of worldwide political and economic trends.
- **Event-Driven:** Managers using this strategy aim to profit from one-off events, such as mergers, acquisitions or leveraged buyouts.

Hedge funds are considered risky because they use borrowed money (known as "leverage") to pump up returns, can hold long or short positions, and put money into illiquid investments. To counter this risk, some investors put their money into "funds of funds," which spread their money – and supposedly, their perils – across several different funds.

Recent Developments

Hedge fund managers live and die by their investment returns. Perhaps more than any other corner of the finance world, the fee revenue earned by hedge funds – and the compensation of the investment professionals who run them – closely reflects each fund's short-term performance. So the downturns that hit global financial markets in the latter part of 2008 are taking a heavy toll on the hedge fund business. In turn, prospects for revival of career opportunities depend critically on how long stock and bond markets take to fully recover, and how vigorous the recovery will be.

During 2008, a broad-based hedge fund index compiled by Hedge Fund Research suffered a loss of 23.3 percent. While the index gained moderately during the first half of 2009, most funds and their investors remained under water compared with a couple of years ago. Worldwide hedge fund assets shrank 32 percent in 2008 to $1.81 trillion, according to Hedge Fund Intelligence, a firm that compiles news and data on the global hedge fund industry.

Hedge fund fees come from a percentage of the prior year's investment returns (most commonly 20 percent) plus a small percentage of assets managed (usually 2 percent). After a losing year, most funds stop collecting performance-based fees until they've earned back all the losses. This is known as a "high-water mark." Following 2008's steep downturn that affected several asset classes, such fee structures forced the industry to pull back sharply.

Seven hundred seventy-eight funds closed during 2008's fourth quarter alone, a record high. Options Group, a recruiting and strategic consulting firm, estimates 20,000 jobs will be eliminated among hedge funds worldwide over 2009, following a loss of 10,000 jobs in 2008.

Alongside economic challenges, hedge funds also face the prospect of new regulatory requirements. Unlike mutual funds, which are sold to the general public and must register with the Securities and Exchange Commission, hedge funds are private pools of capital. Their number and type of investors are restricted to institutions like pension funds, endowments and very wealthy individuals. As a result, they've been exempt from SEC registration. But the Obama administration's plan to overhaul financial services regulation calls for making SEC registration mandatory for hedge funds, and for private equity and venture capital funds as well.

Roles and Career Paths

Jobs in hedge funds tend to fall into four categories:

- **Analysis:** Analyzing the companies, markets and securities a hedge fund invests in.
- **Sales and Marketing:** Meeting with investors to help sell the strengths of the fund.
- **Portfolio Management and Trading:** Executing the investment strategy, buying and selling financial products according to analysts' recommendations.
- **Risk Management and Back Office:** Settling trades, working out risk exposure and making sure everything flows smoothly. Many small funds outsource these tasks to the prime brokerage divisions of investment banks.

Most roles are quite distinct: If you join as a risk manager, the chances of becoming an analyst are slim. On the other hand, it's not unknown for analysts to become traders.

Hedge funds rarely hire people fresh out of school. Most are small organizations that lack the time or resources for extensive training. New graduates would be better served trying to join an investment bank to gain a year or two of experience that will be attractive to a hedge fund.

Skills and Qualities

- Math aptitude
- Adaptability
- Creativity

Q&A

Jonathan Feniak, Director of Marketing Sands Brothers Asset Management, LLC

Could you describe your career path?

I studied English at Rutgers University, graduating in 1996. While at Rutgers I worked at night for UPS, which had a great tuition reimbursement program. With my background in operations and transportation I took a position at Airborne Express upon graduation. Eventually I became district operations manager for Manhattan, managing a $25 million budget and developing lots of relationships.

Though my career was going well, I wanted to pursue a career with a higher upside. So I entered an MBA program at Rutgers, attending school at night, and transitioned into national account sales at DHL, where I was responsible for managing large corporate accounts for companies such as UBS and KPMG. When I graduated I landed a position at Cornell Capital, where I was responsible for researching transactions, including structured finance. I was promoted to vice president of corporate finance, and then became head of investor relations and marketing.

I met the partners at Sands Brothers during an industry conference and we developed a relationship. It was a great opportunity to come into a firm that has been around since 1999, but which was now structuring and launching a new fund: Genesis Merchant Partners, LP, a fund we started from scratch to provide asset-based loans to small borrowers in the U.S. and globally.

Describe your primary role.

I'm in charge of marketing and business development. My main duty is to speak to institutional investors about our investment product, how it's different from the competition, and discuss different aspects of our fund's strategy. Also, I try to source transactions for the fund. Finally, I seek out new managers for our fund of funds.

What advice would you give to someone interested in working at a hedge fund?

With most hedge funds you need to get a foot in the door and prove yourself, as an intern, analyst or assistant. Come in and take on as much responsibility as possible and prove you can succeed in a role higher than your current one. Ninety percent of the positions in hedge funds aren't advertised. Jobs at hedge funds are obtained through word of mouth and networking with contacts. So you should talk to people, attend events where you can meet people who work at hedge funds, and try to convince them why you should be a part of their team.

Foreign Exchange

The world's biggest market

The foreign exchange market (also called the "Forex" or "FX" market) is the world's largest in terms of cash value changing hands daily.

FX trading involves converting one currency into another and predicting changes in exchange rates based on global events. The point is simple: to profit from currency price fluctuations. FX is an extremely liquid market with numerous participants.

Anyone who has lost money by buying a foreign currency before going on vacation, only to find its worth fell before they arrived to spend it, will appreciate the need to keep an eye on the value of currencies. Banks and their clients face a similar problem, but to a much greater degree. For example, a U.S.-based company that owns hundreds of millions of euros stands to lose huge amounts if the currency drops even minutely against the dollar. On the other hand, business is increasingly global: If the dollar weakens, U.S. companies with significant sales in European and Asian markets can reap significant bottom-line benefits when they convert their euro or yen-denominated sales back into dollars.

> "While career opportunities for stock and bond traders and bankers got hammered by the global recession, jobs and pay for FX traders proved fairly resilient."

Working in foreign exchange means predicting whether one currency will fall (depreciate) or rise (appreciate) against another. If depreciation is forecast, salespeople and traders advise clients to sell the currency and buy one that's appreciating. It's a simple variant of the "buy low, sell high" maxim of financial markets.

The trading of currencies themselves is known as the spot market, and is transacted by the world's banks. However, many of the products bought and sold in foreign exchange markets aren't actual currencies, but deferred-payment currency contracts known as *futures*, and one-way bets on the direction of foreign exchange price movements, known as *options*. Both futures and options are types of derivatives: contracts whose value is based on the performance of an underlying financial asset, index, or other investment. Large investors – like pension or hedge funds, or multinational corporations with significant overseas sales – use these derivative products as a "hedge" against the rise or fall of the actual currencies. It's a form of insurance meant to protect against fluctuations in a portfolio or on a balance sheet.

While geographically diverse, the top 10 FX trading institutions account for about four-fifths of the estimated $175 trillion in annual volume. According to the magazine Euromoney's 2009 survey, they were Deutsche Bank, UBS, Barclays Capital, Royal Bank of Scotland, Citigroup, JPMorganChase, HSBC, Goldman Sachs, Credit Suisse and BNP Paribas.

Recent Developments

During 2008 and 2009, while career opportunities for stock and bond traders and bankers got hammered by the global recession, jobs and pay for FX traders proved fairly resilient. For instance, London-based recruiting firm Napier Scott's survey released in April 2009 found FX traders' bonuses dipped just 8 percent for the preceding year, while pay for other classes of traders plunged as much as 86 percent. A key reason: wider fluctuations among exchange rates spurred demand for both simple and complex currency products. Global foreign exchange trading volume grew nearly 15 percent in 2008, according to Greenwich Associates, as increased activity from corporations and large financial institutions outweighed a sharp dropoff in FX trading by hedge funds.

For most of this decade, the big story in FX markets has been the weakness of the dollar. In the second half of 2008, however, the dollar rebounded sharply from decade lows. The specter of bank failures led global investors to seek safety in U.S. assets - notwithstanding that the crisis originated in the U.S. The flight to safety overrode two factors that tend to drive foreign exchange rates under typical conditions: the flow of trade in goods and services, and government interest rates.

In the long run, the chronic trade deficits in the U.S. tend to pull down the dollar's value, because businesses must continually trade away dollars to obtain the foreign currencies needed to pay for goods made overseas. In addition, FX traders pay attention to what is happening in the government bond markets – particularly trading of U.S. Treasury securities – because economic policies can impact the FX market.

Roles and Career Paths

Roles in the world of foreign exchange are much the same as in the sales and trading arena, except that you'd be trading currencies and derivatives instead of corporate or government bonds and equity products.

FX trading jobs are usually split between vanilla trading, where products are simple and trades are easy to execute, and more complex derivatives trading. As with other trading desks, some traders execute transactions on behalf of clients, while proprietary traders seek to earn profits for the institution that employs them.

> "Some traders execute transactions on behalf of clients, while proprietary traders seek to earn profits for the institution that employs them."

Sales jobs in foreign exchange (as in other product areas) are usually divided between different client types, with some salespeople specializing in hedge funds and others selling only to companies.

As with equity and bond trading, researchers who specialize in studying currency markets produce written reports that salespeople use to keep clients informed of market developments. If you work with FX derivatives, you could also become a structurer, assembling complex exotic derivative products for clients.

Skills and Qualities

- Understanding of geopolitical events and macroeconomics
- Quick thinking with a good awareness of how markets work
- For FX derivatives: reasonably strong math aptitude
- For structurers: patience and communications skills

Q&A

Marc Chandler, Global Head of Currency Strategy Brown Brothers Harriman

Could you tell us about your career path?

There are three main skills that translate to success in any career: the ability to think critically, being able to write well and having communications skills. My first job was as a reporter for a newswire covering Chicago futures. It was difficult because you couldn't have an opinion. After graduate school I found that I had strong opinions and the markets seemed to be a place that rewarded them.

I took a job with Dean Witter as a currency futures analyst. Then I spent several years with a foreign exchange research firm, had a stint with a hedge fund, and worked at Deutsche Bank, Mellon Bank and HSBC.

At Brown Brothers, my role is focused on helping to deepen and broaden the firm's client relationships. Through persuasive writing we seek to identify trading opportunities or a way to manage their risk.

What's a typical day like for you?

I'm up at 3:45 a.m. Once I arise, I'll read newspapers and stories on the Internet to understand what happened overnight. I arrive at the office at 5:30. I write a one page commentary that reaches clients by 7 a.m. It combines fundamental and technical factors, policy with economics, major economies with emerging markets and across different asset classes. I try to provide clients with three or four things that I want to make sure they are aware of and what they mean.

My morning consists of writing commentary and analyses about the markets, talking to clients, and speaking to reporters. The afternoons consist of work on long-term projects and speaking to clients. My day usually ends when the stock market closes.

It's also important to find other opportunities to develop my skill set outside the office. So, I write for various external publications and teach at NYU one night a week, which allows me to practice public speaking and test my ideas.

Which skills are central for a career in foreign exchange?

Each job in foreign exchange requires different skills. A spot trader requires a different skill set than an economist. Unlike a bond or a stock, foreign exchange is impacted by many different variables, and so unlike these asset classes, you can't model a currency. The valuations are more elusive. Currencies are tied to relative value versus absolute value. If you view foreign exchange as a marathon not a sprint, you are much better able to wrestle with the business.

Fund Management

People, process, philosophy, performance

Fund managers are professionals who invest money on behalf of their clients. The term can refer either to a firm that provides investment management services or an individual who makes investment decisions for others.

Whichever definition fits, a fund manager's clients may include pension funds, insurance companies and other sources of institutional cash. Individual investors employ fund management professionals through their investments in mutual funds, either directly or as part of an Individual Retirement Account or other retirement plan.

Traditional investment managers select financial products in the belief their value will rise over time. Today, at many hedge funds, a newer breed is in charge, managers who often have a shorter investment horizon and employ a variety of techniques to "hedge" risk through the use of options or futures. These fund managers may hold long positions, sell short, or use a combination of both. (For more, see our profile of the Hedge Funds sector on page 54.)

In this section, we focus on the two basic kinds of funds: Passive funds and active funds.

Passive funds, also called "index trackers," are designed to mimic the performance of well-known stock market indexes like the S&P 500. The investment decisions of passive funds are typically made using computers. A passive fund might not hold exactly the same stocks as listed in the index it's intended to mimic.

Taking the opposite tack, active fund managers decide for themselves which financial products to buy or sell. Their work follows more closely the common idea of what fund management is all about. They invest in products their research indicates are likely to rise in price over time, thus allowing investors to share in the appreciation of the stocks and saving them the work of ferreting out opportunities on their own.

Funds invest in everything from stocks, bonds or real estate to physical commodities such as oil or metals. Because different types of clients tolerate different amounts of risk, fund managers usually offer several funds at a time. Some offer fast growth along with a larger measure of risk, while others offer slower growth at less risk. Funds also can be highly specialized, targeting specific sectors or regions of the world. Some managers are only interested in small capitalization growth stocks, while others focus on the world's biggest companies. The ways in which investment products can be categorized are virtually endless, as are the types of funds that cater to the desires of investors.

Recent Developments

Historically, most large investment banks had their own fund management divisions. In 2009, however, the number was on the decline as the industry consolidated due to worsening economic conditions. In 2008, Bank of America acquired Merrill Lynch and Crédit Agricole merged its asset management business with Société Générale. Meanwhile, JPMorgan absorbed Bear Stearns, and Barclays acquired the prized assets of Lehman Brothers Holdings investment bank after it entered bankruptcy. Later, in June of 2009, BlackRock reached agreement to acquire Barclays' fund management business, Barclays Global Investors, in a deal that would create the world's largest asset management firm.

Largest Institutional Asset Managers

Manager	Institutional assets ($mn; as of year-end 2008)
State Street Global	1,236,250
Barclays Global	1,149,185
BlackRock	1,089,356
BNY Mellon Asset Mgmt.	814,337
Fidelity Investments	762,522
J.P. Morgan Asset Mgmt.	715,049
PIMCO	617,320
Legg Mason	605,297
Vanguard Group	580,620
Northern Trust Global	463,829

Source: Pensions & Investments
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Some anticipate the fund management business – particularly the alternative investment industry – will continue to shrink. In 2008, approximately 920 hedge funds, or 12 percent of the total, closed, according to Chicago-based Hedge Fund Research.

While the fund industry's growth has slowed, promising niches remain. Green funds have become an increasingly

important part of the industry. Fund intelligence firm Lipper Inc. reports assets in green funds, which invest in environmentally conscious companies, grew to $1.1 billion in 2008, compared with $153 million in 2001. Of course, that still represents just a tiny sliver of the $60 trillion fund industry.

Roles and Career Paths

Fund managers focus on the business of managing, and none are hired without experience. Many have an advanced degree, like an MBA, and many will also have a Chartered Financial Analyst (CFA) designation. Early on, you might gain exposure to fund management as a researcher responsible for identifying potential investment candidates, and eventually work your way into a job assisting a principal fund manager. You could also work in the industry as a fund marketer or in an operations role.

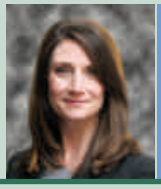
In the case of institutional fund management, marketing and sales professionals present the firm's investing track record and capabilities to potential clients in an effort to persuade them to invest money. They also manage relationships with existing clients, meet investment consultants and play a role in the development of new products. Mutual funds can be sold through investment advisors – such as Merrill Lynch financial consultants – or through direct marketing to individuals as is done by fund companies like Vanguard or Fidelity.

Analysts help steer fund managers in the right direction when it comes to choosing assets in which to invest. They spend their time analyzing companies' results and meeting with senior management to discuss strategy. They then write reports communicating their conclusions.

Like their counterparts in investment banks, operations staffers do everything from work in information technology to settle and report trades. Funds employ compliance staff to ensure they meet regulatory requirements, internal auditors to make sure internal systems and controls function properly, and financial staff to manage the firm's own money.

Skills and Qualities

- Understanding of how the financial world operates
- Ability to select investments that will grow in value
- For researchers, an inquiring mind
- For marketing experts, excellent communication skills



Q&A

Megan Brown, Vice President
J.P. Morgan Asset Management

How did you become a vice president in funds management?

After college, I worked on the floor of the New York Stock Exchange for a convertible arbitrage firm. I loved the challenge but wanted to expand my career to a larger firm. In 1998, I joined Bear Stearns as an institutional equity trader. I enjoyed equity trading but wanted a client-facing role, and found institutional equity sales trading provided the best of both worlds. In 2005, I joined Bear Stearns Asset Management, working in sales but in a consultative role, focused on high-end clients covering third-party distributors. In 2007, I was appointed head of third-party distribution, covering registered investment advisors.

After ten years at Bear, I began to transition my clients through the merger process with J.P. Morgan. In January, I became vice president and director of national accounts for J.P. Morgan's institutional advisory business.

What's a typical day like?

I spend a lot of time dealing with challenges my clients are facing. I carefully determine which strategies fit within the framework of each client's end goals. If a client is interested in utilizing a specific product, I'll set up presentations to outline these tools and services. Next, I'll work with the client to explain how the strategies work. Today, firms want to understand more than a portfolio manager's strategies or how a mutual fund management team works. If they're considering adding a mutual fund to their platform, they'll want to speak to our traders, compliance, and legal team to understand how the pieces fit. Additionally, I'm responsible for managing our internal sales desk, which allows me to see the entire business cycle from placement of our products on a platform to their selection by an advisor.

Any advice for up-and-coming fund managers?

Seize opportunities beyond the classroom, such as attending events and listening to speakers who visit campus. It's critical to get real world experience, too. Network and meet people in different aspects of the business. Don't be discouraged by current market conditions. If you're passionate about asset management and financial services, don't be afraid to demonstrate your excitement.

What are the most important skills for a career in fund management?

Most important is the ability to listen to clients. This allows you to determine which products are best suited to helping them achieve their goals. Since my day is often split between reacting to client requests and proactively speaking to them about products, it's important to stay focused and organized. This enables me to multi-task.

Corporate Banking

Consolidation may lead to pressure on opportunities

Corporate banking is the broad term given to banking services that large companies, governments, or other big institutions need in order to function day to day.

The responsibilities of corporate bankers range from the relatively simple business of issuing loans to handling more complex matters such as helping minimize the taxes paid by overseas subsidiaries, managing changes in foreign exchange rates, or working out the details of financing packages necessary for the construction of a new office, plant or other facility. If an organization is exporting overseas, corporate bankers might arrange a process of international payment or put together "trade finance" packages to ensure the firm is paid by foreign customers.

In many cases, there's an overlap between corporate banking and capital markets. Bankers working in capital markets help companies raise money by issuing equities or debt. Corporate bankers typically help clients raise money through loans. But, when it's necessary, corporate bankers will bring in the expertise of their capital markets colleagues.

> "The JPMorgan and Bank of America acquisitions illustrate how universal banks, which combine commercial banking with investment banking activities, are displacing standalone investment banks."

Increasingly, corporate banking requires an understanding of complex financing methods like securitization, where a company sells bonds based on the money it will earn in the future from assets such as rented shop space or a back catalogue of products.

This trend was given a boost with the repeal of the Glass-Steagall Act in 1999. Glass-Steagall was a Depression-era law that barred U.S. commercial banks from owning brokerages or being involved in the securities markets. With its repeal, the roles of investment bankers and corporate bankers began merging. In addition, the increasing globalization of the financial markets makes it imperative for large money-center banks to be able to offer a broad array of services to help their business clients raise needed capital.

Another important development has been the rise of leveraged lending – extending credit to highly indebted companies, often to finance buyouts by private equity firms. When taking over a company, PE firms tend to borrow as large a portion of a deal's price as the market will bear, in order to multiply their return on the equity they contribute. The acquired firm's assets become the collateral backing the loan. As a result, a company acquired in a leveraged buyout, or LBO, can end up carrying large debts on its books even if had little debt before it was taken over.

Recent Developments

During the buyout boom earlier this decade, banks were so eager for corporate banking business that they offered loans to risky borrowers on ever easier terms. Such loans were labeled "covenant-lite," because they did away with many restrictions, known as covenants, that less creditworthy companies traditionally had to accept in order to obtain credit. Banks were able to sidestep much of the risk of holding these loans by packaging them into structured bonds called Collateralized Loan Obligations (CLOs) that were then sold to investors.

The credit crunch dealt a severe blow to this type of lending. Just as with mortgage loans to less creditworthy ("subprime") home buyers, riskier corporate bonds and loans fell into disfavor among both lenders and investors soon after problems surfaced in the summer of 2007. The market for structured bonds collapsed, leaving global lending institutions stuck holding leveraged loans they had planned to resell. In turn, that limited banks' ability to make new loans.

Another market severely affected by the recession and credit pullback is municipal finance. With their tax revenues declining and investors balking at buying new bond issues, some state and local governments have had to scramble for cash to keep providing services. A dramatic instance was the state of California handing out "warrants" (IOUs) instead of cash to creditors running the gamut from banks to individual college students.

Meanwhile, the financial crisis accelerated an ongoing trend toward bank consolidation. With the disappearance of Lehman Brothers, JPMorgan Chase's acquisitions of Bear

Stearns and Washington Mutual, Bank of America's acquisition of Merrill Lynch and Wells Fargo's acquisition of Wachovia, the number of top-tier financial institutions suddenly shrank. The JPMorgan and Bank of America acquisitions illustrate how universal banks, which combine commercial banking with investment banking activities, are displacing standalone investment banks.

Roles and Career Paths

If you opt for a career in corporate banking, you may start out in any number of roles. For example, you may begin as a credit analyst, spending your time looking at companies' balance sheets and working out whether it's a good idea to issue loans to them.

From the credit analyst's role you could progress to being a relationship manager, responsible for lending money to a handful of the bank's customers. It's a job that requires an intimate understanding of each company's strategy, a strong appreciation for the risks of default, and sales skills. The current business downturn has made lenders increasingly conscious of the risk that existing or prospective corporate customers might default on loans – thus boosting the value attached to credit analysis skills.

If you aren't interested in the relationship management side of corporate banking, you could go into treasury management. Treasury managers help companies cope with their cash flow. They ensure that businesses have enough money to pay for whatever they need to buy and help them deal with fluctuations in the value of foreign currency holdings.

Corporate banking also offers a variety of operational positions, including technology and human resources roles. Various banks offer training in corporate banking. These include Citigroup, Goldman Sachs, UBS and HSBC. While all banks will want candidates to possess a college degree, an MBA isn't required to get a foot in the door of many corporate banking divisions.

Skills and Qualities

- Analytical ability and statistical aptitude
- Strong communication skills
- Ability to grow and maintain client relationships
- Demonstrable drive

Q&A

Patti Perras Shugart, Head of Corporate Banking RBC Capital Markets

How did you advance to the role of head of corporate banking?

After graduating with a bachelor's degree in commerce from Queen's University, I spent a year working in marketing for a large credit card company. I missed the intensity of the financial markets having spent several summers working in a trading environment, so I returned to school to complete an MBA from the University of Toronto/Rotman. I've spent the past 20 years with three different financial institutions across a variety of credit and structured lending disciplines. At CIBC, I ran a corporate lending portfolio representing approximately one-third of the firm's lending business. I joined RBC Capital Markets more than a year ago as managing director and deputy of the global corporate bank. I was promoted in January to head the corporate bank, which represents a global lending platform with 95 professionals in seven offices in Canada, the U.S. and U.K.

What is a typical day like for you?

Each day involves a combination of external client meetings, internal discussions with our product partners to develop client strategies, a review of transactions for approval, and managing the operations of the business and a large group of professionals. There tends to be a lot of travel given the global nature of our business.

What skills are essential for a career in corporate banking?

Financial analysis and communication skills, attention to detail, and a strong work ethic are fundamentals. Beyond that, having the ability to develop relationships with clients as well as internal partners is very important. When we deliver the RBC Capital Markets platform to clients there are a number of touch points, so being able to interface with everyone is critical to success in this business. As you advance, the ability to develop strong relationships and manage and work with others is what differentiates you.

What would you tell an up-and-coming corporate banker?

You need to have drive, integrity, a desire to succeed and a competitive nature. In the early stages of your career, it's important that you work hard and demonstrate your capacity so that you will be given more of the interesting transactions and client-facing opportunities. Broad experience also means not staying in the same position for too long: Take the opportunity to move around and try new things. Networking is critical to finding new opportunities. Finally, having confidence in your own ability – and being prepared to have a view, make a recommendation and defend it – that is at the heart of what we do.

Private Banking and Wealth Management

Experience and a strong contact list are keys to working with the wealthiest individuals

The objective of private bankers is to provide a more personalized level of service to wealthy clients than is available to typical customers at a commercial bank. The business has always catered to the world's wealthiest people. Over the last several years, as the ranks of the wealthy have steadily expanded, many banks have refined their offerings to serve three distinct gradations of wealth.

At the top are "ultra-high-net-worth" clients - individuals or families who can invest $10 million or more. Some banks apply a still higher minimum, such as $30 million, to this category. This is the fastest-growing slice of the private banking market, and banks are pursuing it avidly.

Next comes "high-net-worth," clients, typically defined as having at least $1 million in liquid assets to invest. Finally, there are the "mass affluent," clients whose account balances add up to at least $100,000. This last group represents something of a gray area. While they usually don't qualify for the full range of private banking services, many institutions still give them a degree of personal attention that's beyond what ordinary account holders receive.

The main role of a private banker is to help clients manage their money. Traditionally, this involves helping them invest wisely while avoiding risks that might reduce the value of their assets. Private bankers also offer tax planning and pension advice, help clients develop a strategy for philanthropy, and advise them on estate planning. In one subset of the sector known as "Family Offices," the bankers perform additional tasks that range from screening solicitations for charitable contributions to making sure the client's bills are paid on time.

A successful private banker needs an outgoing, service-oriented personality, plus the ability to carefully listen to clients. It's a role best suited to people who can observe other individuals and come to understand their needs. Their real talent is connecting with people who may have a lot of their wealth tied up in a fairly narrow activity, such as a successful family business, or who can be very demanding. In short, good people skills help.

Recent Developments

Before the current financial crisis, the prospects for private bankers were overwhelmingly rosy. Demographics were, and continue to be, a powerful force for the industry as a host of groups, led by the millions of baby boomers entering retirement, required expert financial advice. Now, following the erosion of enormous sums of wealth that has impacted every economic class, the need for experienced professionals who can preserve and grow college funds and retirement savings has only been reinforced. Despite losses in the stock market, wealth professionals who can demonstrate an aptitude for providing personalized service and possess a sharp ear will find opportunities in rebuilding the portfolios owned by the world's wealthiest individuals.

The 10 Largest Private Wealth Managers

Institution	Assets under management ($ billion; year-end 2008)
Bank of America	1501
UBS	1393
Citi	1320
Wells Fargo	1000
Credit Suisse	612
JPMorgan	552
Morgan Stanley	522
HSBC	352
Deutsche Bank	231
Goldman Sachs	215

Source: Scorpio Partnership
Private Banking KPI Benchmark 2009 report

These opportunities will exist across a broad spectrum of organizations, ranging from global financial institutions to regional insurers to specialized private-banking boutiques. Trends determining where jobs will reside are taking shape. Some of them, such as consolidation among top-tier investment banks, are a by-product of the credit crisis. Others, including moves by insurance companies such as Genworth and Hartford Financial, are aimed at tapping into the assets and revenues that accompany managing individual wealth.

There are clear reasons why firms are wooing private bankers: First, their services continue to be in demand. In its semi-annual Independent Advisor Outlook Study, released in March 2009, Charles Schwab & Co. reported more than 90 percent of the nearly 6,000 independent investment advisors it surveyed had added new clients during the previous six months. Second, firms are realizing that by encouraging

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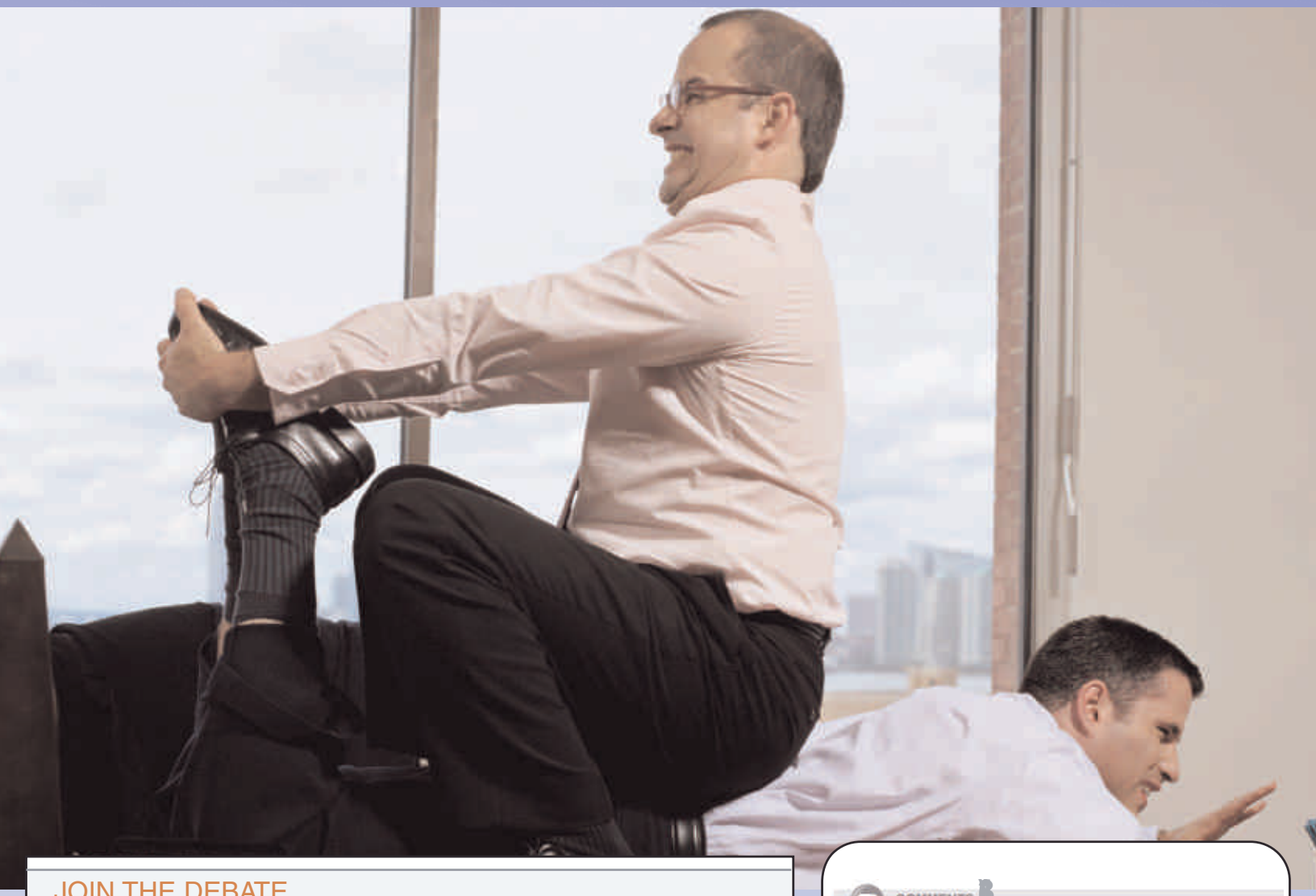

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Comment: Love Working in Finance?

You're in finance. Are you there mostly because you expect to make more money than you could earn in a different profession? Or, are (or were) you doing work that you love? Or is it a combination of both?

Compensation – Going Up?

With both trading profit and underwriting business rebounding in many markets, the newspapers are rife with stories about the return of boom-era paydays…. Are you optimistic that your personal take at year-end will be close to, or even more than, what you earned in 2007?

Should U.S. Nationalize Banks?

Is nationalization the best remaining option to stave off collapse of one or more of the biggest banks? If you are / were out of work, would you consider applying to work at a bank that was nationalized?

COMMENTS

ghimawan, 18 Mar 2009
Yes I did join finance for the glamour I thought it had, but once I joined it, I actually love what I do, making real-time smart decisions, being paid when I'm right, that's what is fun about it. I am an analyst at a fundamental hedge fund…
Join the Debate »

Greg, 12 Mar 2009
i do it for the money - that's it.
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people to invest in 401(K) plans or insurance products and arming their private banking teams with top professionals they can enhance their institutional product lines.

Roles and Career Paths

If you work as a private banker, you can expect to focus in one of three areas: investing for existing clients, building relationships, or managing back office functions such as human resources and accounting.

People working on the investment side either invest their clients' money or offer detailed advice to help clients make their own decisions. They are typically product specialists who are expert in a particular asset class.

People working on the relationship side are essentially salespeople who spend their time building connections with clients and selling the bank's services. This can involve a lot of traveling and close contact with interesting, unusual, and demanding people. When a relationship banker has established a client's needs, investment specialists are brought in to put more detailed solutions together. For clients who are very wealthy, the relationships are often entrusted only to experienced executives.

A decade ago, most private bankers combined the investor and relationship roles. In some organizations, they still do. However, in most banks, investors and relationship managers are now separate - another sign of the industry's growing complexity.

Firms such as Goldman Sachs, HSBC and UBS run graduate training programs for private bankers. If you don't find a place in one of those, it's often possible to move into private banking if you have a background in corporate finance or, more particularly, fund management.

Having an MBA or majoring in business isn't considered critical for a private banker. In fact, a diverse background can be an asset, because clients can differ considerably in their needs and personalities.

Skills and Qualities

- Discretion and trustworthiness
- The ability to build strong relationships with discerning clients
- Knowledge and understanding of financial markets

Q&A

Richard Kass, Chief Investment Officer
KBK Wealth Management

How did you become chief investment officer here?

I began my career at Bear Stearns, working in options and municipal bond trading. Next, I moved to IDS Financial Services, where I trained to be a financial planner. I completed my CFP (Certified Financial Planner) certification and moved to a firm called Total Asset Planning. I spent 15 years there, learning the business and helping individuals develop strategies to meet their investment goals. I've been a financial planner for 20 years.

My work revolves around designing investment portfolios, looking at risk, making sure individuals have the right insurance coverage, and structuring pension plans. A large part of our practice deals with retirees and designing strategies that allow them to maintain their standard of living into retirement. We do a lot of income planning projections, as well as evaluating risk in portfolios.

What's a typical day like for you?

My day begins at 5:30 a.m. when I review the day's news and go to the gym. I usually read The Wall Street Journal, New York Times and Bloomberg. This allows me to hit the ground running. When I get to the office, I review client reports and the prior day's trading to make sure the trades we've made are in the right investment accounts.

Typically, I have a set agenda which revolves around client meetings, in which we'll discuss their portfolio in detail and determine whether they have sufficient income streams or too much exposure in a particular asset class.

What skills are vital for a career in wealth management?

To be a successful, you need to have technical understanding of various investment products, so you can advise clients. It's important to be a people person, because the job requires you to listen and understand clients' fears and goals. It's critical that you be able to communicate with a wide range of people, including some who have little understanding of the markets. So, it's important to be able to take complex investment concepts and simplify them.

Any advice for up-and-coming wealth managers?

I'm a firm believer in the knowledge and skills that come with the CFP certification. It's valuable whether you're just starting out or changing careers. It's important that you be able to meet people and talk about investments and markets. Other areas in finance and investments are quantitative, but this field is about working with people, understanding their concerns, and being attuned to their life needs and how you can help fulfill them.

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Operations

Rising demands from the back office

Operations may not be where banks make their profits, but it's certainly an area where they can lose them. The more efficient a firm is at conducting its business, the greater the percentage of revenue that falls to its bottom line.

The ushering in of a new era in regulation by the global financial crisis will bring tremendous opportunities to operations professionals. Fueled by hedge fund meltdowns and an unraveling of complex derivatives, investors and regulators are seeking to instill a greater level of transparency in the investment banking industry. Further, market volatility and a decrease in liquidity have resulted in greater emphasis by asset managers on operational risk controls. As a result, people working in operations will be well-positioned to help shape the industry of the future.

In light of the financial crisis, opaque markets such as derivatives may soon be standardized, altering the way many instruments are settled, reported, and traded. Credit default swaps are at the forefront of the creation of central clearinghouses that can handle the settlement and trading of derivatives and other illiquid instruments. As products move from over-the-counter markets to public markets, an unprecedented era of oversight – impacting areas such as reporting, trade capturing, accounting and valuation – will arrive. In this new world, operations professionals are poised to lay the groundwork for how third parties service asset managers and other firms.

Investment banks and other firms need operations managers who can act decisively. The failure of Lehman Brothers demonstrated the need for quick action in order to protect client assets. Yet, because operations encompasses a wide range of activities, firms need people who can wear multiple hats. Operations professionals must be able to consider what could happen on any given day. By weighing various "what if" scenarios, operations becomes critical to a firm's ability to respond if an adverse event - such as a counterparty default - should occur. The ability to ask tough questions and instill a crisis procedure before it's needed means operations professionals can help an investment bank stay ahead of the curve.

The operations groups at investment banks, brokerage houses, hedge funds, mutual funds and other financial institutions are commonly referred to as the "back office." Unlike the traders, salespeople, bankers, fund managers and corporate financiers of the front office, operations people don't work directly with customers to generate revenue and profit. Instead, they serve in support functions. While their jobs may be "behind the scenes," they're critically important: An inefficient back office can drain a firm's profits.

Operations professionals ensure a firm functions smoothly and efficiently. Their work covers everything from information technology to human resources, trade support, accounting and finance, and risk management. In fact, the overall operations role is so broad that employees typically specialize in only one of these areas.

At the core of operations is the function of clearing and settling trades. Clearing trades involves looking at the records made by traders or investment managers when they buy and sell financial products, then checking to make sure they match the records kept by the counterparties to those trades – the people from whom securities were bought or to whom they were sold.

Settling trades is about making sure securities are exchanged for the correct amount of money. Settlements cover everything from preparing the documentation required for a sale to making sure the bank has been paid for all of the shares it sold, or has paid for all the shares it bought.

Another area is hedge fund operations, or "prime brokerage." Prime brokers are the back office for hedge funds, offering everything from clearing, settlement and custody facilities to help in managing relationships with investors and raising new funds. Prime brokers play a lucrative role in large investment banks, but increasingly many asset managers are moving to a multi-prime broker model.

Realizing just how important operations can be to profitability, investment banks and other firms are seeking a higher caliber of employee to work there. These professionals support trading operations by performing a multitude of functions, including reconciling a trading desk's daily profit-and-loss statements or maintaining a firm's internal portfolio accounting system. The electronic "paper trails" they maintain play an important role in risk management, helping supervisors ensure their in-house traders comply with position limits and other rules and policies.

Roles and Career Paths

Roles in clearing and settlements are typically for exception

managers, the people who deal with instances where data on electronic systems don't match. They try to work out the reasons for any discrepancy. If you work as an exception manager, you might find yourself talking to traders who claim to have sold shares for $3 each when the buyer says the price was only $2. You might also find yourself chasing payment from recalcitrant overseas buyers for transactions they deny ever took place, especially following periods where trading was particularly volatile and rapid.

Electronic systems have vastly increased the speed with which simple trades are processed. But derivative trades are often too complex to be settled electronically. Many times, for example, trades are still confirmed by fax or through the review of actual contracts. The large number of documents required for derivatives transactions creates roles for documentation specialists. Some derivative operations positions require an accounting degree and a CPA designation, as well as experience in public accounting.

Most operations jobs have a strategic element. Banks use operations staff to analyze ways of making processes more efficient, and project managers implement their suggestions. Thus, a finance background and knowledge of how securities markets operate can be important for success in this field. The more senior you become, the more likely you will work in this kind of strategic or project management role.

Skills and Qualities

- Deal with conflicts firmly and efficiently
- Strong analytical and problem-solving skills
- Strong math skills
- Attention to detail
- Good organization and time-management skills

Q&A

Andrew Dougherty, Chief Operating Officer BNP Paribas Financial Services

How did you become a chief operating officer at BNP Paribas?

I graduated from Delaware Valley College, majoring in business administration, with a concentration in finance. My first job was with an international accounting firm. In 2000, I moved to investment management, joining CooperNeff Advisors, part of BNP Paribas. I focused on the middle office needs of their prop trading businesses. A year later I became vice president of operations and development. In 2004 we began to offer our services to third-party customers, resulting in the creation of BNP Paribas Financial Services and a third-party offering for hedge funds. In 2007, I became chief operating officer and head of operations for global fund services North America.

How would you describe your role?

My role is spread over four business lines: alternative fund administration, traditional fund administration and middle office outsourcing, custody services for funds of funds and investment reporting and performance. Most of our 75-person U.S. team is based in King of Prussia, Pa., but our fund of funds custody group is based in New York.

What's a typical day like for you?

Usually I begin by responding to overnight queries from colleagues or dealing with issues a client may raise with our London or European offices. I routinely participate in morning conference calls that may deal with strategy, operational risk mitigation, quality, efficiency, cost, or P&L. We'll look at trends we're seeing in various markets and determine if we can use that information to assist our other offices.

Next, I'll have ad-hoc, one-on-one interactions with my management team to monitor our daily operational production, specifically looking at our key performance and risk indicators. I also discuss the status of our operations from a platform and infrastructure perspective to ensure applications work as expected and are improved over time.

I also accompany sales people to meetings with potential clients.

Any advice for up-and-coming operations managers?

I recommend getting direct exposure to the varied activities that occur within operations. At CooperNeff I leaned on my accounting experience, and when I managed the middle office I drew upon my analyst experience. When I moved into technology and IT, I learned SQL and Visual Basic so I could write my own code. As you move through different roles you develop a perspective for operations that can't be obtained in a textbook. You come to understand the challenges an operations analyst faces on a daily basis. The only way to effectively manage an operation is if you've done the work yourself.

Investment Consulting

Strategic advisors to fund managers – and scrutinizers of them

Investment consultants advise the trustees of corporate and public retirement plans, university endowments, foundations, healthcare systems, not-for-profit organizations, high-net-worth individuals and financial intermediaries on what to do with their money.

They help these clients determine the asset allocation that will enable them to reach their investment goals, whether by making sure a pension fund can meet its payout obligations or maximizing the wealth of an endowment. In the process they recommend which fund managers clients should invest with, and what percentage of the client's money should be directed to non-traditional, alternative investments.

Investment consultants will first work with trustees or other fiduciaries to analyze their investment goals and learn how their funds are governed. They want to understand what level of performance the trustees expect and their sensitivity to risk. The consultants then develop liability plans and profiles that enable them to recommend an acceptable investment policy.

After establishing the appropriate allocation of funds across different asset classes and investment managers, investment consultants help implement their plan by identifying the fund managers who are most likely to meet the goals that have been established with the least overhead costs. It's also their job to monitor how the funds perform, and if the managers of those funds are meeting – or failing to meet – the benchmarks that have been established. Most traditional fund managers have lengthy track records they can point to, and investment consulting firms have developed tools and databases to help them monitor and rank those managers.

In recent years, one of the biggest issues facing the trustees of large pension funds has been determining the amount of money they should shift out of traditional stocks and bonds and into alternative investments, such as hedge funds or real estate. As the number of hedge funds and private equity funds swelled over the past decade, investment consulting firms built expertise about them in order to better advise their clients.

Some of the larger investment consulting firms include Watson Wyatt, Mercer, Wilshire Associates, Frank Russell Co., Callan Associates, RogersCasey, and Evaluation Associates.

Roles and Career Paths

Jobs in investment consulting usually fall into one of two categories: asset allocation and fund selection.

Asset allocation specialists advise clients whether to invest in equities, bonds, or alternative asset classes in order to generate the returns they require to pay pensions or fulfill other long-term goals. It's a complex role that involves examining economic factors like interest rate changes, as well as the timing of the pension fund's liabilities or pay-outs, and the likely risks and returns associated with each type of asset. To help them, asset allocation specialists create mathematical models that forecast how a client's money should be divided among asset classes.

The 15 Largest Investment Consultants

Consultant	Worldwide assets under advisement (as of June 30, 2008; $ million)
Mercer Invest. Consulting	3,700,000
Institutional Consulting	2,357,000
Watson Wyatt Investment	2,000,000
Cambridge Associates	1,600,000
Callan Associates	1,383,941
Ennis Knupp + Associates	837,000
Wilshire Associates	800,000
R.V. Kuhns & Associates	756,357
Strategic Invest. Solutions	703,965
Pension Consulting Alliance	538,850
JPMorgan Investment	500,000
Hewitt Associates	419,000
NEPC	300,168
API Asset Performance	300,000
Rocaton Investment Advisors	300,000

Source: Pensions & Investments. Reprinted with permission

Fund selection specialists spend much of their time analyzing individual fund managers and asking questions about their investment strategy. They scrutinize particular funds and author reports on their strengths and weaknesses.

Along with examining an investment manager's staff and investment process, selection specialists dissect historical performance data using statistical tools designed to pinpoint sources of return and risk and gauge how well a fund performed relative to its peers. Most investment consulting firms produce confidential lists ranking fund managers according to their likely success going forward.

Within fund selection and asset allocation are roles for relationship specialists, who are the sector's true consultants. While many asset allocation and fund selection specialists work in research and focus on a particular type of fund or investment product, relationship specialists are usually generalists. They are often more senior members of the firm.

Staff in investment consultancies usually begin their careers in research and move into client-facing roles as they gain more experience. Most large investment consulting firms take on graduates. After entering investment consulting, you'll typically go on to gain a professional qualification, such as the Chartered Financial Analyst (CFA) designation.

Skills and Qualities

- Analytical ability and statistical aptitude
- Team-working prowess
- Ability to grow and maintain client relationships
- Powerful reasoning skills

Q&A

Kelli P. Washington, Investment Consultant
Cambridge Associates

Tell us about your career path.

As an undergraduate at Washington University in St. Louis, I majored in business and was intrigued by the financial markets. That interest intensified when I served as a student representative to a committee responsible for managing the university's endowment.

After graduation, I worked 10 years at the brokerage firm Edward Jones, ultimately becoming a portfolio manager. I also earned the Chartered Financial Analyst designation. A rethinking of my career led me to earn an MBA at the Yale School of Management and led to my selection as a Toigo Fellow. I joined Cambridge Associates in 2007.

What's your current role and range of responsibilities?

As an investment consultant, I work with clients including foundations, universities, and settlement trusts on developing and maintaining investment policies, asset allocation and manager selection. In making recommendations, I have to consider each client's short- and long-term missions, risk profiles and tolerances and spending needs, as well as broader financial considerations. Endowment oversight is more than simply trying to invest in the best hedge fund or private equity fund. It requires a holistic understanding and review of the entire organization.

What skills and qualities are most important for an investment consultant?

While a deep understanding of the financial markets is necessary, it's equally important to hone relationship management skills. The majority of my clients have committees involved with the decision-making process. Each person has a different opinion and perspective on the recommendations I make. As a consultant, I have to be prepared for the unexpected and learn to meet, manage, and balance the different and sometimes conflicting objectives of the committee members, the staff and the organizational mission the investment pool ultimately supports.

What should students interested in this field be reading?

Working with endowments requires a broad knowledge of different asset classes, global markets, and the global economy. Students interested in this field should regularly read The Wall Street Journal, the Financial Times, and the Economist among other periodicals. Additionally, they should read the periodic market reviews by industry experts like Bill Gross of Pacific Investment Management Company (PIMCO) and Jeremy Grantham of Grantham, Mayo, Van Otterloo & Company (GMO). And, read *Pioneering Portfolio Management* by David Swensen and *Foundation and Endowment Investing* by Lawrence Kochard and Cathleen M. Rittereiser.

Private Equity

You'll need some experience or an MBA to make it in this sector

At a base level, private equity funds raise money for companies in need of a capital infusion. In that respect, they're similar to investment banks. But while banks raise money by selling stocks or bonds on the public markets on behalf of client companies, private equity funds do it by raising cash from wealthy individuals and institutions like pension funds.

The similarity between PE funds and investment banks ends there. Where investment banks don't take a controlling ownership interest in the companies they take public, PE firms use the capital they raise – along with leverage gained from issuing debt – to assume control of businesses either as co-owners or, often, sole owners.

In ideal situations, PE funds invest in underperforming companies, turn them around, and sell their stake at a profit some years later, often in the public markets. Sometimes private equity companies engage in "asset stripping," or breaking up a company and selling its assets separately in order to make their profit.

Private equity funds sometimes use a technique known as a "leveraged buyout" (LBO) for all or part of a company's purchase costs. In an LBO, the acquiring group uses loans, bonds or other debt instruments to raise the capital necessary to buy the target. Often, they use the target company's own assets as collateral. Sometimes, a company's own managers work with private equity groups to raise the money necessary to buy the stock of the firm they're running. These deals are known as "management buyouts."

A subset of private equity is called "venture capital." Venture capital, or VC, firms focus on funding promising new businesses.

Firms like Blackstone Group, Cerberus Capital, TPG Capital (also known as Texas Pacific Group), Carlyle Group and Kohlberg Kravis Roberts & Co. (KKR) are a few of the sector's big players. KKR was doing high-profile buyout deals as far back as the 1980s. According to Fortune magazine, it was the first PE firm to take over a public company when it bought machine-tool maker Houdaille for $355 million in 1979.

The biggest PE firms tend to get the most media attention because of the size of the acquisitions they complete. However, many mid-tier firms are also at work, acquiring smaller companies that can benefit from an injection of capital and management talent.

Recent Developments

Between 2003 and 2007, private equity funds saw explosive growth. That made the sector into a highly coveted class of customers for the leading investment banks, who serve PE firms as "financial sponsors." However, the credit crunch that began in mid-2007 sent private equity activity into a tailspin from which it has yet to recover.

With both banks and institutional investors pulling away from risky lending, funding for leveraged buyouts all but disappeared. Overall, private equity volume declined 69 percent in 2008 and 82 percent in the first half of 2009 from the respective year-earlier periods, according to Thomson Reuters. The $22.4 billion first-half 2009 deal flow was the smallest in 17 years and accounted for just 2.6 percent of overall merger and acquisition activity during the period. As recently as 2006, buyout deals made up 20.5 percent of total M&A volume.

When market conditions turned hostile, PE firms struggled to cancel many deals they'd committed to and rescue others that had already closed. Restructuring and managing distressed assets – including steering a portfolio company through bankruptcy court – emerged as a substantial area of activity for PE firms, and for the financial services industry as a whole. Firms that specialize in buying distressed companies with the aim of turning them around and ultimately selling at a profit form one niche within private equity that is having little difficulty attracting new capital.

The pullback in private equity dealmaking is affecting big global banks as well. Bank revenues from financial sponsors for deals in Europe fell 95 percent from the first quarter of 2007 to the first quarter of 2009, according to Dealogic. But while deal fees collapsed, PE firms were paying banks to restructure many of their past acquisitions that became troubled.

Wavering commitment from institutional investors creates a medium-term challenge for the private equity industry. Late in 2008, Harvard University and a number of other large endowments that had been steadily boosting their allocations in private equity suddenly began to backpedal, seeking to sell their existing PE fund stakes at a discount into an increasingly illiquid market. Secondary market sales of as much as 10 percent of the estimated $1.2 trillion in

worldwide private equity fund shares would compete with PE firms' efforts to attract investment in new funds.

Roles and Career Paths

Despite their waning influence, private equity funds remain a huge force in the global economy.

At the senior-most levels, PE professionals can make huge sums of money. They are individuals with the experience and contacts to identify, originate and close deals. Below them are the analysts, number-crunchers and lawyers necessary to undertake the due diligence that will make the deals work profitably. There is a trend among mid-tier firms to bring more analyst and associate positions in house, rather than rely too much on outside consulting firms to get their work done.

Careers in private equity offer two main entry points. Like their investment bank peers, PE funds prefer people to have a minimum of two to three years of experience at an investment bank, management consulting firm or accounting firm. People emerging from a graduate business school with an MBA program, who have some real-world experience, are also suitable.

Skills and Qualities

- Analytical ability and math aptitude
- Team-working prowess
- Confident and outgoing
- Ability to grow and maintain client relationships

Q&A

Robin Marshall, Partner, Growth Capital 3i Group

Tell us about your career.

I started in marketing and brand management, spending five years working for Procter & Gamble in the U.K. and Germany. It was a great experience that allowed me to understand how business worked. Next, I moved over to McKinsey & Company, where I spent three years in the U.K. and Sweden. That expanded my horizons and exposed me to many different people and cultures.

As I thought about the future, I wanted a role which combined the decision-making responsibility I had enjoyed at P&G with the variety and intellectual stimulation McKinsey offered. Private equity seemed like the ideal next step. I joined 3i, the leading private equity firm in Europe, in 2000.

What type of skills do you look for?

It's important to be around private equity investors because the business is so experience-based and very much follows an apprenticeship model. We deal with lots of information and it comes at you very quickly, thus analytical and strategic skills provide the foundation for sound judgment that is developed over time. You must be able to sort through a lot of information, make decisions having taken account of a myriad of potential consequences, then communicate the decisions to all parties involved.

It's critical that you have strong interpersonal skills since you work with different types of people on deals, and you need to be able to get along well with them. A fundamental philosophy at 3i is partnership – we partner with management teams in our deals and it's only through shared aspirations and true partnership that we jointly achieve our goals.

You also should be resilient. Working in private equity can be an emotional roller-coaster and it's important to maintain a sense of perspective so you don't get carried away with the highs and don't get too down with the lows. A sense of humor also helps.

What are some strategies for pursuing a career in private equity?

Spend time with people in the business or networking. You should be following the world of business, reading the obvious publications – such as The Wall Street Journal, Financial Times, The Economist, etc. There are also publications specific to the private equity world. Use them to learn about the key firms and important deals being done. It's important to participate in some industry organizations, for example the Association for Corporate Growth.

Global Custody

Providing transparency to increasingly complex investments

Global custodians undertake the job of processing cross-border securities trades while at the same time working to keep the financial assets of clients safe and servicing their associated portfolios.

Before computers existed, global custodians had gigantic filing systems for their core work - storing certificates of stock and bond ownership for their clients. Today, certificates related to stock and bond ownership are stored electronically, making the business of custody much less space-intensive and easier to conduct. That's not necessarily the case within the booming alternative investment sectors such as hedge funds and off-shore funds, though even in those industries formerly cumbersome tracking systems are moving toward more efficient electronic methods.

Recent Developments

Global custody continues to be an evolving business, particularly as the investment landscape has become more sophisticated. As the hedge fund industry has grown, for example, global custodians have become service providers. Today, their technology-rich services include recordkeeping, reporting, and trade processing.

Largest Banks By Global Custody Assets, 2009

Provider	Assets under custody, worldwide ($ bn)
BNY Mellon	19,500
J.P. Morgan	13,500
State Street	11,337
Citi	11,025
BNP Paribas	4,651
Société Générale	3,563
HSBC Securities Services	3,558
CACEIS Investor Services	3,143
Northern Trust	3,000
RBC Dexia Investor Services	2,720

Extract from www.globalcustody.net used with permission. The above extract was taken from from the globalcustody.net Asset Tables as at Jul 17, 2009

According to Globalcustody.net, a specialist Web site that tracks the industry, global custodians provided fund accounting and administrative services to funds holding more than $95 trillion in assets as of July 2009. (Due to the worldwide decline in asset prices, that figure was down 17 percent from a year earlier.)

A 2007 merger between Bank of New York and Mellon Financial produced the world's largest global custodian, BNY Mellon Asset Servicing, with $19.5 trillion of assets-in-custody. U.S. institutions also occupy the next three places on the list, with JPMorgan in the number two spot, followed by State Street Bank and Citigroup. The next tier is heavy in European and UK names such as BNP Paribas, UBS, Société Générale and HSBC.

After Lehman Brothers' bankruptcy filing in September 2008 stranded billions of dollars in assets Lehman had administered for some 700 hedge funds, broker-dealers seeking custody business face much greater scrutiny of their financial strength. The Lehman bankruptcy and the earlier distress sale of Bear Stearns triggered what Global Custodian magazine called a "seismic restructuring" of the hedge fund administration market, with more than half of the largest funds saying they'd terminated a relationship with a prime broker during the past year. Of those that did, one-third cited "counterparty credit risk concern" as the reason.

That's opened the door for the strongest banks to expand their niche in prime brokerage, broadening services to win over lucrative hedge fund clients. In recent years global custodians also have branched out to offer other services, such as securities lending. At the same time, they are shifting to controlling risk for asset managers, realizing that as assets under management have fallen, their clients need to be more efficient. And because asset managers find it less expensive to outsource the safekeeping and administration of global securities portfolios to a single firm, global custodians are even more important today. As protecting assets, monitoring compliance, and determining risk exposures to everything from counterparties to foreign currencies has become more difficult, global custodians continue to play a significant role in financial markets.

Small custodians lack the manpower and technological expertise for these higher margin activities, and so are gradually being subsumed into bigger players. Meanwhile, bigger players are merging so as to become even bigger. In exchange for safeguarding client assets, custodians charge a fee based on the value of what they administer. The percentage fee level will vary according to the frequency of

transactions, the complexity of the portfolio, and the specific services required. Over the past two decades intense competition has put downward pressure on custody fees. With asset managers increasingly selective in choosing a global custodian, this trend could continue.

Roles and Career Paths

While much of the work is administrative and repetitive, the role of custodian has widened to include a range of other services. These include income collection (e.g. collecting dividends from clients' investments), performance measurement (calculating the returns a client's investments have made over a period of time), and proxy voting on behalf of clients at shareholder meetings. Custodians typically specialize in a particular area, so exactly what you do will depend on where you work.

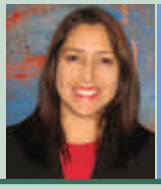
Corporate action professionals normalize and consolidate corporate announcement information – generally referred to in the industry as "scrubbing" – to inform clients about important events at companies that might impact the value of the shares they hold. You need a basic understanding of underlying cash flows, accounting treatments, operational controls, credit risks and market practices to be successful in this role.

You might be asked to record and monitor the investments made by fund management clients, or to work on clearing and settlements. Staff in clearing and settlements make sure the contracts and payments are in place following a client's trade. Similar to operations staff working in investment banks, fund operations staff in custody houses look out for so-called "exceptions," when trades have not been settled properly, and try to resolve any problems.

Custodians also offer more client-focused and technical jobs. Relationship managers, for example, work with clients to reassure them their assets are safely maintained. Graduates may start out in corporate actions or settlements and move into other positions after a few years. Few global custodians offer structured graduate training programs.

Skills and Qualities

- Strong communication, presentation, and selling skills
- Organized and process-driven
- Work well under pressure



Q&A

Marcia Rothschild, Managing Director, BNP Paribas

Could you describe your role for us?

I'm responsible for business development for BNP Paribas' global fund services in the Americas. Our client base includes traditional and alternative asset managers, insurance companies, pension funds, government agencies and corporate clients. We provide a full suite of services including global custody, fund administration and accounting, middle- and back-office outsourcing, investment reporting and performance, securities lending, transfer agency, compliance and trustee services and foreign exchange.

How did you become a managing director?

I'm originally from Brazil. I received a degree in business administration from a leading business school there and later an MBA from Duke University's Fuqua School of Business. My education had a strong international focus, and my speaking three languages helped tremendously. Each role I've had has been in relationship management and sales. I began with Citibank's Securities Services division in 1992. In 2000 I joined FXall, an online multi-bank foreign exchange trading portal. In 2002, I joined BNP Paribas as it built a team to market fund services in the U.S.

What are the most important skills for a career in fund services?

In business development you need to be ambitious, persistent, proactive, and possess superior networking and consultative skills. We look for people that possess a network of contacts that can be leveraged to help grow our business. It's important to be able to interpret news and trends and identify opportunities for the bank. We seek people who are creative, independent and have a broad set of experiences. Interpersonal skills are paramount in order to develop relationships with clients and internal groups. The ability to obtain what you need from your peers and influence others to get things done is critical.

Any advice for up-and-coming global custody professionals?

It's important to stay current with the markets as, especially now, things are changing so dramatically. If you're interested in working at a firm such as BNP Paribas, be able to identify opportunities that exist for the organization. During an interview, demonstrate your track record, the value-add that you offer, and how you'd help grow the business. Provide examples of situations in which you have been proactive, creative, or overcome challenges.

You must be self-motivated and able to work independently. It's important to be versatile and embrace different challenges. Demonstrate that you can close deals and grow a client relationship over time.

Risk Management

Brakes on a bank's risky activities

Risk management can apply to a variety of aspects of the financial business. On a fundamental level, it involves protecting a company from negative events.

In the banking sector, risk managers strive to make sure a bank isn't overexposed to borrowers or trading partners that might not repay debts or other obligations, plummeting stock markets, regulatory flaws, or other financial pressures that could jeopardize the strength of its balance sheet. Similarly, in the asset management and investment banking fields, risk management helps ensure the overall health of a firm's portfolio and, sometimes, manages regulatory risk.

The insurance industry uses the term to describe services and products its corporate and business clients use to help protect themselves from potential losses. The insurance industry also has risk professionals on staff – including those on the underwriting or actuarial end – monitoring the exposures a company might suffer from policy coverage and its own investment decisions.

In corporate IT departments, risk managers are charged with ensuring the business can continue to function after a computer systems failure, terrorist attack, or natural disaster. They also track employee or business partner activities to prevent fraud.

Today, banks and investment firms are working overtime to get a handle on the systemic (firm-wide) risk from the subprime crash and the devaluing of derivatives tied to the housing market. While many banks and investment firms have had to let people go, those on the risk management side needn't fear: Chief risk officers are beefing up their teams. While financial services firms have often held a bias toward those on the moneymaking or trading side of the business, given today's need for better risk management the profile of individuals working on this side of the operation is fast rising.

Banking executives try to manage three principal risks as defined by a series of international agreements known as the Basel Accords. These are a set of recommendations on banking laws and regulations promulgated by the Basel Committee on Banking Supervision, which is part of the Bank for International Settlements based in Basel, Switzerland.

First there's market risk, which ties in with systemic risk. This is the hazard that a whole group of traded financial products, such as stocks, bonds, or commodities, will fall in value simultaneously. Market risk is caused by outside events, such as market fluctuations caused by rising oil prices, terrorist threats, a physical disaster, shifts in foreign exchange rates, or sudden interest rate hikes.

Credit risk is the risk that a particular company or individual will default on its obligation to repay its debts. This category of risk has come to the fore recently, due in large part to the failure of new products that were designed to help manage it: credit default swaps, along with a plethora of complex credit derivatives. While the explosive growth of credit derivatives earlier this decade boosted demand for Ph.D.-level quantitative modeling within banks' credit risk departments, lately the pendulum is shifting back toward more traditional, fundamental tools involving the analysis of company balance sheets, cash flows and debt ratios.

Finally, operational risk is the risk something might go wrong in the day-to-day running of a bank. This could come, for example, through the impact of a serious physical disaster or a large-scale fraud committed by employees or management. Reputational risk – sometimes considered a sub-sector of operational risk – is the risk something will happen to damage a firm's reputation. The mortgage and credit collapse, in addition to previous financial scandals surrounding biased equity research, improper mutual fund trading, and phony accounting, have made banks and investment houses increasingly sensitive to the need for reputation management after a crisis occurs.

Roles and Career Paths

Individuals working in an area specifically devoted to market risk at a large bank or investment house are typically situated on or close to the trading floor. Market risk specialists use mathematical value-at-risk (VaR) models to work out the maximum amount of money their bank or investment firm would lose in the case of a particular event. They also work closely with traders to calculate the risk associated with specific transactions. These individuals possess mathematical modeling skills, in addition to tech skills related to the field. Smaller investment firms may combine the market risk activities with asset and liability management.

Professionals in credit risk analyze company balance sheets

and meet with directors to determine an organization's financial health. By comparison, operational risk experts review the likelihood of particular events taking place, and formulate plans to implement if they do.

Reputational risk specialists attempt to present the bank's best side in public. They generally play a passive role unless an adverse event occurs. Then they're working around the clock. Few banks employ reputational risk specialists, per se. The role is typically dealt with by in-house and external public relations specialists, the Human Resources department, or in-house counsel and outside lawyers skilled in the field.

If you want a career in risk management, it's a good idea to join a bank's or brokerage firm's graduate training program. At some banks, risk management training is covered by the IT or Operations department. Additionally, many of the top investment banking firms and brokerage houses offer their analyst and associate recruits broad training, which generally provides classes in risk management, in addition to courses on corporate finance and the markets. With industry specific knowledge and risk management skills under your belt, it will be easier to advance in the risk world.

Risk management training classes and certifications are also offered by a number of professional trade groups, including the Risk Management Association's accreditation program for credit risk managers and the Risk and Insurance Management Society's enterprise-wide and insurance risk classes and training courses.

Skills and Qualities

- Analytical ability and statistical aptitude
- Strong skills in mathematics and finance
- Good problem-solving, decision-making, and multitasking abilities
- An understanding of the bigger picture

Q&A

Carey Halio, Vice President, Finance Division
Credit Risk & Management Advisory
Goldman Sachs

What skill sets and qualifications do you prefer for new hires?

We look for talented people familiar with finance and accounting, since that's certainly the most useful for us. But that doesn't mean every hire is a finance major. We have a two-year training program, and we bring people in at the analyst level. Beyond finance and accounting skills, we look for individuals who are highly analytical - people who can learn the needed credit skills.

People are placed on different teams, and the work can be quite demanding. But what differentiates candidates over time is intellectual curiosity. Doing the bare minimum simply isn't enough when you are going to assign a credit rating or approve a trade.

Can you give us an idea of the career trajectory for risk specialists?

The department has individuals who have been here for many years - some 20-plus. You might start off as a number cruncher, monitoring limits or analyzing counterparties, and over time you would move on to leading teams and making significant decisions for the firm. Credit risk is a very interesting place to stay challenged and motivated. Not everyone stays in the department, but credit skills are applicable to a wide variety of positions, including going off to work on the investment banking or sales and trading side of the business.

What's a typical day for a risk specialist?

We try to make sure we are protecting the capital of the firm from credit losses from the default of a counterparty or borrower.

You're constantly trying to look around corners and anticipate what's ahead. Recently, times have been more challenging than in the past, given where we are in the economic cycle and given my role running the financial institutions team. I try to stay ahead of what's going on in the sector, especially as things develop throughout the day and over time. If the Fed is announcing stress test results, a company is announcing earnings, or the FDIC is taking over a bank, I need to be on top of what that means.

Ideally, we've anticipated the events in advance so that we've positioned ourselves well as a firm for any bad news that's happening in the market. Strategically, we spend quite a bit of time thinking about risks as they evolve. We're constantly working to improve the way we report risk, working with IT to improve the way we do things.

Compliance

The internal watchdogs of the financial industry

When it's time to party, are you always the designated driver? Would you be an FBI agent if only the pay were better? Do your friends still love you even after you're forced to tell them how stupid they sometimes act? If you can answer yes to these or similar questions, compliance may the right niche in investment banking for you.

A compliance professional working for an investment bank, brokerage, mutual fund company or financial institution makes sure the firm follows local, state and federal laws, as well as the rules set by government regulators. To do this, they interpret ever-changing regulations, apply them to their company's individual business, then communicate the rules to the firm's employees.

"It takes a unique and specific type of person to work in compliance, and it's not an easy job," says Jack Kelly, managing director at Compliance Search Group in New York. "You're really an internal affairs police officer on Wall Street."

To succeed, you'll need both analytical chops and people skills. "You have to get along with people because you're perceived to be the guy who's trying to stop business from taking place, or as the one standing in the way of someone making money," Kelly explains. Analytical ability is key, too, because if you miss something, you could cost the firm millions.

And by the way: Even though compliance experts at the top of the food chain might make $1 million a year, most earn between $150,000 and $250,000, so the people you're watching over have historically made more money than you.

"It's not an easy role to get into every day," Kelly says. "To always be the tough one who says 'No, you can't do that.' Everyone's going to happy hour and do they want to bring you? Maybe not, because they'll have to watch everything they say."

If our description of compliance rings your bell rather than putting you off, your first decision will be whether to work for a public regulator or a regulated company.

Historically, regulators have been a good source of jobs for people just out of college. In the U.S., the primary regulatory body overseeing the financial markets is the Securities and Exchange Commission. Its main goal is to protect investors and maintain the markets' integrity. The nation's bank regulators, including the Federal Deposit Insurance Corporation, the U.S. Comptroller of the Currency, the U.S. Treasury Department and the National Credit Union Administration, the Office of Thrift Supervision, and the Federal Reserve also hire compliance specialists.

The Financial Crimes Enforcement Network, a Treasury agency that monitors financial transactions, and the Financial Industry Regulatory Authority (FINRA), a private-sector body, also hire analysts.

Another way to get into compliance is through the private sector. As regulations expand, more firms will hire recent college grads and train them in compliance. Goldman Sachs, Morgan Stanley and other bank holding companies will have to adhere to new regulatory standards, so Kelly wouldn't be surprised if they start hiring college graduates interested in creating careers in the space.

Private sector compliance professionals typically work in teams. These include money laundering specialists, training specialists, monitoring specialists, and advisory and product specialists.

Virtually no document that's going to be released to the public - from marketing materials to financial reports - gets out the door without being reviewed by a compliance specialist. In many cases, that review is conducted by an attorney.

Corporations outside of finance also have compliance officers. (At these companies, top compliance officers are often referred to as corporate compliance officers. In the financial world, they're known as chief compliance officers.)

Business consulting companies offer compliance expertise as part of broader risk management programs. These consultants help clients understand business risks, determine acceptable levels of exposure, implement control programs, and provide ongoing tools for measuring and monitoring the effectiveness of a company's compliance program.

Roles and Career Paths

Jobs in compliance vary depending on the area in which you work. If you opt for money laundering, you'll spend your time on the lookout for suspicious transactions. For example, if someone pays cash for a large quantity of bonds, it's likely to warrant your attention - particularly if that person

or organization has never dealt with the bank before.

Compliance training specialists focus on internal controls and preach the compliance message to a bank's employees. They create and present training courses explaining what the rules and regulations are, and why bankers need to follow them.

Monitoring specialists look out for infringements of rules and regulations that suggest employees are up to no good. Much of this role has been taken over by computers, which can monitor billions of e-mail messages per day and spot unusual activities such as dormant trading accounts that suddenly spring back to life.

Compliance advisors interpret regulations and apply them to particular business areas and products. An increasing number are product specialists who offer advice on particular types of financial products.

Product specialists sit on or near the trading floor, tell traders whether or not a particular trade can go ahead, and suggest alternatives that will still be satisfactory to the client. Compliance advisors need to know a lot about trading and about the products they're advising on. Some are ex-traders.

No matter where you decide to start in compliance, chances are you're going to be busy in the near term. With officials at both the federal and state levels casting a critical eye on existing regulations and looking for ways to beef them up, compliance is going to become an even trickier proposition than it already is.

Skills and Qualities

- Self-confident and assertive
- Competent understanding of legal issues
- Methodical

Q&A

Doug Henderson, KPMG Financial Services Regulatory Practice

What makes compliance an appealing field?

It puts you in a position to be knowledgeable on all aspects of the business. Plus, it's on the right side of the equation: Typical compliance professionals are trying to do the right things to make sure the company is doing the right thing by its customers. That's a good feeling.

Which classes best prepare a finance major for a compliance career?

Pre-law, business law, ethics, business, finance and industry-specific classes. If you want to be in banking, banking classes would be relevant. The same is true with brokerage, securities or management classes. Law is probably the most relevant of those classes.

What are some of the things I'd do at the entry level?

The largest firms have significant compliance organizations, and entry-level positions are going to be pretty narrow in terms of the scope of work you do. You might be assigned to review reporting, or conduct testing, or review activities. You might work as a junior member of a team that's involved in investigations or inspections or you could be assigned to review advertising, correspondence or e-mail.

The smaller the firm, the fewer compliance people and broader the scope of responsibility on everyone, including entry-level and junior people.

If you want to go directly into compliance, I'd recommend that you get some other background first. Go to work for a regulatory agency, the Financial Industry Regulatory Authority or the Securities and Exchange Commission on the securities side. On the banking side, the Office of the Comptroller of the Currency, the Federal Reserve or the Federal Deposit Insurance Corporation. Or, work for a state banking or securities regulator. Oftentimes, public positions don't pay as much as private industry, but in these times, public agency work is a great credential to have.

What's your advice to a student starting his or her first job?

Make sure that you're current and conversant on the requirements that apply to the business you're in and that you understand the business itself. The best compliance people are able to bridge the gap and bring compliance in a meaningful way to the business side.

Compliance people can accomplish things by authority, leverage and power, but they're most powerful when they communicate and collaborate with the business side to find the right answers.

Human Resources

The 'people people' of investment banks

When an industry is driven by human capital, leaders need human resources (HR) professionals to manage talent even during times of severe crisis. So despite massive layoffs in the securities industry, a few firms continue to hire human resource generalists to help retain and recruit talent. Since the industry stretches across the world, the most in-demand HR professionals have solid knowledge of investment banking and global markets.

In today's market, HR professionals form a defensive line as they attempt to slow the migration of talent from large, highly regulated financial institutions to less-regulated competitors and boutique firms, both of which have used the industry's current woes to lure away top producers.

Like other departments, HR is being asked to increase productivity and reduce costs. In some cases, that means taking on the management of several business lines rather than focusing on a single area. In other cases, firms are outsourcing human resources, or moving backroom operations to lower-cost markets outside New York City.

Current economic, regulatory and market conditions have added to the challenges HR faces. For instance, HR must continue to recruit graduates despite limits on bonuses and recent negative publicity about banks of all types. They've supervised the layoffs of thousands of their co-workers, adjusted employment offers and restructured severance packages. With job candidates nervously listening to rumors, HR professionals must also take on the job of publicist to help bolster the bank's image with remaining employees.

HR takes care of all the "people issues" that arise in an investment bank. It writes and enforces rules covering issues such as hiring and firing, employee pay, diversity, discrimination and employee monitoring.

The life of HR professionals is a roller-coaster ride. When times are good, they scramble to bulk up the staff. When times are tough, they manage layoffs, including making sure managers follow the law when deciding who stays and who goes. Given the cyclical nature of finance, HR professionals can expect to shift from hiring mode to firing mode many times throughout their career.

In recent years, most banks have outsourced HR's routine, peripheral activity. Questions about compensation, benefits or employee relations that once were addressed by HR people in each of a bank's divisions now go to call centers. Consequently, fewer HR people work directly for the bank. Those that remain must prove their value as strategic partners who understand the business and can advise department heads about how to attract and retain the best talent.

Roles and Career Paths

Jobs in HR usually fit into one of five categories:

- Employee relations, diversity and affinity group management
- Recruitment
- Compensation, benefits and compliance
- Training and development
- Generalist

It's no easy task to find a job as a graduate trainee in an investment bank's HR department. Few banks offer such traineeships, and those that do usually have no more than two or three places.

However, other options exist. Banks often recruit experienced professionals from large firms outside the industry. Former HR staff from Time Warner, General Electric and PepsiCo can all be found working in banks.

If you're interested in working in recruitment, another option is to gain experience at a recruiting firm that helps investment banks find staff. These firms fall into two categories: contingent and retained. Contingency recruiters get paid only if their clients make a hire. By contrast, retained firms get paid regardless of whether they find anyone to fill a particular job.

To be a recruiter at a search firm, you'll usually need previous experience. But search firms such as Russell Reynolds Associates, Korn/Ferry International, and Heidrick & Struggles employ bright graduates as researchers and train them to become search consultants. International contingency recruitment firms such as Badenoch & Clark, Robert Walters and Michael Page run graduate training programs.

Skills and Qualities

- Broad range of interpersonal skills
- Intuitive reasoning
- Good judgment
- High degree of self-motivation

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Legal

Sound advice needed to handle a new wave of regulations

Banks are large and complex organizations, and most of their activities have legal implications. It's the legal department's responsibility to ensure all contracts signed by the bank are watertight, that the bank fulfills its contractual commitments, and that lawsuits are avoided.

Many legal professionals believed that the enactment of Sarbanes-Oxley in 2002, with its impact on corporate and securities law, was a once-in-a-lifetime event. The legislation had a dramatic impact on the profession, adding complexities to the role of general counsel in the form of corporate governance requirements and securities litigation. Perhaps more important was the creation of an entirely new category of law as the depth and breadth of Sarbanes-Oxley – in areas such as accounting, taxation, and securities – enabled attorneys to specialize exclusively in the law's intricacies.

Yet, 2009 could shape up as another watershed moment for attorneys as corporations seek counsel regarding the wave of new regulations sprouting from the credit crisis and investment losses due to the Bernard Madoff and other scandals. Rulemaking from the Federal Reserve, Securities and Exchange Commission and international bodies could impact everything from derivatives markets to hedge funds, and are expected to have a dramatic effect on capital markets and the financial services industry as a whole. As a result, companies will require legal counsel in order to comply with a new era of oversight complete with guidelines on how securities are valued, reported, and traded. Other growing areas include restructuring and bankruptcy law, particularly as companies short on capital and credit restructure their debt both in and out of court. Over the next few years, the strongest demand will be for attorneys specializing in securities, capital markets, and regulatory and compliance law.

Growth in Oversight Jobs

While regulators have traditionally been ripe with opportunities for corporate attorneys, the economic crisis has thrust these roles to a new level. TARP, or the Troubled Asset Relief Program, the government's program to strengthen the financial sector by providing relief to banks, has created a new area of specialization. Many of its jobs are within law departments at places such as the U.S. Treasury, which oversees TARP, as well as the Federal Deposit Insurance Corp. or the Federal Reserve, which have worked with the Treasury to supervise the program, determine which banks qualify for relief, and monitor adherence to guidelines in areas such as executive compensation and lending.

Of course, there are ways to get a legal job besides working for the government. The country's largest corporations are a prime source of opportunities, for example. Corporate counsels are responsible for anything and everything legal at the company, including the negotiating and drafting contracts, overseeing employment law compliance, advising senior management, and helping craft legal and business strategies. More important, these roles often give attorneys a seat at the table when it comes to forming the corporate growth strategy. More than ever, the increasing importance of corporate governance has elevated corporate counsel to the highest levels in an organization.

Recent Developments

In 2008 and the first half of 2009, an overall reduction in corporate spending squeezed expenditures for outside legal services in areas ranging from transactional work to taxation. In general, both law firms and corporations pulled in their horns due to lower demand for their services.

Major law firms also lost pricing power amid the recession. Average billing rates edged up just 2.9 percent in 2009's first quarter from a year earlier, well below the 7 percent annual growth trend of recent years, according to an index compiled by legal industry consulting firm Hildebrandt International. Sluggish fee growth creates pressure on law firms to control expenses - including freezing associates' salaries or cutting staff, as many top-tier law firms did this year.

On the bright side, a survey by BTI Consulting calls for corporate legal spending to rebound in the second half of 2009. Based on interviews with legal department heads at some 370 of the largest U.S. corporations, BTI predicted in May that law budgets would rise 5 percent over the following six months, after shrinking 6.7 percent in the first half of 2009. But those gains were expected to be concentrated among a narrow group of specific law firms and practice areas. The main areas of growth are: regulatory compliance, employment law, securities and bankruptcy/corporate restructuring law.

Bankruptcy-related work has already surged, rising by more than 13 percent in 2009's first quarter compared with a year earlier, according to Hildebrandt's data.

Roles and Career Paths

As a banking lawyer, you may specialize in the legal complexities of merger and acquisition (M&A) deals. Or you could find yourself working on the trading floor, or with capital markets groups. Usually, a team of lawyers also works in a central legal office dealing with issues such as discrimination claims and major litigation.

M&A work can involve everything from preparing the documents expressing one company's intention to buy another to conducting due diligence on the proposed purchase. If you work on the capital markets team you'll deal with the legal complexities surrounding the issuance of new financial products. In addition, lawyers ensure the information provided by a company preparing to list on a stock exchange is correct and within the law. Trading floor lawyers advise on the legality of trades and deal with the documents required to buy and sell financial products. By determining which trades can and can't go ahead, these attorneys play an important role in the development of new and complex derivative products.

Few investment banks train lawyers themselves. Instead, they typically get their start working for a major law firm.

Skills and Qualities

- Ability to assimilate information and pick out key points
- Very strong interpersonal and lateral thinking skills
- Work well under pressure
- Ability to grow and maintain client relationships

Q&A

Michael Zuppone, Partner and Chair
Securities and Capital Markets Practice
Paul Hastings

What's a typical day like for you?

Typically, I could be involved in multiple transactions simultaneously. Our team is built around client service, so it requires that I stay abreast of the calendar and deadlines. Usually transactional work requires communication with various parties via conference calls or meetings, in which we provide guidance and direction to clients in their fund raising. This work also encompasses resolving various disclosure issues that often requires interaction with the SEC and possibly its foreign regulatory counterparts.

The practice that is in demand right now is restructuring. Yet, many of these cases don't necessarily involve bankruptcies, but rather working toward an out of court resolution by working with creditors. These activities are at the forefront today because of the credit crisis.

My work is also heavily focused on regulatory compliance issues. We work hand in hand with restructuring attorneys to provide advice concerning disclosure and other regulations before, during, and after a bankruptcy proceeding. In some cases, companies are in trouble in other areas. It could involve work with the SEC or another regulator, where I am called in to advise a client.

Which skills are most important for a career in securities law?

You need a solid understanding of securities regulation from the perspective of a U.S. attorney. But as markets are now global, it's also important to be familiar with the various regulations in different international jurisdictions. So much of securities and capital markets law involves finance, so it's valuable if you understand basic accounting principles and financial reporting requirements. Most attorneys have not been formally educated in these areas, but if you're able to grasp them, you can provide a lot of value to a firm in a transaction.

Any advice for up-and-coming securities lawyers?

I'd recommend they jump right into it. Join a practice within a firm and learn by doing securities work every day. There are a number of organizations, such as the American Bar Association and the Association of the Bar of the City of New York, that offer training programs and information on securities and capital markets legal developments via their Web sites. The SEC site, for example, provides access to filings, news and developments that are posted on a daily basis. As a result, you can stay attuned to any overnight pronouncements issued by the SEC. Staying current with rulemaking and regulatory developments is important because of the dynamics of financial markets today.

Information Technology

The work that's increasingly outsourced overseas

An investment bank's information technology (IT) department is responsible for the web of networks, computers and software that underpin any modern financial organization. Firms use technology for just about everything: communicating with staff, storing information on clients, and running complex computer models to price and trade financial products. They are known for having some of the world's cutting-edge systems, especially for their trading floors.

In recent years, a growing number of banking IT jobs are being outsourced to locations such as India and China. The good news is banks still need plenty of people in western financial centers to manage and coordinate with overseas employees. According to technology researcher Forrester Research, there will be no shortage of future demand for business analysts and project managers who understand the banking business and can manage the outsourced functions.

IT professionals who want to stay in advanced technology are being advised to couple their technical expertise with deep knowledge of a vertical industry, such as financial services or pharmaceuticals, or to combine IT with business skills, perhaps by earning an MBA. Recruiters say financial firms increasingly seek candidates with a combination of business and technology skills, such as an understanding of fixed income and Java, or knowledge of mortgage-backed securities and C#.

In addition, firms want people who can communicate well, who can get their point across briefly and directly. They'll often have to communicate with clients and interact with traders on the floor, so communication skills are very important.

While companies want combined skills, they often don't offer an obvious path to acquiring them. So, IT professionals should keep an eye out for positions that offer a mentor who might help them broaden their role in the firm.

Recent Developments

The current recession has eliminated a large number of jobs in financial IT as consolidations, bankruptcies and general downsizing have spurred thousands of job losses. But as the industry reconstructs itself, there's no escaping it remains forever dependent on technology for just about everything.

"The bright spot is the financial services industry is more dependent on technology than any other industry," says Paul Groce, a partner at search firm CTPartners' New York office. "Financial services spend a greater percentage of dollars on technology than other industries, so it will continue to innovate and employ bright people."

Philip John Venables, chief information risk officer for Goldman Sachs, says that college or university graduates can expect a full spectrum of career opportunities, especially if they're willing to learn and adapt. Because firms depend on technology - particularly as a key competitive differentiator - they'll continue to invest in it. "Generally," he says, "there will be a need for people who can take their strong knowledge of technology and marry it with a business specialty."

Roles and Responsibilities

Jobs in IT generally fall into several categories:

- Development
- Business analysis
- Project management
- Infrastructure administration
- Technical support

If you become a developer, you may be responsible for writing the computer programs that help financial firms do everything from pricing and booking trades to calculating risk. Programming languages used by banks include C++, Java and Microsoft's .NET.

Those on the business analysis side include business analysts who look at the way technology is used in the bank and analyze the opportunities for making it work better. A trader might complain about the length of time it takes his computer to execute a trade, so it's up to the analyst to investigate whether the complaint is valid. Once big changes are underway, the responsibility for managing them often passes to another part of the IT staff: the project managers. These are the people who plan, structure and fulfill IT projects. If IT development work is outsourced, the project managers work with providers to ensure efforts are completed correctly and within the mandated time frame.

Those who work in infrastructure administration are responsible for the day-to-day upkeep and maintenance of

a company's hardware and software installations. Technical support staff requires razor-sharp technical skills and the thickest of skins to handle not only technology problems, but the frustration of irate traders as well. So customer service skills along with the ability to quickly diagnose a problem are essential. It's a role that carries a lot of responsibility: A computer problem on a trading floor lasting a few minutes could cost millions of dollars. It's up to the support staff to identify and resolve the problem.

"Firms want people who can communicate well, who can get their point across briefly and directly."

Another specialization that's gaining more importance is risk and security. In this area, roles range from designing network security systems to understanding systems and trying to figure out potential threats. People who work in information risk and security teams can come from different backgrounds, including MBAs or those with economic degrees.

Skills and Qualities

- Superior programming abilities
- Strong communication skills
- Innovative
- Client-focused
- Good problem-solving and decision-making

Q&A

Phil Venables, Goldman Sachs
Chief Information Risk Officer

Can you walk us through your career path?

I didn't intend to be in this role when I started in my career. People who do this often get here by accident. I started as a software developer in various industries, such as defense, petrochemical and financial firms. I have a master's degree in computation and cryptography, so I ended up developing a lot of security software. I also was part of a project in another bank that built one of the world's first Internet banking systems. As a result of that work, I grew more involved in information security projects, ultimately leading to a series of IT/information security management positions.

What types of skills does a person need for this kind of role?

Our functions are fairly broad, so my team includes people with a very deep technical background who do a range of specialist security analysis tasks like systems/application security testing. They typically require computer science and/or engineering qualifications.

Other roles include business analyst oriented roles for conducting business/information threat and risks analysis in the context of business flows. These people come from a variety of backgrounds. People on my team hold degrees in information systems, economics and MBAs as well as computer science, mathematics and engineering.

The message is that what people label IT security used to be a very straightforward profession. Now it is very broad. Like IT careers in general, there are many broad and deep specialist areas within it.

Given the recent turmoil on Wall Street, what kind of IT opportunities can a college or university graduate expect?

Firms like Goldman Sachs are strongly dependent on technology, so we will continue to invest in it. It's a key competitive differentiator. There is going to be a strong focus in maintaining our technology in order to keep our competitive edge. We will still see a full spectrum of career opportunities for people who are willing to learn and adapt. Generally, there will be a need for people who can take their strong knowledge of technology and marry it with a business specialty.

What's your typical day like?

There is no real typical day. That's what makes this type of role always challenging and interesting. The spectrum of activities may include meeting with executive leadership of the firm, maintaining regulatory relationships, reviewing key risks on new projects, meeting with external threat intelligence sources to stay abreast of threat developments, and maintaining detailed contact with all of my teams on regular risk measurement and management activities.

Marketing and Public Relations

It takes more than a lengthy contact list to build a firm's brand

Wall Street's public relations and marketing staffs are responsible for representing financial services companies to customers, clients, investors and the general public. Their role is to position the firm as it would like to be seen, but they fulfill that mission in different ways.

Although related, marketing and public relations are distinct functions. Marketers concern themselves with managing a firm's reputation by deciding how its brand name, products and services are portrayed in advertising and promotional campaigns. Public relations people focus on how a bank is represented in the media and, in the case of public companies, to investors.

Financial firms spend substantial amounts of money to promote their brand names. Some sponsor sporting events like golf and tennis tournaments, while others purchase the naming rights to stadiums and arenas as a way of reinforcing their image. Financial companies are also regular advertisers on the Internet and in traditional media like newspapers, magazines and television. Managing the message across all of these channels is among the jobs marketing professionals perform.

> "PR firms are moving beyond focusing on former financial journalists as employees and are seeking professionals with consultative skills and transactional experience in areas such as law and M&A."

Public relations professionals concern themselves with how their firms are portrayed by journalists. Following a spate of bad publicity after the technology boom of the late 1990s and early 2000s – when research analysts were seen to be insufficiently independent from their banks' M&A arms – the role of PR people become more important. Today, staff at most Wall Street firms are forbidden to talk to journalists without the permission of the media relations staff.

At the same time, most firms want to be seen as experts on the markets and the economy. Thus, they're willing to make analysts, portfolio managers, executives and other professionals available to discuss their views on what's driving market activity. It's the PR staff that controls who's made available to journalists and the topics staff members are permitted to talk about.

In the wake of the financial crisis, independent PR firms are seeing an increase in the scope of work they perform for companies. Today, PR is about managing a financial brand. Where in the past an agency may have been primarily focused on media coverage, today firms are being hired to conduct full communications audits, or take a holistic look at the company's communications in order to develop a set of best practices and policies. In addition, PR firms are preemptively reaching out to investors and analysts via perception studies to get a grip on what Wall Street and the general public think of their clients, and how they can improve their image. Because of these increased demands, PR firms are moving beyond focusing on former financial journalists as employees and are seeking professionals with consultative skills and transactional experience in areas such as law and M&A. As a result, bankers and other professionals are joining PR firms, using their experience in developing valuations to explain the rationale behind new products and deals to analysts and journalists.

Increasingly, the roles of PR and marketing have become intertwined. Boutique PR agencies that cater to asset managers and hedge funds have given rise to a "one-stop shop" approach. These agencies will provide PR and marketing services such as the development of white papers, by-lined articles, collateral and types of thought leadership meant to build credibility and establish the client company's image.

Roles and Career Paths

Investment banks, brokerages, commercial banks and fund managers typically employ centrally focused marketing staffs to promote their firms as a whole. In addition, product-specific marketing people sit alongside sales teams. The role of marketing groups can include sponsoring events, producing brochures and other collateral, developing corporate logos, determining the pricing and positioning of products and services, and researching markets for potential new products.

Those interested in marketing or PR careers can look beyond investment firms themselves. Companies that sell products and services to Wall Street – such as financial

software developers, trading system vendors, or providers of information products – often seek individuals with specific market experience to fill product management roles. Firms like Bloomberg and Reuters generally seek people with direct, hands-on experience in a specific market to fill product manager positions.

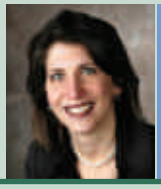
While people in central marketing communicate to customers and work closely with sales staffs, people in PR encourage journalists to write positive articles about the company they work for – or engage in damage control if a bank is attracting negative media attention.

Investment banks typically have in-house PR departments. Larger firms may have a separate staff to handle the Investor Relations function, whose role is to communicate financial results. That job has become more specialized for all U.S. public companies after the passage of the Sarbanes-Oxley Act in 2002.

Few financial firms train their own marketing and PR staffs in-house. Typically, they hire professionals with several years' experience, usually gained in a blue chip company or a top PR agency. Similarly, product managers usually come with several years' experience in large advertising agencies. However, large financial firms may sometimes hire entry-level marketing personnel either full-time, or as interns, to assist more seasoned professionals. There are also various independent PR agencies active in the financial world.

Skills and Qualities

- Strong written and oral communication skills
- Networking and relationship management
- Understanding of and ability to communicate financial issues
- Ability to quickly grasp complex issues
- Specific knowledge of markets and market segments



Q&A

Claire Koeneman, President
MWW Group's Financial Relations Board

Could you describe your role?

I'm president of an agency that provides a range of financial communications and services that help companies achieve their financial and business goals. Our work centers on helping companies build positive profiles in the media. I handle everything from running administration and operations to securing new business. Much of my work is focused on investor relations and financial communications.

Take us through your career path.

Until I was 26, I wanted to be a television news anchor. I was a liberal arts major in college, but went to business school and earned an MBA in finance from the University of Chicago. I joined Salomon Brothers and worked on the firm's trading floor. Afterward, I spent a year working in private real estate before coming to Financial Relations Board, where I've been for the past 15 years.

What's a typical day like for you?

My day is varied, which is probably why I find the work so exciting. On a given day I might be counseling a client on an earnings release or how to handle a huge impairment charge and concerns over how Wall Street may respond. Or we could work on figuring how to communicate a client's capital situation and the status of its negotiation over its debt coverage. Currently, we're seeing more situations in which we're helping a company navigate near-term operational and financial issues because of market conditions.

What are the key skills for a career in financial communications?

You need to be an effective communicator and understand financial issues. Our client base consists of CEOs, CFOs and internal investor relations professionals. Someone in this role needs to have the gravitas, or presence to work with senior executives. Even in a more junior role it's critical to be proactive and come up with forward-thinking strategies for clients. Solid writing skills are also crucial.

Any advice for up-and-coming financial communications professionals?

I'd certainly recommend that you be aware of what's happening in capital markets. It's important to develop the financial skills to be able to talk intelligently about balance sheets and income statements. Having public relations agency experience is helpful, and you must be comfortable dealing with the financial aspects of a company. We need curious people and great thinkers who also have a firm grip on the capital markets.

Ratings Agencies

Grading the potential of market players

The role of ratings agencies is to assess the creditworthiness of companies and government agencies that issue debt instruments to investors. Although the debt issuers actually pay for the privilege of having their business scrutinized, the agencies are supposed to provide a neutral analysis of their ability to repay their obligations.

The debt ratings sector is dominated by three companies: Standard & Poor's (S&P), Moody's Investors Service and Fitch Ratings. Together, they're believed to hold at least 90 percent of the market. With analysts based in business centers worldwide, S&P and Moody's are by far the largest.

Another well-known agency, A.M. Best, specializes in rating insurance companies – both their debt and "financial strength," or ability to pay policy claims. Best also rates U.S. banks and bank holding companies, including small and mid-sized community banks.

All four companies issue debt rankings in a similar format, making it easy for investors to compare the ratings of one organization to another. A debt issuer rated AAA (in the format used by S&P and Fitch) or Aaa (in the Moody's version) is judged to be almost certain to repay its debts. Any bonds rated Ba or lower by Moody's and BB by Fitch and S&P are considered to be speculative grade, or "junk." Due to the greater perceived risk, debt consigned to this category will have to pay higher yields to attract investors. The lowest possible ranking is "D." Buyers of these bonds face the greatest prospect of not getting their money back.

Over the years, the nature of debt financing has changed dramatically, and the ratings agencies have had to adapt accordingly. Wall Street has figured out ways to securitize everything from credit card debt to cosmetic surgery receivables. Gauging the risk in those deals falls to analysts on structured finance ratings teams, who are generally quantitative specialists.

Moody's analysts follow the debt of 100 countries, 12,000 companies and 29,000 public finance issues. On top of that, it follows 96,000 structured finance deals – a catch-all term covering a broad range of obligations created from pools of other obligations, including mortgages and exotic credit-derivative instruments.

Along with rating the default risk of thousands of issuers and securities, in recent years, ratings firms have built separate businesses that analyze and forecast trends and prices for various structured credit products. In 2005 Fitch acquired Algorithmics, a provider of enterprise risk management solutions. Moody's set up Moody's Analytics in January 2008 to develop and market analytical tools used in credit portfolio management.

Recent Developments

The worldwide financial crisis has strained ratings firms' finances, business models and reputations. Prospects for recovery hinge on the repair and recovery of bond markets, which the crisis clamped shut for some types of securities. Beyond the loss of business, the credibility of the firms has been hit hard, raising odds that authorities will force a permanent change in how ratings are paid for.

Ratings firms were both major beneficiaries and major enablers of this decade's unsustainable boom in structured debt products. The firms came to depend on this relatively new market for the lion's share of growth and profits. At Moody's, revenue from rating structured finance deals grew to account for 53 percent of all ratings revenue by 2006.

Residential mortgage loans (including sub-prime mortgages) were a primary driver of the structured bond boom. When home mortgages began defaulting at ever-rising rates, the structured credit products they'd been blended into lost value so rapidly they came to be tagged as "toxic." Consequently, the amount of new structured bonds requiring debt ratings dried up. At Moody's, ratings revenue from structured finance tumbled 53 percent year-over-year in 2008.

Perceptions of impartiality also took a beating. Evidence indicated the ratings firms had rubber-stamped AAA ratings on structured products built out of sub-prime mortgage loans in order to generate more business. Some of those structures ended up defaulting, in the worst cases wiping out their entire value. In Congressional testimony, Moody's Chairman Ray McDaniel admitted, "Maintaining our standards may conflict with maintaining market share."

Critics contend ethical conflicts are baked into the basic rating agency business model, in which issuers pay to be rated. Congress and the Securities and Exchange Commission could decide to overhaul longstanding regulations and business practices that compel most debt securities to be rated by at least one of the three leading firms.

Despite all this, 2009 has seen a few hopeful developments. Moody's, S&P and Fitch, which had each announced mass layoffs during the first half of 2008, resumed adding staff. "These roles are stable through all market environments, and may even have more demand in an uncertain economy where bond ratings are more important," remarks Ken Murray, president of Mercury Partners, a New York recruiting firm. And in March 2009, the Federal Reserve launched a financing program for asset-backed securities (ABS) as part of a broad government plan for reviving financial markets. Any sizable rebound in ABS issuance could prompt rating firms to hire more structured finance analysts.

Roles and Career Paths

Ratings agencies look for people with training in finance, mathematics, economics and similar quantitative disciplines. Advanced degrees aren't always required but can be helpful in landing a job.

Typically, analysts at ratings agencies specialize in particular product types such as corporate finance, which means rating particular companies; public finance, which follows local, state and provincial governments; sovereign debt, issued by countries; infrastructure debt, which might be issued by a utility or a government agency that funds development projects like road construction; financial institutions; or the structured finance arena. Depending on their area of specialization, staffers can expect some element of travel to go along with their work.

Skills and Qualifications

- Analytical, statistical and quantitative skills
- MBAs or other graduate degrees useful and sometimes required.
- Strong written and oral communication skills.
- Ability to clearly express complex issues.
- Self-motivation and the ability to meet deadlines.

Q&A

Alan G. Reid, Managing Director, DBRS

How did you become a managing director at DBRS?

I began my career in the mailroom at Clydesdale Bank in Scotland, where the branch manager gave me the opportunity to attend night school. After taking the bank entrance exam there, I attended Caledonia University in Glasgow and received my banking qualifications. Next, I moved to London and worked for Bank of America from 1986 to 1991. Because I had prior banking experience with personal loans and checking accounts, I had an advantage and understood how a bank worked.

At Bank of America I worked as a bank analyst in the financial institutions group. In 1991, I moved to Nomura Securities and helped set up their financial institutions group. I worked at Nomura until 1994, and gained experience in working with global banks and in areas such as counterparty credit risk, money market lending and swap limits. In 1994, I joined Moody's and stayed there for 10 years. I joined (Canadian rating agency) DBRS in 2004, after being approached by the company to build its U.S. business. Today we rate 95 percent of the debt issued by U.S. banks.

What's a typical day like?

I manage a team of 13 people. My day-to-day work involves being part of the ratings committee and oversight of the 100-plus companies that we rate, including bank holding companies, broker-dealers, non-bank financial institutions and Western European banks. I manage the relationships between DBRS and these issuers by cultivating relationships with senior management. I also work with the buy side, and try to convince them of the value of our ratings. The ratings business is a real-time business as we are constantly monitoring issuer ratings.

What are the most important skills for a career in ratings services?

It's important to be comfortable working with senior people. You must be able to communicate and hold your own in an argument. You should be focused on developing analytical skills early on in your career.

It's important to have strong interpersonal and writing skills, as well as a hunger for learning since research into companies requires you to dig deep through information so you can ask the right questions and ultimately make the correct rating recommendation.

Information Providers

Delivering data to the markets

The fuel that powers the financial markets is a potent combination of real-time news and market data. Whether it's the release of a company's quarterly earnings report, the actions of central banks on interest rate policies, a significant merger or acquisition or a default or bankruptcy by a major debt issuer, market participants react to news every trading day. Events like these, big and small, drive trading activity.

Because news inspires action, traders ultimately rely on accurate and timely market data as a basis for their buy-sell decisions. Trillions of dollars in stocks, corporate and government bonds, futures, options and a seemingly limitless number of exotic, over-the-counter derivative instruments – such as swaps or collateralized debt obligations (CDOs) – are bought and sold worldwide each day. Collecting, massaging and disseminating all of this trading data is the job of the information providers - the companies in the financial information industry.

The principal players in this realm are Thomson Reuters, Bloomberg, News Corp.'s Dow Jones subsidiary, and Standard & Poor's, which is owned by McGraw-Hill Companies. Since late 2007, the sector has undergone high-level changes. Dow Jones & Co., the 125-year old company that publishes The Wall Street Journal and whose name is attached to the best-known U.S. stock-market index, was acquired by News Corp. in December 2007. Reuters and Thomson, two formerly separate firms with major footholds in the financial information space, merged in April 2008.

Each company has extensive news operations and employs hundreds of people to gather and scrub for accuracy the data they redistribute to market professionals, corporate clients and other organizations. Another, smaller player is Interactive Data, which is majority-owned by Pearson PLC, publisher of the Financial Times. Interactive Data's various business units supply time-sensitive market price data, reference data and analytical tools to institutions and individual traders the world over.

Many other companies operate in specialized segments of the industry. Some are software developers building sophisticated tools and trading programs. Others focus on news or market analysis. Dow Jones, whose Dow Jones News Service has been covering the markets for more than 100 years, is one example of the latter. Its content can be delivered through distribution partners or directly to clients. The company has also created numerous U.S. and international indexes that now form the basis for tradable securities.

Software and Information Industry Association

Selected Members
Barclays PLC
Bloomberg L.P.
Capital Group Research Inc.
CIBC World Markets
Credit Suisse
Dow Jones & Company
Fidelity Investments
Goldman Sachs & Co.
JPMorgan Chase & Co.
London Stock Exchange
McGraw-Hill Companies, Inc.
Moody's Analytics
Morgan Stanley
Nasdaq OMX
NYSE Euronext
RBC Capital Markets
SEI Investments
Société Générale
State Street Bank & Trust
Thomson Reuters
UBS Investment Bank
Wells Fargo Bank

Source: SIIA

Vendors like Reuters and Bloomberg not only distribute data to the financial industry, they also collect it, then consolidate and sell it back to the same institutions that initially generated it. In over-the-counter markets for bonds, foreign exchange, financial derivatives, and so on, pricing is supplied by dealers and brokers. For example, the trading desks at large investment banks like Citigroup or Goldman Sachs generally supply prices for securities that are in their inventory. Think of those as the advertised or list prices, which can differ from actual selling prices. Brokers, on the other hand, are middlemen, and the data they provide reflect

actual transaction prices. ICAP plc, a London-based, publicly traded company, is the largest inter-dealer broker. Cantor Fitzgerald was one of the first firms to report the prices for trades it brokered in the market for U.S. Treasury securities, which it still resells through its subsidiary, BGCantor Market Data. Other major suppliers of data feeds are the world's stock, commodity and options exchanges.

When the Internet first became popular, data vendors feared their role would become less important as more information became available directly to investors and bankers alike. That trend has proceeded more slowly than originally feared, although it has driven consolidation in the industry.

Roles and Career Paths

The diversity of companies in the financial information sector makes it difficult to describe a single, precise career path. However, there are certain attributes that will lead to career success.

A strong understanding of how the markets operate is critical, whether one enters a sales, operations, data management or technical development role.

Technology expertise can be another important skill. Most trading has already shifted from stock and futures exchange floors and telephone based, person-to-person transactions, to screen-based dealings that are driven by sophisticated software programs. People with the skills to create the algorithms that drive these programs are in increasing demand.

The field offers numerous entry-level opportunities. Information companies seek individuals with a statistical background or financial training for the teams responsible for ensuring their distributed data is accurate. For an overview of the kinds of companies involved in this industry, see the member page of Software and Information Industry Association's Financial Information Services Division at www.fisd.net/about/members.asp.

Skills & Qualities

- Strong understanding of the financial markets or the ability to learn.
- Analytical and statistical skills.
- Good oral and written communication skills.
- Technology aptitude or programming abilities.

Q&A

Glenn Fannick, Product Development Manager Dow Jones & Company

Tell us about your job.

My group works on product development for products that deliver business information to the enterprise. The product I specifically work on is Dow Jones Insight, which is a media measurement tool that a public relations company or department might use to understand its company's media footprint. They can gauge how much they are being talked about in the mainstream media, blogs and message boards, to see if people are talking about their brand and if they need to modify their media message and approach. My role is to write requirements for software developers who do the actual software development.

How did you evolve into your role?

I certainly didn't start out with Dow Jones with the intent of doing this kind of work. I started with the company 15 years ago, and at that point I had never even heard of the Internet. I started on a team who applied metadata to individual documents. I then became an online news editor and content editor. I left the journalism side and moved into product management, which involved finding ways to package our news in our search products.

What kind of skills do you need to do your kind of work?

You don't need to know how to write code, but you need to have a high-level understanding of software, servers, storage, databases, Web design, usability – all of the components that are part of a Web site. You definitely need to be able to write well and explain yourself concisely. You also have to understand your clients' needs and have project management skills. And you have to be able to wear a business hat to understand which features can be added to help the product be more financially successful.

What does your typical day look like?

Think of me as a traffic cop or shepherd. I'm at the center of the project, the person with the most knowledge of what we are trying to accomplish so I can answer other departments' questions or redirect them to the right people on the technology team. I spend time working on defining requirements, talking to clients, talking to sales people, working with customer service and working with our product testing department. Fifty percent of my time is spent in meetings, the rest is spent corresponding via e-mail and writing requirements, training guides and marketing materials. I spend 100 percent of my day with my laptop – and the other 100 percent with my Blackberry.

Do you wish you had stayed a journalist?

I couldn't afford to be a journalist, but I miss it.

Resources

News you should use

Information moves the markets - whether it's stock, bond or futures quotes, breaking news driving commodities trading, the release of a company's annual report or turnover among its executives or staff.

To succeed on Wall Street, you have to keep up. Among other things, that means staying up-to-date on developments in business, politics, economics and the world in general. That's no small task in today's media-crazed world, especially if you want to focus your career in specialized areas like hedge funds or risk management.

This list is meant as a starting point, a collection of information resources you can use to keep abreast of what's going on in business and general news around the world. In addition to these, each market sector offers a variety of trade publications that focus on narrow areas of expertise.

Don't forget to read the information presented by companies themselves in their 10-Ks, 10-Qs, annual reports and press releases, which you can almost always find on their corporate Web sites.

General and Business News	
Bloomberg	www.bloomberg.com
BusinessWeek	www.businessweek.com
CNN	www.cnn.com
Financial News	www.financialnews-us.com
The Financial Times	www.ft.com
Forbes	www.forbes.com
Fortune	http://money.cnn.com/magazines/fortune
The New York Times	www.nytimes.com
Reuters	www.reuters.com
USNews and World Report	www.usnews.com
The Wall Street Journal	www.wsj.com
Washington Post	www.washingtonpost.com

General Financial and Investing News	
Barron's	www.barrons.com
CNBC	www.cnbc.com
FierceFinance	www.fiercefinance.com
Institutional Investor	www.institutionalinvestor.com
Investor's Business Daily	www.investors.com
InvestmentNews	www.investmentnews.com
MarketWatch	www.marketwatch.com
The New York Times' Dealbook	dealbook.blogs.nytimes.com
TheStreet.com	www.thestreet.com
The Wall Street Journal's Deal Journal	blogs.wsj.com/deals

Career Information and Career Development	
eFinancialCareers	www.efinancialcareers.com
and its Campus Connection	www.efinancialcareers.com /campus
Association of Latino Professionals in Finance and Accounting	www.alpfa.org
Career Opportunities for Students with Disabilities	www.cosdonline.org
Management Leadership for Tomorrow	www.ml4t.org
National Black MBA Association	www.nbmbaa.org
Sponsors for Educational Opportunity	www.seo-usa.org
Women on Wall Street	wows.db.com

Sector News	
BondsOnline	www.bondsonline.com
Compliance Week	www.complianceweek.com
The Deal	www.thedeal.com
Fund Action	www.fundaction.com
HedgeWorld	www.hedgeworld.com
Inside Market Data	www.insidemarketdata.com
On Wall Street	www.onwallstreet.com
Risk Magazine	www.risk.net
Wall Street & Technology	www.wallstreetandtech.com

Others	
Securities Industry and Financial Markets Association	www.sifma.org
Securities and Exchange Commission	www.sec.gov
The American Institute of Certified Public Accountants	www.aicpa.org
The Institute of Management Accountants	www.imanet.org

Diversity Initiatives

Organization	Target	Programs	Organization	Target	Programs
American Indian Business Leaders (AIBL) www.aibl.org Toll-Free: (877) 245-AIBL (2425)	Native American, AIBL Advocate	Scholarships	Management Leadership for Tomorrow (MLT) www.ml4t.org Telephone: (212) 736-3411 Toll-Free: (888) 686-1993	African American, Hispanic/Latino, Native American	MBA and Career Preparation, MLT Houston, 4XL, Career Advancement
American Indian Graduate Center (AIGC) www.aigcs.org Telephone: (505) 881-4584 Toll-Free: (800) 628-1920	American Indian and Alaska Native	Scholarships, Fellowships	National Black MBA Association (NBMBAA) www.nbmbaa.org Telephone: (312) 236-BMBA (2622)	African American	Scholarships, Fellowships, MBA Preparatory, Job Posting, Professional Development, Networking, Coaching
American Institute of Certified Public Accountants (AICPA) www.aicpa.org Telephone: (919) 402-4931	African American, Asian/Pacific Islander, Hispanic/Latino, Native American	Scholarships, Fellowships, Career Immersion, Leadership Workshops	National Center for American Indian Enterprise Development www.ncaied.org Telephone: (480) 545-1298	American Indian and Alaska Native	Scholarships
Asian & Pacific Islander American Scholarship Fund (APIASF) www.apiasf.org Telephone: (202) 986-6892 Toll-Free: (877) 808-7032	Asian/Pacific Islander	Scholarships, Leadership Development, Networking	National Hispanic Business Association (NHBA) www.nhba.org Telephone: (512) 380-7575	Hispanic/Latino	Career and Leadership Development, Networking
Consortium for Graduate Study in Management (CGSM) www.cgsm.org Telephone: (314) 877-5500 Toll-Free: (888) 658-6814	African American, Hispanic/Latino, Native American; CGSM Advocate	Fellowships	National Society of Hispanic MBAs (NSHMBA) www.nshmba.org Telephone: (214) 596-9338 Toll-Free: (877) 467-4622	Hispanic/Latino	Scholarships, MBA Preparatory, Job Posting, Professional and Leadership Development, Career Fair, Executive Summit
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Glossary

Banking terminology the top banks will expect you to know

To search the full glossary online, visit our Campus Connection Jargon Buster. www.efinancialcareers.com/campus

Back Office
Refers to all the behind-the-scenes processes at an investment bank, which don't directly bring in revenues. Most of the work is largely IT-related or administrative.

Block Trade
A trade that involves a large quantity of stock (e.g., 10,000 shares or more) or large dollar amount of bonds (e.g., $200,000 or more).

Bonds
Unlike equities, bonds are a kind of debt. Instead of getting a bank loan, companies sell bonds and promise to pay the money back to whoever buys them in X years' time. Until then, they pay the bond-holder a small amount of money each year. Because the amount of money paid annually is fixed at the start, bonds are also known as "fixed income" products.

Bulge Bracket Bank
A nebulous term referring to the biggest and best investment banks. The U.S. banks Goldman Sachs, Morgan Stanley and Merrill Lynch (now part of Bank of America) traditionally possess bulge bracket status. More recently, the term has been extended to gigantic rivals such as Citigroup, JPMorgan, Deutsche Bank and UBS.

Buy Side
A generic name for organizations that buy financial products (securities) in an attempt to make money out of their changing value. Fund managers are buy-side firms, as are hedge funds.

Clearing and Settlements
The activities that take place behind the scenes after a financial product has been traded. In the first part (clearing), banks add up all the trades done with one company, and look at any problems that arise. In the second part (settlements), the products traded are delivered in return for payment.

Commodities
Raw materials such as precious metals or grains whose contracts are bought and sold on commodities exchanges.

Credit Protection (a.k.a. Credit Default Swap)
A tradable contract that transfers the risk of loss if a company or other entity defaults on its debt.

Debt Capital Markets (DCM)
The division of a bank that solicits, structures and executes bond deals and related product businesses, including new issues of both public and private debt.

Derivatives
A derivative is a financial device that is based and priced on another financial product (e.g. a stock, bond or foreign currency), or on changes in a financial index or rate (e.g. the Dow Jones index of the 30 largest U.S. companies, an interest rate, or an exchange rate). When you buy or sell a derivative you don't buy or sell an actual product, but a contract linked to that product. For example, someone buying a simple stock "call option" (a kind of derivative) acquires the right to purchase a stock in the future at a pre-ordained price.

Equities
Another word for company stocks or shares. The name comes from the notion that stockholders share equally in the ownership of the company (according to how many shares they own).

Equity Capital Markets (ECM)
Undertakes the origination, structuring, marketing and pricing of public offerings and private placements of equity and equity-related securities.

Front Office
The revenue-generating areas of the bank. People in the front office interact with clients to bring in business and create profits. Front office employees include salespeople, traders and corporate financiers. Front office bankers typically earn the most money.

Futures
An exchange-traded contract that represents an obligation to either buy or sell a specfic amount of a financial or physical commodity on a specified date (which can be months or years in the future) for a price set today but not paid until the settlement date. Most futures contracts are "offset" before settlement by the buyer or seller taking an opposite position in the same contract, thereby cancelling out the obligation to trade the underlying commodity. An offsetting or "closing" trade may be at a different price than the initial one, resulting in a profit or loss.

IPO
Initial Public Offering, meaning the first time a company sells its shares on the open market. Privately owned companies that launch on the stock exchange "float" an IPO, for example, as a way to raise capital.

Libor
An acronym for London Interbank Offered Rate, the most widely quoted short-term interest rate for international lending between banks.

Middle Office
Positioned between the front and back office of a bank, the middle office is concerned with risk management and the calculation of profit and loss. People who work here are, therefore, typically risk managers and accountants.

Origination
As opposed to "execution," (doing a deal), "origination" is the word bankers use to describe the process of winning business in the first place. Origination bankers are senior bankers with strong client relationships.

Pitchbook
The research books that junior bankers (analysts) typically compile to help senior M&A bankers win business.

Price/Earnings Ratio
A popular statistic used to analyze whether the price of a stock is reasonable. It is calculated by dividing the current price of a stock with that company's earnings per share.

Primary Market
The financial market where investors buy brand new securities which haven't been traded anywhere else previously. Shares released during an IPO are sold on the primary market, for example, as are newly released bonds, or subsequent issues of new shares by companies already floating on the stock exchange.

Sarbanes-Oxley
A 2002 U.S. law intended to protect investors from companies and executives who issue false financial statements. Section 404 of the act, which requires companies to document how they control internal processes, boosted demand for accountants and internal auditors to produce a paper trail proving internal controls exist.

Secondary Markets
The markets in which existing financial products are exchanged between investors. The New York Stock Exchange and Nasdaq are secondary markets, for example.

Securities
All financial products that can be bought and sold. These include shares, bonds, and derivatives.

Securities and Exchange Commission (SEC)
The federal agency that enforces securities laws and sets standards for disclosure about publicly traded securities, including mutual funds. It was created in 1934 and consists of five commissioners appointed by the U.S. President and confirmed by the Senate.

Sell Side
Refers to organizations that sell financial products to clients, including fund managers (buy side). Investment banks are sell-side organizations, for example.

Short Selling
The practice of selling stock that you don't own. This can be advantageous when you borrow stock, sell it expensively, and then buy it back cheaply when prices have fallen.

Structuring
The process of assembling complex financial products.

Swap
A contract in which two parties agree to exchange, or swap, a series of periodic payments based on different interest rates, currencies or asset returns. In a plain vanilla interest rate swap, for instance, one side agrees to pay a constant ("fixed") rate on each payment date and the counterparty pays a variable ("floating") rate that will change with market conditions. On each payment date, the two amounts are netted and recipient of the higher rate is paid the difference by the other party.

TARP
A bank bailout program enacted by the U.S. Congress in late 2008. The original legislation allotted $700 billion for the Treasury Department to purchase banks' troubled financial assets, such as bonds created from non-performing mortgage loans – hence the name, Troubled Asset Relief Program (TARP). Later the acronym came to be used more generally, to refer to a wider range of U.S. government aid to financial institutions.

Underwriting
The process by which banks agree to buy any leftover shares in an IPO or other share issue. Banks charge an underwriting fee to cover this risk.

Universal Bank
A bank that deals with companies, fund managers and other professional investors, and that also deals with members of the public who have bank accounts with it (known as "retail" investors). Citigroup and JPMorgan Chase are examples.

Many Paths to a Rewarding Career

John L. Jacobs
Executive Vice President
Chief Marketing Officer
NASDAQ OMX

The financial services industry is going through a massive transformation, not seen since the 1930s. This sea change brings with it enormous opportunity for students interested in a career in financial services. However, the career path may not be as straight as it was in the past, and job seekers may need to take a few detours before reaching their final destination.

During the boom years, the spotlight was on the highly paid deal-making investment bankers who were compensated for short-term gains. Going forward the focus will be more on nuts and bolts banking, corporate finance and regulatory control. Those entering the industry will have a once in a lifetime opportunity to learn the business from the ground up and to understand what went wrong during the boom years and how to fix it. That knowledge base will serve students well as they advance in their careers and help shape the future direction of the industry.

Hard working, ambitious students can find a rewarding career in financial services, but students must also be prepared to cast a wide net and be flexible in the opportunities they consider. Successful candidates share some common traits, so I suggest students do the following:

Set Goals

What is it you ultimately want to do with your life? What are the different paths you can take to get there? Identify several job functions that will give you experience. There are many professions within financial services that exist in other sectors, such as accountants, risk managers, sales professionals and credit managers. Working in finance at a manufacturing company can be great experience to later move to a financial company. Accepting a marketing position in a top-tier bank can be your foot in the door to a great career as a banker in the same company. Small boutique companies or startups offer a more entrepreneurial experience that could prove valuable down the road. Understand that your dream position is probably not available, and there are no right or wrong jobs; just choices.

Identify Prospects

Renewable technologies, energy efficiency, healthcare and education are just some of the industries poised for growth. Successful financial companies understand the need to invest in growing fields and have business plans in place to do so. Identify growth industries and the companies with plans to exploit that growth. Business publications and Web sites can provide some of the broad trends, but I find research analysts to be an often overlooked source of excellent information. Companies that are good investments also tend to be good employers.

Drill Deep

Once you identify the companies, keep on drilling. What positions are available? Who are the key individuals there? What do people that work there think? Is this a place you would want to spend eight to ten hours a day? Be disciplined with your research. Once you land the interview, you will need to demonstrate that you understand the industry and the company and why you are a good fit.

Network

Until you land that job, networking is your job. Start with your college alumni association, professors, the college career office, parents, friends' parents and casual acquaintances such as through your religious institution or gym. Join a professional organization in your field; many have student arms. Both the American Institute of Certified Public Accountants (www.aicpa.org) and the CFA Institute (www.cfainstitute.org) have national and local chapters that offer many educational and networking opportunities. Another good resource is the Securities Industry and Financial Markets Association (www.sifma.org). Attend events, and ask for advice. Establish a profile on business networking sites. Review your profile on Facebook and other social networking sites. If there is anything there you wouldn't want a prospective employer to see, change or remove it.

Be Flexible

Don't hesitate to take a completely different path to reaching your ultimate goal. Service organizations like Teach for America and AmeriCorps teach valuable skills that are transferable to the financial services industry. A stint in an undesirable location can set you up for a better position later on. Learning a new industry – even in a nonfinancial role – can be valuable preparation for a future position as an analyst or financial expert in that industry.

The financial industry may be in the midst of dramatic change, but one thing that remains the same is its strong focus on hiring smart, hard working, talented individuals. Challenging career paths are open to those with ambition, talent and a strong work ethic.

It takes that something extra to make it in finance these days. How are you going to stand out?

A career in the financial markets is challenging in the best of times. Now, more than ever, you need focus, hard work and dedication to succeed. Before you even go on your first interview, you have to know the landscape, be well-versed in the latest trends, and prepare better than the competition. This fifth edition of *Careers in Financial Markets* gives you an in-depth look at the current job market and provides practical and actionable advice you can't get anywhere else.

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