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**Financial services, by Dan Beaudry**

For years, financial services firms have been a reliable recruiting fixture on MBA campuses. But as many fight to recover after a difficult 12 months of misfortune, all eyes on campus are watching to see which will be reserving interview rooms this fall.

The good news is that some financial firms have rebounded from their abysmal financial position earlier this year—often with the help of huge government subsidies. Traditional campus recruiting powerhouses such as JPMorgan and Goldman Sachs have posted solid income over the past two quarters. And even AIG, posting losses of over US\$60 billion a short 9 months ago, is back in the black. Will this profitability translate into strong MBA recruitment on campus?

Potentially, but there are changes afoot. In the midst of intense public scrutiny, big banks are wrestling with compensation issues that are likely to shape their future recruitment. U.S. banks, for example, would like to avoid the embarrassing negative press associated with paying sizable bonuses despite poor company performance – as experienced by AIG earlier this spring. It appears that pay philosophies are changing. **Dennis Nason**, CEO of **Nason & Nason**, an executive search firm specializing in the financial services industry, expects U.S. banks to tie variable compensation (the most balance sheet-friendly pay component) more closely to overall company performance rather than retention, individual or group performance. He's already noticed a significant drop in the amount of money being offered in sign on bonuses from years past.

As the investment banks play hide and seek with the public, some MBA graduates have begun to pay more attention to other, less public, players within financial services. Many of these companies have a special hook.

For Mass Mutual Financial Group, a financial planning company recruiting new sales representatives, the hook is entrepreneurship. “MBAs are entrepreneurs at heart,” says Robert Subjects, Director of Multi-Cultural Recruiting. “Flexibility attracts an MBA to the role. They can choose what they sell, they can work individually, and they can work in teams.”

Over the past year and a half, Mass Mutual has increased its number of sales agents with advanced degrees from 14 to 17 percent. Although Subjects admits that having an MBA is not an absolute requirement for the position, he does note that MBA holders tend to have an advantage in practice management once they become established and decide to expand their operations.

For other firms in financial services, events of the last 12 months have not had a detrimental impact on MBA recruitment. “It’s pretty much business as usual,” says Doug Gambrel, Healthcare Leadership Program Director for Cigna, a top U.S. health insurer. “MBA programs are intended to build leadership bench strength. Just because the economy takes a turn doesn’t mean that we can take our eye off the ball from what the programs are intended to do.” When the economy gets soft, many companies cut leadership programs because participants are engaged in easily-discontinued project work. Not at Cigna. Instead, Cigna’s leadership program members have long-term jobs critical to the business. Cigna will continue to hire 6 new program participants per year.

Social responsibility is the hook for another type of firm still running strong in the financial service industry. ShoreBank International, a firm that arranges financing for small businesses, entrepreneurs and households around the world has been relatively insulated from the downturn affecting other companies. “If anything, there is more demand for our advisory services globally so that clients can get back to the basics of prudent lending and risk management,” says Lara Pawlak, the firm’s Talent Manager. Specializing in microfinance, the firm measures itself against two ‘bottom lines’: profit and human impact. The latter is

measured in terms of loans made to small businesses, women and entrepreneurs, and the jobs that result from those loans.

So how important is it to have an MBA to get into financial services these days? Although Shorebank hires only 1-2 recent MBA graduates per year—primarily into consulting and business development roles—an MBA is an important qualification for anyone building a career in their space. “The strategic thinking ability is really important,” notes Pawlak. “We teach a methodology for credit analysis that is specific to small businesses. A business education makes it much easier to think in those terms,” New hires endure a challenging first few years with long hours, but they are rewarded with knowing that they are making a difference in people’s lives, says Pawlak.

Among the more traditional campus recruiting firms, the MBA plays an important role—with some exceptions. According to Andrew Reese, Consultant at The McCormack Group, an executive search firm based in Washington, DC, in a revenue generating role, a person’s past performance has more impact than the school he or she went to. “Jobs that tend to be less performance based [in terms of measurable revenue] put more weight on MBAs because it’s harder to evaluate success.” When Reese works on more senior roles, “my clients rarely come to me with a requirement that someone needs to have an MBA from a top ten school. If senior people have done ‘xyz’, it doesn’t matter how they got the experience.” Client companies are much more interested in a candidate’s financial production, assuming the candidate has had experience in a production-based role.

However, from the perspective of an MBA student (or applicant) it’s hard to refer to past performance if you can’t get in the door to begin with, and most of the top financial services firms use targeted business schools as a screening mechanism for access to their entry-level roles. In other words, if you don’t graduate from one of a handful of top MBA programs, it could be challenging to get access to some positions within the industry.

But there are other ways in. Nason is already seeing a resurgence of hiring, (July 2009 was his firm’s best month in 18 months), but more in temporary help. According to him, taking an interim role can be a great way to break into the industry—particularly as the industry becomes

more cautious about who they let in. “[Recruiters] want to see others who have been in a controlled environment, where they are used to following rules and being in compliance,” says Nason. There’s an additional reason why temporary employees are hot. European banks, who tend to evaluate themselves in terms of productivity per capita, like interim employees because they aren’t considered full headcount. Adding a few boosts the numerator of the equation and makes productivity go up.

Recruitment within financial services is changing; but most anticipate that the long-term marriage between the MBA and the financial services industry will endure. “Financial services will still be a very attractive destination for an MBA,” says Nason. “It’s a natural fit. It takes a long time to teach technical skills, and people coming out of an MBA program have those skills.” But in the meantime, he suggests, “Take a look at some of the smaller firms that will be industry leaders in 18-24 months. You can do more there, have more fun, and get more responsibility.”