

# Intel for Aspiring Investment Bankers

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*Emily Zhen, 17, is a rising senior at Naperville Central High School in Naperville, Ill. Zhen spent part of her summer participating in Wharton's Leadership in the Business World (LBW) program. In this essay, she shares her newfound knowledge of investment banking – from inside the midtown Manhattan hub of Morgan Stanley, a financial services firm that operates in 42 countries and has more than 60,000 employees.*

As the daughter of a Citibank mortgage consultant and a realtor, I have had many a dinner-table conversation about the housing market and the state of the economy. There's nothing like chatting about fixed-year mortgages and the loan application process over chicken and peas. As a result, though, I can't help but be fascinated by finance and wonder what a career in this field might be like. I first heard of investment banking when my older brother interned at a small firm a few summers ago. His experience helped me to understand that investment banking is a financial service that helps companies acquire funds, by offering advice on business strategies like buying other companies and publicly trading stock. I wanted to learn more, and this summer I got the opportunity when I visited Morgan Stanley in Manhattan, one of the largest investment banking firms in the world.

My seat on the 41<sup>st</sup> floor of Morgan Stanley headquarters in New York City reveals two valuable perspectives: A spectacular view of the New York City skyline and insight into what it means to be an investment banker. Ben Frost, Morgan Stanley's managing director of mergers & acquisitions (M&A), says that an investment bank is an institution that raises equity, capital, and debt for individuals and companies. In its simplest form, an investment bank tries to marry folks who have capital with folks who need it. "My job [in mergers and acquisitions] is to work with large companies when they are buying or selling companies and then help them through the process to reach their desired results," Frost notes. "What I enjoy most is the ability to interact with senior management [from] different businesses and help them through decisions that are important to their company and to their future."

Before college, Frost was an aspiring lawyer. Undergraduate studies at Wharton fostered his interest in finance, and after he graduated, he worked for a small, boutique investment bank for three years before returning to Wharton to get his Master's in Business Administration (MBA). Soon after, he joined Morgan Stanley. "I read a book called *Barbarians at the Gate* [in high school] about the takeover of RJR Nabisco by KKR [Kohlberg Kravis Roberts, a private equity firm]," says Frost. "It was the first time I knew what investment banking was. When I got to Wharton, a lot of people around me

were thinking about investment banking, and I decided to think about it as well. I did a summer internship in the M&A department of a French bank after my junior year and loved it. I knew then that it was something I wanted to do.”

Frost believes that the people who truly enjoy investment banking are those who love sales and love people. He points out that while lawyers come up with problems, investment bankers come up with solutions, so problem solving is key. “Most of my peers have more diversity in their careers; most have tried some different careers in the finance world,” Frost says. “I found what I wanted to do on my first try and stuck with it.”

Frost and other newer Morgan Stanley employees helped me discover some useful investment banking intel. Here are a few highlights:

- Investment banking involves a range of finance career options, from working with private equity, which is a source of investment capital, to researching commodities, including marketable goods like gold and oil.
- Investment bankers don’t have a typical day. Their work involves different clients, different situations and different tasks. Common responsibilities include interacting with clients on the phone or in-person, making Excel models and spreadsheets, analyzing quantitative information and preparing PowerPoint presentations.
- The trading floor is teeming with activity. It is a great open space with rows and rows of desks separated into cubicles. Employees have at least three computer monitors with charts, graphs, and data and seem engrossed in their work. Employees from all different divisions work together in the same area.
- Compared to most careers, investment banking involves long hours. The hours often depend on how busy the day is, but often a working day starts early and can sometimes end after midnight.
- In terms of career advancement, the traditional career path is three years as an analyst, three years as an associate, three years as a vice president, three years as an executive director, and ultimately on to the top position of a managing director.
- The average starting salary for employees with bachelor’s degrees can range from \$100,000 to \$150,000 after bonuses. Employees at major investment banking firms in New York City are paid a salary of \$75,000 a year, but also earn a \$15,000 to \$20,000 signing bonus plus performance bonuses ranging from \$20,000 to \$40,000.

Frost encourages high school students who are interested in finance to gain exposure to different careers through summer internships and talking with family and friends in finance about what they do. This can help you figure out what you like, as well as what you don’t like. For example, after his freshman year in college, Frost spent a summer working for the New York Stock Exchange. He soon realized that life as a trader wasn’t for him. Given the broad spectrum of careers in finance, he advises teens to try every career they may be interested in before making a decision. In the end, the job you enjoy will be the most gratifying. “Do what you want to do,” he advises. “Don’t just chase the highest-paying job.”

After my visit, I’m more intrigued than ever by investment banking. I love math, solving problems and thinking critically, and to be able to do these while helping clients really appeals to me. The long hours? Not so excited about that. I think an internship and more exposure to investment banking in college will help me figure out whether or not I want to pursue it as a career. For now, I am keeping my options open.

## Questions

What is investment banking?

What do successful investment bankers typically need in terms of skills and personality traits?

Other than the obvious lessons learned onsite, how might Emily Zhen use her summer experience at Morgan Stanley to benefit future endeavors? Offer at least three detailed ways she might leverage her visit.

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