



The Transition: Investment Banking into Corporate Roles



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Introduction

"Whilst you are there everyone tells you banking is the best job in the world, it isn't. Most of the time it's just people chasing money trying to justify to themselves why they haven't left yet."

- **Ex-Morgan Stanley Vice President, Current Head of M&A and Corporate Development, FTSE Company**

River Partnership's search division has a combined expertise of over 20 years in the Strategy and Corporate Development market.

We surveyed over 100 professionals who have made the switch from investment banking into corporate roles. We focused our search on professionals who had transitioned from large and top tier investment banks such as Goldman Sachs, J.P. Morgan, BAML, USB and Morgan Stanley. The ambition of this White Paper is twofold;

- 1) To provide recommendations and insights to Hiring Managers and Human Resource teams to enable them to attract and retain the top investment banking talent on the market.
- 2) To provide investment bankers who are considering making the switch with an insight into the transition from those who have made the move into a corporate role.

This report sheds light on both the motivations of those who have made the move as well as their post-transition insights. Recommendations for both clients and candidates can be found at the end of the paper. Our sincere thanks to all those who took part.

Participant Overview

To ensure that we had a diverse and thorough insight into the market, we spoke to professionals with a broad range of experience and seniority. The most junior candidate we interviewed had spent 18 months in investment banking and the most senior had spent 22 years in investment banking before

transitioning out. The average number of years spent in investment banking before moving into a corporate role was fractionally over 7 years.

All survey participants were interviewed in confidence, and we do not expose their current companies due to the sensitivity of the data and the opinions they provided.

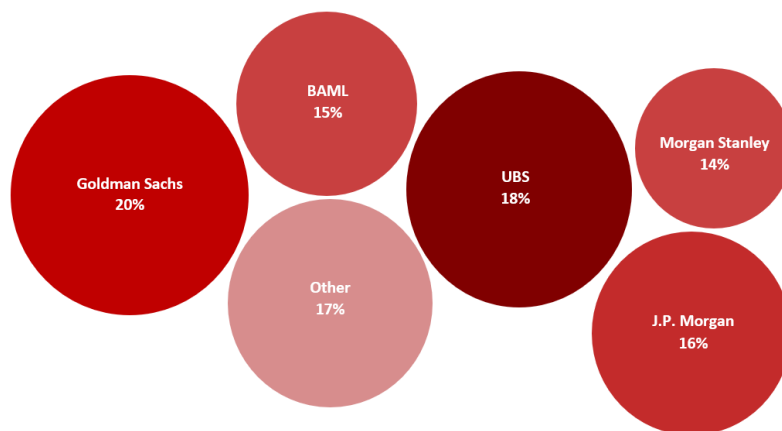
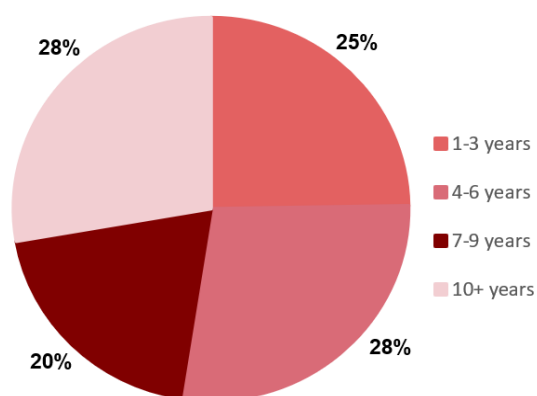


Figure 1: Which banks participants moved from.

Motivations

We started to discover the fundamental motivations behind the desire to transition out of an investment banking role. Whilst the desire to make a pivot in career direction is often the culmination of several factors, usually both internal and external, the fundamental motivations for those surveyed broadly broke down into two areas:

7.08
Average number of years in Investment Banking before transitioning



1) The desire for a better work-life balance

2) The desire for more fulfilling and meaningful work

Other motivations cited included; threat of redundancy, family or personal commitments and relationships with peers and superiors.

Figure 2: Number of years spent in investment banking before transitioning out.

Work-life Balance

- **Typical working week in investment banking: 70-90 hours**
- **Typical working week in a corporate role: 38-50 hours**

Whilst a simple metric of how many hours are worked on average each week is enough to highlight the gulf in a typical working week between bankers and those in corporate roles, perhaps an underappreciated factor is the controllability of the hours. Having spoken with an SVP of Corporate Development at a global media firm, and former Goldman and Deutsche Bank employee, we discovered that an overlooked aspect of the work-life balance equation is controllability of your schedule.

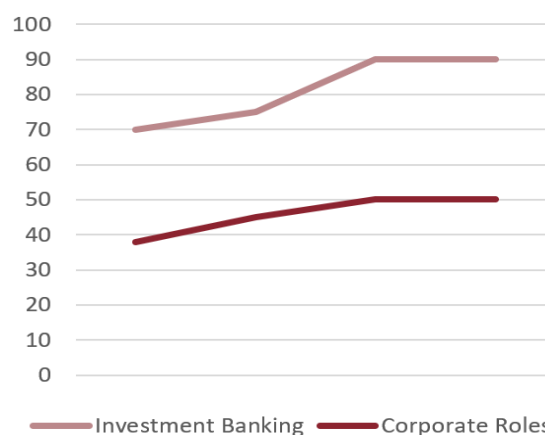


Figure 3: Average working hours per week.

As any investment banker will gladly tell you, when you are a banker you categorically do not control your schedule. You are expected to give your evenings, nights and weekends in pursuit of maximising revenues for the firm. It is a given that you work extremely long hours and perhaps do not see daylight during the working week for months on end.

The drive and work ethic it takes to succeed in a banking role are valuable assets in a profile, however, they come with a cost. For instance, a former Goldman Sachs employee, who left investment banking shortly after 9/11, spoke of a moment of realisation that his life needed to change direction because he was unable to spend any time with his 2-month-old daughter. Lack of time spent with family and friends was frequently highlighted by candidates.

In comparison, corporate roles allow you to spend more time outside work and, crucially, provide far greater control of your diary. Around deal time corporate professionals can expect to be busy but you can equally expect to have periods of time where you revert to a 9am-5pm routine. When not caught up in the whirlwind that is a deal, those surveyed pointed out that they often benefitted from perks such as working from home.

“Yes, the hours are less, but what is even more important is that the hours are much more controllable. I know when I will be busy in the office and I know when I can take a few quiet days to work from home. You don’t get that flexibility in a bank”

– Ex Deutsche Bank Director, Current SVP Corporate Development Global Media Firm

Salary:

When making the switch to a corporate role, candidates will likely take a hit to their overall package. The disparity is to be found in the bonus, rather than the base salary. It's rare that you find bonuses of more than 30-40% in corporate roles, and investment banking style bonuses of 100% plus are almost unheard of.

“I work 50% of the hours for 75% of the pay- to me it is a no brainer”

Ex-Goldman Sachs VP, Current Head of Business Development at an Advisory Boutique

There are exceptions of course. For example, we spoke to several candidates who made the move into corporate roles from VP and Director level shortly after the financial crisis, and they found that they saw a small rise in their overall package (although this was largely because the banks were not paying any bonuses at the time).

Candidates who have been able to transition into senior corporate roles because of their relationship with senior stakeholders, usually former clients, also reported parity or a small increase in total package. However, realistically this is a less likely scenario and 83% of candidates surveyed reported a drop in their overall compensation.

83%

Of respondents reported a drop in the overall compensation

One way in which the blow of a pay cut can be softened is through options such as Long-term Incentive Plans (LTIPs), Restricted Stock Units (RSUs) and other equity packages. The move away from traditional base and bonus packages is a trend that looks set to continue, especially as unicorn tech firms continue to rise through the ranks.

Some professionals chose to rationalise taking an overall pay cut during their switch into a corporate role by thinking of their pay in terms of pay per hour. By this measure they almost certainly were earning more and gained what is arguably the most valuable commodity of all; time.

Interesting and Meaningful Work

Along with work-life balance, what matters most to those who seek to make the transition is that they are craving more stimulating and meaningful work. Frequent retorts from those surveyed were that they

"In a bank your deals and work are a small part of the business - in a corporate role you can move the share price"

Ex-HSBC Director, Current Finance Director Global Pharmaceutical

wanted to get away from just "number crunching" and spending their time "preparing endless power points".

Working in a corporate role provides more insight into underlying values of the company and it allows professionals to be closer to the heart of the action.

Candidates reported that one aspect that they enjoyed

most about the corporate environment was the opportunity to work closely with CFOs and CEOs. This C-level engagement is not common until much later in an investment banking career. Corporate roles enable the development of different skillsets, perhaps none more so than your stakeholder engagement and communication skills.

The pace of life in a corporate role is more measured, and that can certainly take some getting used to for those familiar to the frantic pace of the banking world. If you are a banker who thrives in that fast-paced environment 24/7, a step into the corporate world might not be the right move for you.

Business model and pipeline:

One valuable piece of insight from professionals who have made the move into corporates has been that, those who have fully understood the business model of the firm and the deals pipeline have been the most satisfied in their roles.

3

Average number of deals in the first year

A former Deutsche Bank Director spoke of the stark differences he experienced in two separate corporate roles. In the first role he completed 7 deals in the space of two years, in a sector he knew well. However, in a second role he spoke of the frustration he experienced at both the lack of deals and lack of inquisitive nature of the firm. In hindsight he believes his error was in failing to fully research and understand the firm's business model.

IPOs and Deal Activity:

Several candidates we interviewed stated that they had made the transition into a corporate to co-inside with an IPO. Our research suggests that if you are looking to join a team with a high level of deal activity this is a risky proposition. Typically, it was between 1 year and 18 months before M&A activity began to pick up post IPO as shareholders look to steady the ship post listing.

“I had to wait 18 months post IPO before I could get my teeth into my first acquisition”
Ex-J.P. Morgan Associate, current M&A and Business Director at Global Energy firm.

Sector:

A natural pathway into a corporate role is by joining a former client, or, if that is not feasible, then working in a sector that is familiar to you. As cliché as it sounds, following your passion can be crucial in landing in a role that both invigorates and challenges you.

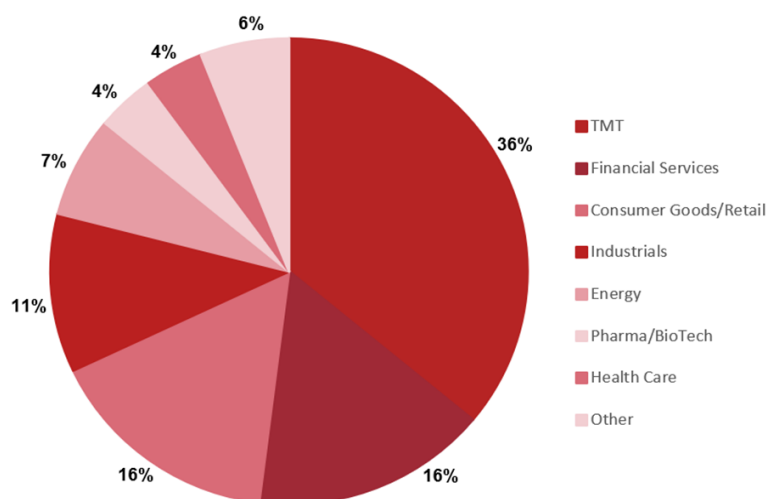


Figure 4: Sector candidates moved into

One interesting finding of our research was that 70% of candidates with less than 5 years investment banking experience transitioned into a Start-up or TMT firm. As tech unicorns continue to appear we expect more and more bankers to transition into start-ups, and perhaps earlier in their careers. With the continuing trend of companies compensating their staff in less traditional methods such as RSUs, it will be fascinating to see what, if any, impact this has on the willingness of bankers to forgo their traditional base and bonus package structures.

“I think what helped me the most was that I was so passionate about the sector. It’s crucial you work in a sector that excites you.”
Ex-Goldman Sachs VP, Former Head of Enterprise M&A at Global TMT

Recommendations

Recommendations for Hiring Managers and Human Resource teams.

- Early in the interview process ensure that candidates have a clear understanding of how the firm operates, who they would be working with daily and what the future pipeline looks like. Overall cultural fit matters certainly, but what is crucial is the candidate's relationship with their peers and superiors.
- When presenting a role to a candidate be mindful that they are likely looking at a pay cut. Do not be surprised if towards the end of the recruitment process candidates try to negotiate hard for a larger offer. Our recommendation is to set clear salary boundaries early in the process. If the package on offer considers features such as LTIPs or RSUs, ensure that candidates fully understand what their total compensation will look like. River Partnership would be happy to discuss our findings regarding bench marking and salary insights with interested parties.
- Make it a point to stress all the non-financial benefits of the role, with focus on work-life balance. Rather than simply outlining to candidates that they will be working less hours in total, ensure that you illustrate how much control of their schedule they will have as well as highlighting any opportunities such as working from home or flexi-work that may be on offer.
- Bankers joining corporate roles can be taken aback by the cultural differences of a corporate environment. They can find the environment slow and can become frustrated by lack of activity if they are not accustomed to this. Be prepared to go into detail about what the day to day reality will be. It can be helpful to share diary examples of what a typical working week will look like.

Recommendations for Candidates:

- If you are considering joining a corporate, ensure you do your homework. Make certain that you fully understand how the business operates, what the pipeline is like and who you would be working with. Gather as much information as you can.
- Corporates lack the strict career path that banks have and so moving to a corporate is a calculated risk. A clear path to a C-level position may open before you or equally there may be limited opportunity for quick promotion. Remember that there is nothing to stop you transitioning for a short period before returning to the banking world. If you do decide to do so, you will return with a more rounded skillset, having sat on the other side of the fence.
- Transitioning to a corporate is not a move you make for money. It is a move you make to improve your work life balance, gain more control over your schedule and to do more interesting and meaningful work. Thinking of your salary in terms of pay per hour can help cushion the blow of any pay cut.
- Be prepared to be humble and focus on developing different skillsets, especially stakeholder engagement and communication skills. In the corporate world, communication skills are invaluable. You will be working with CEOs and CFOs much earlier in your career than you would be in banking.

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Recent mandates:

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- Business Development Western Europe, London (Global Tech Firm)
- Senior Manager, London (Big 4 Consulting firm)
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Recent mandates:

- Partner – Deals Strategy Retail Consumer Goods – Sydney (Strategy firm)
- Partner – Post Merger Integration TMT – London (Big4)
- Managing Director – M&A and Strategy – London (Global Conglomerate)
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Anthony has 9 years' experience managing Strategy / Commercial search projects for a client portfolio across leading industry, private equity and Professional Services companies. He started his career helping top-tier Management Consultants make successful transitions into industry across multiple sectors and now works with leading talent coming directly from the top consultancies and from key strategic positions in industry, up to Senior Management and C-Suite. His geographical coverage is international.

Recent mandates:

- Operating Partner - Supply Chain & Operational Transformation, UK (PE Firm)
- Regional CFO, HK (PE-backed Retail business)
- Chief Strategy Officer, DE (PE-backed Technology Business)
- VP, Corporate Development, CH (Industrial Goods & Technology)
- Head Portfolio Value Creation, DE (Family Office)
- Director, Corporate Strategy, Basel (Consumer Healthcare)
- International Director, Business Operations & Excellence, Amsterdam (Consumer Electronics)

About River Partnership



A multi-disciplinary human capital firm headquartered in London specialising in executive search, competitor insight, succession planning and market mapping across the Financial Services, Professional Services, Technology and Energy sectors.

We work on global mandates with the aim of being the search and staffing partner of choice to a small group of industry-leading companies across Europe, Asia and the Americas.

In short, River Partnership helps you build winning teams.

We know that is only possible if our own team is equally talented. That is why the River Partnership line-up is a roll call of experts who are, to a person, passionate about delivering excellence and enjoying their work. Our consultants are specialists with decades of combined experience in our chosen fields and functions.

All regularly handle high-profile mandates from one-below-public-board level, through heads of department and function, to specialists or subject matter experts. By combining deep knowledge of the key issues and drivers in your sector and by employing a clear methodology, utilising extensive personal networks, good judgement and a passionate approach, we help you to swiftly identify, benchmark and acquire top talent.