

Investment Banking 101

Wall Street Girls x CWRU Women in Finance

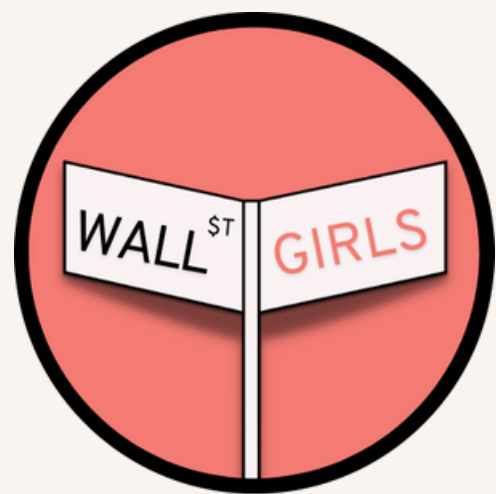


September 13, 2021



**Please
Sign in!**





Who We Are

- **Wall Street Girls** is a financial education platform for driven and curious females interested or working in the financial sector.
- We are all about cultivating future female leaders in finance to close the industry's outdated gender gap.
- We help high school and college students prepare for roles in finance, including in investment banking, private equity, hedge funds, and asset management.

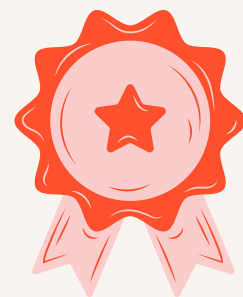


What We Offer



Online Knowledge Base

Range of free online resources, including articles, downloadable PDFs, and quizzes. These resources cover topics ranging from accounting and valuation, to resume crafting and networking.



Interactive Workshops & Panels

We collaborate with female financial leaders and industry experts to provide WSG members with professional development programming and events, such as roundtable discussions on being a woman in finance.



Mentorship & Networking Opportunities

We offer members opportunities to network and develop lasting relationships with female financial professionals and other students via networking sessions, 1:1 coffee chats, and our formal mentorship program.



Supportive Community

We are dedicated to building a supportive community of young women who share an interest in finance. Through our private Facebook Group, our members can ask and answer questions, celebrate each other's accomplishments, learn from one another's experiences, and grow their professional network.

Meet the WSG Team



Tiffany
Founder



Maya
Community
Engagement



Chiara
Social Media &
Creative Design



Julia
Outreach & Events



Megan
Social Media



Ziying
Advisor



Brianna
Programming



Denny
Programming

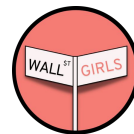
Overview

Intro to Investment Banking

How to Break Into Investment Banking

Preparing for Interviews

Pop Quiz

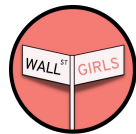


Intro to Investment Banking



What is an Investment Bank?

- Advises companies on transactions – buying and selling other companies – and raising capital
- Acts as “agent” or intermediary that connects a company with the appropriate buyer, seller, or investor
- Employs specific capabilities to facilitate client transactions
 - Reputation and Relationships
 - Pool of capital markets and financial knowledge
 - Outside Perspective



Why Investment Banking

Outstanding introduction to finance

- Provides young analysts with fantastic exposure + relevant experience

Deal diversity

- Working on multiple deals with lots of opportunities for learning

Structured promotion process

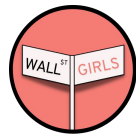
- Culture of feedback and improvement

Exit Opportunities

- Hedge Funds, PE, Corporate Finance etc.
- Business school placement

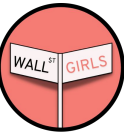
Job perks

- Good pay



What does the job entail?

- Day-to-day involves creating presentations, financial analysis, and marketing materials such as Pitch Books
- Putting together slides to present to companies
- Pulling Financials/Historicals to include in slides
- Formatting slides
- Spreading “comps”
- Willingness to work long hours, lots of grunt work



Typical Day

8:30/9AM: Arrive in the office. Check emails from night before, read WSJ, Yahoo Finance, Bloomberg

10AM: "Staffed" on a project. Could be anything from making Company Profiles, copying financials into Excel, researching various companies

2PM: 15-20 mins of lunch break

3-5PM: Work on long-term projects, grab coffee with colleagues

7PM: Order dinner "on the house". New staffing comes in asking you to make 4 new "Industry Overview" slides by 10AM next morning

12-2AM: Finish slides and email them to associate/VP. Leave office, catch free cab home, straight to bed



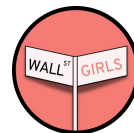
Organizational Breakdown

Common Product Groups:

Mergers & Acquisitions (M&A), Leveraged Finance (LevFin), and Restructuring

Common Industry Groups:

Healthcare, Retail & Consumer, Energy, Natural Resources, Financial Institutions (FIG), Real Estate, Technology, Media & Telecom (TMT), Financial Sponsors, Industrials, Gaming & Lodging, etc.



Bank-specific Characteristics

Many of the various product and industry groups will differ for each bank – **do your research before your interview.**

- Morgan Stanley and Bank of America have M&A groups, Goldman Sachs does not
- A lot of **boutiques focus only on M&A and/or Restructuring** and ones that are small enough are not even split into industry groups.
- Some banks have a **stronger presence in a specific industry**, e.g., UBS has a strong FIG team, BofA is good in LevFin, etc.

***Also note that some summer programs are rotational, others are industry-specific.



How to Break Into Investment Banking



Recruiting Roadmap

December – March

Attend pre-internship
/insight events

March – April

Network with firms'
representatives
Attend on-campus
events

April – May

Video Interview +
Phone Interview

May – June

Second round
interview + Superday

Accelerated Timeline



Standard Timeline

December – March

Attend pre-internship/
insight events

April – June

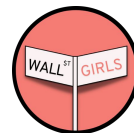
Network with firms'
representatives Attend
on-campus events

July – August

Video Interview +
Phone Interview

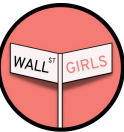
August – October

Second round interview +
Superday



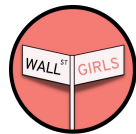
COVID & Virtual Recruiting Considerations

- Get accustomed to **video interviewing** – practice by recording yourself and pay special attention to your body language
- **Keep track of recruiting timelines**, which are likely to be even more accelerated
- Attend and take advantage of **virtual information sessions, networking events, and webinars** to engage digitally with firms
- **Networking** is more essential than ever – stay connected to recruiters and professionals at firms you're interested in



Networking

- Goal: Make the person with whom you're speaking remember you in a positive way
- Don't feel confined to asking questions about the job
- Don't feel like you have to speak to every employee at the session – aim for deeper connections with 1 or 2
- Make sure to get a business card or some form of contact

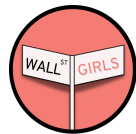


Preparing for Interviews



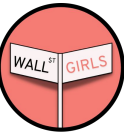
Behavioral Interview General Tips

- Know your **resume** and **transcript** like the back of your hand
- Focus on **crafting your story**; you will inevitably get a “walk me through your resume” type of question
- Understand that your interviewer is trying to evaluate if you are a **cultural fit** for their firm - they will spend *many* hours in the office with you and would prefer to enjoy spending that time together
- **Be concise**; if an interviewer would like more detail, they can ask for it. This is better than appearing as if you are rambling



Crafting Your Story: Rules of Thumb

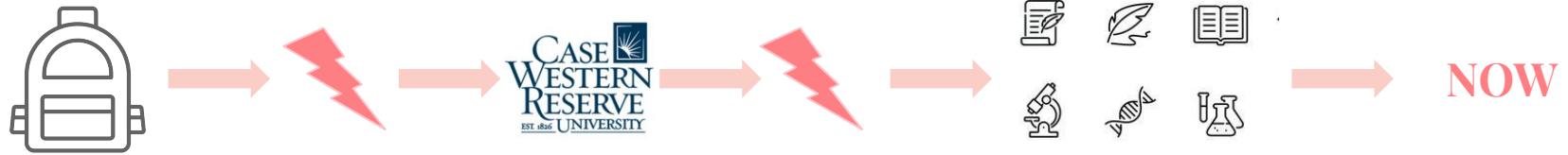
- Be concise; <3 minutes tops, prune unnecessary details
- Tailor your story to the specific question asked: Do not come prepared with a rigid script that you cannot change on the spot
- Add memorable and unique details: Avoid scripted or stereotypical responses
 - *E.g. a multinational background, athletics, any unique passion or interest*
- Start with your background, interests, and hobbies, explain how that applies to finance, and shortly describe any previous experience you may have. Make it clear you are certain about your interest in finance and conclude with why you are interviewing with the firm today.
- Practice! (in the mirror, with friends, with other club members)



Crafting Your Story

Make it a progression, tell a story

Be energetic & passionate



Your story should answer...

Why
Finance

WHY
THIS
JOB

WHY
YOU



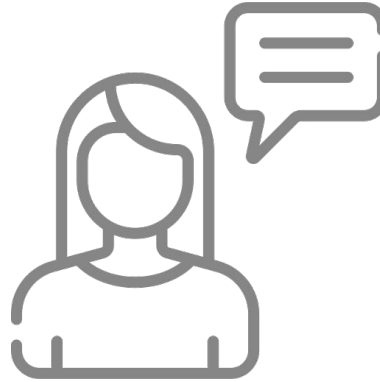
Behavioral Interview Framework

3 Anecdotes

- 1 “learning from a challenge” experience
- 1 “leader & team player” story

Unique Quality

A memorable angle, your special “brand”



Job Description

Adjectives & verbs used
Typical division “traits”

3 Strengths

Relate to job description,
give anecdotal evidence

Current Affairs

Recent news, interesting company

Company Values

Found online, give evidence

3 Weaknesses

Qualities Irrelevant to
job description



Your Anecdotes

Structure



Situation

Task

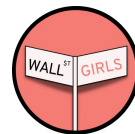
Action

Result

Content

Adaptability
Analytical Thinking
Attention to Detail
Communication
Conflict Resolution
Client Relations
Decision-Making
Delegation
Diversity
Employee Growth
Evaluating Alternatives

Good Judgement
Initiative
Innovation
Integrity
Motivation
Organization
Problem-Solving
Resilience
Stress Management
Teamwork
Time Management



Using your Anecdotes

1	<i>“Learning from a challenge”</i>	<ul style="list-style-type: none">• Tell me about a time you failed• Tell me about a time you had to overcome a challenge• What do you think has prepared you for this job?• Tell me about a recent high stress situation you were in. How did you manage it?
2	<i>“Leader and Team Player”</i>	<ul style="list-style-type: none">• Can you tell me about a time you worked in a team?• Tell us about a situation in which you had to adjust to change?• Talk about a time when you had to work closely with someone whose personality was very different from yours.• Give me an example of a time you faced a conflict while working on a team. How did you handle that?
3	<i>“Thinking Outside the Box”</i>	<ul style="list-style-type: none">• What classes / projects at college have you enjoyed?• Describe a time when you saw some problem and took the initiative to correct it rather than waiting for someone else to do it.• Give me an example of a time you were able to be creative with your work. What was exciting or difficult about it?



Technical Interview

- Focus is on specific skills and knowledge
- Broken up into “buckets”
 - Accounting
 - Enterprise / Equity Value
 - Valuation
 - DCF
 - LBO
 - Comps
 - Precedent Transactions
 - Mergers & Acquisitions or Industry Groups
 - Public Deals – Specific to the Company/Group you are interviewing for
 - General Math / Brain teasers (least likely)
- Walk through your thinking
- Show an understanding overall language used in the industry



Technicals - Accounting

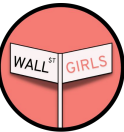
$$\text{ASSETS} = \text{LIABILITIES} + \text{STOCKHOLDERS' EQUITY}$$

3 FINANCIAL STATEMENTS

Income Statement: Profitability Measure

Balance Sheet: Snapshot of company, Liquidity Measure

Cash Flow Statement: Shows how cash is being used



Technicals - Accounting

Income Statement

Revenue
-COGS
Gross Profit
-Operating Expenses
EBITDA
-Dep. & Amort.
EBIT
-Interest Expense
Tax effected EBIT
-Income Taxes
Net Income

Balance Sheet

ASSETS
Current Assets
Long Term Assets
Total Assets

LIABILITIES
Short & Long Term Debt
Deferred Tax Liabilities
Total Liabilities

EQUITY
Common Stock
Retained Earnings
Total Liabilities & Equity

Cash Flow Statement

Net Income
+Dep. & Amort.
(Inc)/Dec in CA
Inc/(Dec) in CL
Cash Flow from Operations

CapEx
Cash Flow from Investing

Inc/(Dec) in Debt
Dividends
Cash Flow from Financing

Net Change in Cash



Technicals - Enterprise / Equity Value

$$\text{EV} = \text{Market Cap} + \text{Debt} + \text{Min. Interest} + \text{Preferred Stock} - \text{Cash}$$

Enterprise Value

- Value of a company's core business
- Applicable to debt & equity investors

Equity Value

- Value of company's equity (self-explanatory)
- Shares outstanding multiplied by share price
- Applicable to equity investors

Technicals - Valuation

Discounted Cash Flow Model (DCF)

- Intrinsic valuation method
- Publicly traded companies

Comparable Analysis (Comps)

- Relative valuation method
- Publicly traded companies

Leveraged Buyout Model (LBO)

- Intrinsic valuation method
- Privately held companies

Precedent Transaction Analysis

- Relative valuation method
- Privately held companies



Pop Quiz



Kahoot Link



Q&A

