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CAREERS IN

MERGERS AND ACQUISITIONS

CORPORATE FINANCE

MERGERS AND ACQUISITIONS, commonly referred to as M&A, is a big part of the corporate finance world. A merger is the combining of two companies to form a new company, while an acquisition is the purchase of one company by another (no new company is formed). It is the job of the M&A professionals, most of whom are investment bankers, to bring together separate companies to form larger ones, or do the reverse and break up companies through spinoffs, carve-outs, or tracking stocks.

M&A is big business. The cumulative value of all M&A deals now tops more than $1 trillion a year in the US alone. Big investment banks, known as bulge bracket firms, only get involved with transactions worth at least $100 million, and it is not unusual for deals to be worth billions. Deals are no longer financed with debt or equity. Many companies today are funding their M&A activity with cash. The heaviest M&A activity is in the healthcare and pharmaceutical industries, although technology, media, and telecom industries are also very active.

Very high earnings and long grueling hours are the hallmarks of this field. Salaries even for beginners are impressive. Interns can make $70,000 plus year-end bonuses, and junior level analysts with a year or two on the job can take in well over $100,000 in compensation. The bonuses are legendary, often exceeding most people's yearly salaries. The money is well earned through long hours of stressful work. It is not unusual for young M&A professionals to work 120 hours a week.

Because of its glamorous reputation, M&A can be a very competitive field to break into. Candidates must be highly adept in business, strategy, finance, and interpersonal skills. A bachelor's degree in business, finance, or economics provides a good foundation. Most job seekers find it advantageous to be certified either as a Chartered Financial Analyst (CFA) or Certified Merger and Acquisition Advisor (CMAA). Both certifications require certain college courses, experience, ethical guidelines, and testing.

The time has never been better for those considering this career. In fact, there are more M&A deals being executed now than ever before in history. As companies continue to seek mergers into larger and larger entities, often on a global scale, M&A specialists can expect to see rising demand for their expertise. It can be a stressful field, requiring long hours and frequent travel, but there is a big payoff for those with the right skills and personality.

If you like a fast-paced environment, love working on spreadsheets, and do not mind putting your personal and family life on hold, M&A may be a great career choice.

WHAT YOU CAN DO NOW

THIS CAREER REQUIRES AN EXCELlent educational foundation. Certain skills that are extremely important in the world of investment banking can be obtained while still in high school. Communications skills, both speaking and written, are the most important. Plan to load up on English, public speaking, and technical writing classes. Math, business, and computer skills should be a priority. Take any courses you can find that relate to accounting, economics, finance, and business procedures.

Take the big view. Mergers and acquisitions is accomplished on a global scale. If your high school has a class in international relations, consider yourself fortunate and take it. Knowing one or two foreign languages is also a huge plus in today's global economy. The earlier you start learning a foreign language, the better.

Develop your interests outside of class. Look for activities that involve debate, collaboration, and communication. Join any clubs or student groups related to finance, such as investment clubs or business/entrepreneurial clubs like DECA at your school. Not only will you be picking up valuable skills, it all looks good on your college application. It shows you are genuinely interested and motivated in the profession.

Apply to top universities, but make sure you choose a college where banks actually recruit. This is something any college guidance counselor can tell you. If you are approaching high school graduation, you might be able to get an internship for the summer before college starts. It is the kind of thing that college admissions officers strongly favor.

Learn more about mergers and acquisitions by talking to professionals. If you do not personally know anyone in the industry, you can be sure your parents, teachers, or relatives do. Simply ask them to arrange a meeting. Ask them to walk you through their daily routine. Have them tell you about the pros and cons of their job, and how they got to where they are today. Cannot find anyone working specifically in M&A? Anyone employed in the financial services industry will have valuable insights to share.

Is your family planning a vacation in Florida? See if you can combine it with a visit to the Deal Makers Expo. You will find information on that plus other M&A events at the M&A Source at: https://masource.org.

Read and learn. Books and magazines pertaining to finance are everywhere – the library, newsstands, book stores, and the Internet. Prepare by reading about the industry, banking, the stock market, international partnerships, and economics.

Participate in case competitions. These are competitions between two individuals or two teams who strive to come up with the best solution to a business related case study within a specified time frame. It is the hallmark of a business education. There are case competitions related to every aspect of business, including mergers and acquisitions. Do Google searches for the names of banks and "competition," or go to www.mergersandacquisitions.com.

HISTORY OF THE CAREER

THE HISTORY OF MERGERS AND acquisitions is arguably as long as the history of commerce itself. However, it is widely accepted that the true history of M&A began in the late 19th century. Mergers, a predominantly US business phenomenon, took off between 1895 and 1905. This period is known as the Great Merger Movement. It was a time when small firms with little market share consolidated with similar firms to form large, powerful institutions that dominated their markets. It is estimated that more than 1,800 firms were devoured, using so-called trusts. The winners were companies like DuPont, US Steel, and General Electric, that were able to establish their dominance permanently.

Most early mergers were "quick mergers," which joined companies with unrelated technology and different management. As a result, efficiency suffered, costs rose, but so did prices. The Great Merger Movement was driven by the Panic of 1893, a serious economic depression that led to a steep fall in prices. In order for companies to earn profit, they would steal part of another company's market share by dropping their price slightly and increasing production to the point where higher quantity and lower price exceeded their average total cost. As other firms joined this practice, prices began falling everywhere and a price war ensued. To keep prices high and to maintain profitability, companies producing similar goods colluded with each other and formed associations, called cartels. Cartels raised prices mercilessly, sometimes more than doubling them quickly. However, this strategy usually backfired since cartel members cheated on each other. In 1890, the problem was addressed when the federal government passed the Sherman Act, which set rules against price fixing and monopolies.

Historians have identified the history of mergers and acquisitions as five waves. Each has distinct characteristics.

First wave (1897-1904)

During this phase mergers took place primarily between heavy manufacturing industries and those involved in petroleum products, mining, metals, food products, and transportation. The majority of the mergers that were executed during the first wave failed. The failure was fueled by the slowdown of the economy in 1903 followed by the stock market crash of 1904.

Second wave (1916-1929)

The economic boom that followed World War I gave rise to mergers between oligopolies, rather than monopolies. This is where there are just a few producers and sellers. The development of railroads and transportation by motor vehicles provided the necessary infrastructure for mergers or acquisitions to take place. Government policy encouraged firms to work in unison. The Clayton Act (1914) gave federal authorities a powerful tool to wield against uncompetitive mergers. For the first time, investment banks played a pivotal role in facilitating mergers and acquisitions. The second wave ended with the stock market crash in 1929 and the Great Depression.

Third wave (1965-69)

Mergers during this period were mainly conglomerates (unrelated businesses), inspired by high stock prices, interest rates, and strict enforcement of antitrust laws. A strong economy provided resources that firms needed to acquire other companies, making it possible for the bidder firms to be smaller than the target firms. Mergers were financed from equities (issuing stock) and the role of cash was minimal. The Johnson administration favored aggressive antitrust enforcement, while Nixon was more tolerant of merger activity. The third wave ended with the Attorney General's plan to split up conglomerates in 1968.

Fourth wave (1981-1989)

Acquisition targets became much larger in size and deals in the billion-dollar range became common. Mergers took place among the oil and gas industries, pharmaceutical industries, banking, and airline industries. Foreign takeovers –

mostly hostile – became common. The term "corporate raider" entered the American lexicon. The fourth merger wave coincided with the presidency of Ronald Reagan, and the economic prosperity of the second half of the 1980s decade. The fourth wave ended with anti-takeover laws.

Fifth wave (1992-2000)

The final wave followed the economic recession of 1990-91, during the presidency of Bill Clinton. The catalysts were globalization, the stock market boom, and deregulation. Mergers took place mostly in the banking and telecommunications industries. Hostile takeover activity diminished because mergers were driven by long term objectives rather than short term profit motives. The fifth wave ended when the stock market bubble burst.

The evolution of mergers and acquisitions has been underway for a little more than a century. Starting in the fifth wave and continuing today, companies are more likely to acquire other firms in the same business, or close to it. Business leaders have learned that doing so can complement and strengthen an acquirer's capacity to serve customers, as well as create additional profits for shareholders.

WHERE YOU WILL WORK

MERGERS AND ACQUISITIONS IS A highly specialized field. There are only three main employers who handle this type of work: bulge bracket firms, boutique investment banks, and accounting firms.

Bulge bracket firms are large investment banks, the kind with household names such as Goldman Sachs, Citi, JP Morgan, Merrill Lynch, Barclays, and Deutsche Bank. They are full-service banks with a presence in each of the world's major geographic regions: The Americas, Europe, Middle East, Africa, and Asia-Pacific. Their clients will typically include only the largest corporations, institutions, and governments.

Boutique investment banks are smaller financial firms that typically serve a particular segment of the market. Unlike bulge bracket firms, boutiques do not offer full service. Rather, they provide specialized services focused on certain industries. They may target clients of a certain asset size, or operate in other niches that are not well addressed by the larger firms.

Very large accounting firms are segmented into divisions, including one handling mergers and acquisitions. They may work in partnership with investment banks or corporate finance. The largest firms typically have global offices in major financial centers.

Investment banks involved in mergers and acquisitions can be found all over the world. The epicenter for this activity is New York City, with London following close behind. Any city that has a financial center is likely to have some M&A professionals on staff. In the US, top cities for M&A include Chicago, Los Angeles, and San Francisco.

M&A professionals work in modern offices with comfortable furnishings and the latest computers and communications technology. Many also spend a significant amount of time in the air, flying from the office to client meetings. They also work at home, often late into the night, reading and writing legal and accounting documents.

THE WORK YOU WILL DO

MERGERS AND ACQUISITIONS (M&A) is a term that refers to the consolidation of companies through purchase, sale, merger, or takeover. A merger is a combination of two companies to form a new company, while an acquisition is the purchase of one company by another in which no new company is formed. The financial tasks needed to accomplish this are done by investment bankers and the M&A group, who are expert researchers, negotiators, and deal makers. Their job is to provide advice to companies that are buying another company or are themselves being acquired.

The world of M&A is often high profile and it can seem very glamorous from the outside. However, a herculean effort goes into every headline-grabbing multi-billion-dollar acquisition or merger. Much of the work also goes into every deal that falls apart – and that happens frequently. A recent Harvard Business Review report found that the failure rate for mergers and acquisitions is somewhere between 70 and 90 percent.

For all its seeming rewards, mergers and acquisitions can be one of the most demanding groups to work for. Group members have a variety of responsibilities to help ensure successful outcomes, both before a deal closes and afterward. Generally, it includes crunching numbers, performing due diligence, and working out the complex structure of the deal. Specific responsibilities depend on the member's job title and level of experience, but every M&A group member eventually handles the following tasks:

- Identifying companies or groupings of companies that may be feasible business targets for clients
- Researching market conditions and developments
- Determining target company valuations through research and financial modeling techniques
- Conducting due diligence (investigations into the financial and commercial state) on a target or acquiring company
- Determining the likely financial results and other business factors that will affect the value of an acquisition
- Constructing "pitch book" cases and presenting them to clients
- Negotiating price, terms, and conditions of an acquisition or merger
- Working with the other company's advisory team to structure the deal
- Helping the target of a hostile acquisition arrange a defensive strategy where appropriate
- Meeting with clients to make sure all steps of the process are being done correctly and on schedule

The Process The goal of a mergers and acquisitions professional is to facilitate the purchase or consolidation of companies from inception to the final merger. This is a complicated process involving multiple steps. At every stage of the transaction, the M&A group members must remain highly flexible to handle the wide range of duties that may be needed to move forward to the next step. No two deals are exactly alike, but the following outlines the basic process.

Sourcing the transaction involves identifying possible target companies. Targets are often randomly found in internal and industry (external) databases, but are also found through networking and by looking for companies that meet defined criteria directed by management.

Research and analysis of a target company and its industry sector are needed before any merger or acquisition can take place. The M&A analyst researches and reviews how the target company has been performing and compares it to its competitors, and also identifies and analyzes industry consolidation trends. This information is used to produce comprehensive reports that will be used to confirm or challenge that the potential deal would be relevant and financially beneficial to both parties involved in the deal.

The "pitch book" is the document used to outline an idea for a deal. Once the pitch book is complete, a senior M&A banker will present it to the client for consideration. It can take months to prepare the complex financial modeling that will be included and there is no obligation on the part of the client to take it up. It is usually essential at this stage that the preparations be kept completely secure and confidential. If competitors discover what is being discussed they may jump in with a better offer or otherwise scuttle the deal.

Deal filtering is the stage where the M&A group finds out if the deal is a go or a no. Most of the time, it is a no. Through direct communications with the client and the target company, the M&A professional may hear that the pricing expectations are unreasonable or the target's corporate goals are not aligned with the client's. It is critical that the two companies be in agreement with the terms of the proposed deal. Any company that does not appear interested in a deal is filtered out.

Due diligence is a financial analysis of all data relevant to the potential deal. Its focus is a risk assessment of the target company's current management and operations, but it also includes additional data confirming the potential financial benefits. It is a type of audit, which is conducted as soon as both parties agree that there is a potential deal to be struck.

Valuation and deal structuring is a multifaceted stage that includes several important tasks. The first is to assign a value to the target company based on asset worth and the comparable worth of similar companies. This is done using a combination of appraisal techniques, such as the discounted cash flow (DCF) method, invested capital model, or asset approach. An appraisal always includes a look at the market, that is a comparison of similar companies within the industry. Once the target company has been valued, the deal itself is structured. This includes a number of points including negotiation of price, employee contracts, future liabilities, assignment of ownership with contingent liabilities, and possible sources of financing.

Execution is where it all comes together. At this step, senior bankers work closely with clients to complete the deal. The finer details are hammered out and arrangements are made for the appropriate financing, which is usually done through a debt or equity offering. The necessary financial components are finalized, such as arranging bonds, loans, or the issue of shares. Execution of major deals often happens on a very tight timeline and under extreme secrecy.

Post-merger integration is the final stage. After the merger or acquisition has been executed, the goal shifts to reaping the financial rewards. Senior members of the M&A group move quickly to carry out management's plan for integration as smoothly as possible, and in a timely manner. The ability to see financial benefits accumulate as planned is the essence of a successful deal.

Advancing Up the Career Ladder

The career path in M&A is a relatively straightforward one. Starting out, the first step in the hierarchy is the job of **analyst**. This is considered the junior level. It takes about three years to move up to the second step, which is **associate**. Another three or four years, and the next step is

vice president. Assuming one stays in M&A, the last steps to the top of the ladder are **director** and **managing director**.

At the junior level, the key tasks are mainly focused on compiling pitch books. In the investment banking industry, this is pure grunt work. It involves digging through mounds of information and databases looking for potential acquisitions followed by endless days buried in spreadsheets to build a financial model and valuation of the target company versus its peers. The findings are then assembled into a Powerpoint presentation. Analysts sometimes get to sit in on client presentations, but that depends entirely on the senior bankers.

Newly promoted associates start to step away from the number crunching. As a rule, the more senior you get in M&A, the more you get to deal directly with clients. Associates often have an analyst to call on for assistance, and more experienced associates manage the workloads of several analysts. At this level it is often difficult to discern the difference between an analyst's work and an associate's. Basically, associates are like analysts, except more important. The key difference between the two levels is the associate takes on a little more responsibility for the transactions and projects. While an analyst is the invisible member of the M&A team, getting no credit for the long hours of hard work, the associate may have the opportunity to shine. The associate who adds value to transactions, makes the boss (usually a vice president) look good, and is the one who gets things done, has a good shot at a promotion to vice president.

The promotion to vice president is highly competitive. Generally, associates are either promoted, or fired (in their third year) if they have not displayed a strong potential for bigger things. There is no room for mediocrity in this career! Typically, it is up or out.

The vice president has the dual role of being project manager and being the main contact point for clients. In short, a vice president is running the show at this point. It is this executive's ultimate responsibility to make it all happen. This executive is responsible for ensuring that every step of the deal process is completed accurately and in a timely manner, which means managing the analysts and associates. Vice presidents also start generating deals.

Vice presidents spend most of their time dealing with clients. That could mean making phone calls, writing emails, or attending client meetings to either pitch ideas or coordinate work on deals that are in the works. They are usually assigned a portfolio of clients that they will need to meet with regularly.

Directors, whether middle level or managing, are mainly responsible for bringing in new business. They are essentially salespeople with a high level of marketing skills. They accompany vice presidents to presentations when those meetings are with important clients. Directors also oversee everyone further down in the hierarchy, not so much to check for accuracy in the technical details, but to ensure that the most valued clients are kept happy. There is usually considerable traveling involved at this level, but it is not much fun. The person on the plane toiling away over a laptop during the entire flight could be an M&A director. Directors get paid more and they garner more prestige, but directors work just as hard as the lowly analysts.

STORIES OF M&A PROFESSIONALS

I Am a Junior Banker "I have been working as an M&A analyst for two years. These past two years have provided more 'real' education than my four years in college. In college I learned all about accounting and valuations, but on the job I learned how to truly understand a company. After analyzing a few dozen companies, you start to get a kind of business intuition. I can now build financial models around the way a particular company operates, pinpoint where it might improve in the future, and how an M&A deal can help.

It's genuinely stimulating work. You might even say intoxicating. It can be really cool traveling abroad with my team, meeting captains of industry, and rubbing elbows with all sorts of other really fascinating and brilliant people. It's very easy to get hooked on that lifestyle. A lot of my colleagues have become addicted to work and the money. Last year I made $67,000 plus a 70% bonus. That's over $100,000, just one year out of college. At first, I was in awe of my good fortune. But six months later, I had gotten used to it. I thought nothing of spending $500 on a night out or $150 on dinner for myself. What I realize now is it doesn't really matter how much you make, because your lifestyle and expectations move up with your income.

There is a price to be paid for this lifestyle, too. Junior M&A bankers have no social life. A work week has seven days. Each day I might be working 18 hours. There's no time for friends. If and when I do get some time off, I try to maximize it. I need to do something that reminds me I'm still alive. But most of the time, I have to enjoy the perks of the job on the job.

Overall, I am really happy to have chosen this career. These early years starting out have been like bootcamp, tough and challenging on every level. I am proud to have survived among the best and brightest."

I Work for a Boutique M&A Firm "For the past 15 years I have focused on information technology M&A transactions. Along with my team, I have successfully completed over 50 deals. Clients have ranged in size from start-ups to over $100 million in valuation. I am a co-founder of this firm. It is a small firm that acts primarily as an advisory service. Sometimes we work with companies wanting to sell their business. Other times, we work on the buy side, assisting companies wanting to expand their business or market share via acquisition.

Because ours is a small firm, we all do our share in the projects and step into whatever role is open. For example, we have a financial expert who is a whiz at churning out top notch financial models. But even this person might need to spend some time networking to find potential clients. It keeps things interesting and the work never gets routine that way. You do have to remain flexible though. I might be working on six transactions with nothing much happening. Then one turns 'live,' and I have to cancel my weekend plans. It can go the other way, too. I could be swamped and the very next day something happens to bring work to a halt and suddenly my weekend is free.

I am often asked how important is it to go to a top tier school. I'd say, not at all. In the real world of M&A, your educational background really doesn't matter all that much. If you can do the job with enthusiasm and you have the requisite skill set, you can go far. Bulge bracket firms might prefer Harvard grads, but I don't think it's any guarantee of long-term success in the field.

My advice for somebody who's looking to break into mergers and acquisitions is to get some experience any way you can. You can go the traditional route and work for one of the big investment banks, but you will be facing a load of competition from those Ivy League grads. A better idea is to get connected to a small firm like ours. Start as an intern or even in a low-level position outside of M&A, where you can get some exposure and make connections that will get you inside. All it takes is a year or two of experience and time to prove you've got what it takes. From there, you will find it is fairly easy to move into mid-size firms or even start your own, like my partners and I did."

PERSONAL QUALIFICATIONS

PURSUING A CAREER IN MERGERS and acquisitions requires detail-oriented thinking, problem-solving skills, a flair for understanding the inner workings of business, and an ability to think critically about the numbers you are working with. Top that off with the ability to maintain focus and accuracy under pressure, and you have desirable qualities that M&A employers seek. Even so, not everyone is suited for this field. Who does well in mergers and acquisitions? Here are personal traits common to every successful M&A professional.

A knack for numbers

Strong numerical skills are a must. Investment banks will expect you to come prepared with mathematical skills and a highly developed aptitude for spreadsheets. Excel addicts are welcome! Right from the start, much of your time will be spent producing complex financial models used for company valuations. This includes understanding basic statistics, calculating percentages, managing budgets, and interpreting graphs. IT (information technology) skills are also important since most of your work will be done on the computer.

Optimism

Successful M&A professionals are optimists. While the big multi-billion dollar deals get the headlines and make this industry seem glamorous, the day-to-day reality is fairly grim. In fact, the majority – up to 90 percent – of prospective mergers and acquisitions deals fail. Some get as far as execution and then fall apart. Most simply do not happen at all for one reason or another. It can take weeks, months, or even years to put a prospective deal together. Imagine spending all that time and effort on things that never come to fruition! To succeed, you cannot get discouraged. Only optimists are able to keep working just as hard on the next potential deal, which might just be the next multi-billion deal.

Ambition

Personal ambition is a big success factor in mergers and acquisitions. Investment banking is not for the faint of heart. In this arena, egos are good – as long as they translate into ambition and motivation. You can learn the technical skills like accounting and modeling, but motivation to "own the deal" and the desire to rise to the top of this intensely competitive field requires a strong personality. Only someone who is driven and willing to take full responsibility for every success and inevitable failure will succeed over the long haul.

Communications skills

Both written and spoken communications skills are essential. You will be spending much of your time writing reports, which will be read by people at all levels. The data used must be laid out in a logical and straightforward way. Your readers will be both technical and non-technical, and most of them will not be M&A professionals. You will need to adapt your writing style for each audience and avoid using any inside jargon.

Speaking skills are just as important during countless meetings and business calls. You will need presentation skills and the ability to speak with confidence before an audience. Do you have the gift of persuasion? Successful M&A professionals are confident negotiators. They build trust by listening to the other person's point of view, smoothly handling objections, and offering just enough compromises to reach an agreement.

Interpersonal skills

Working in mergers and acquisitions requires excellent social and networking skills. Successful M&A professionals spend their time developing and nurturing client relationships. They have outstanding leadership skills, which means they are not only motivated themselves, they are able to motivate others. M&A deals are also all about team work. You must be able and willing to cooperate with others, sharing ideas and sharing responsibility. You will be working with a range of colleagues from across various departments and even around the globe. Being a good team player means putting your own ideas across in a positive and assertive way while accepting differing points of view and learning from them.

ATTRACTIVE FEATURES

JOBS IN M&A ARE AMONG THE most coveted in the financial services industry. The potentially enormous year-end bonuses are the most obvious attraction, but what are the advantages of working in M&A day in and day out during the rest of the year?

The money is great

Even aside from bonuses, there is outstanding income potential in this field. Benefits packages are loaded with the usual coverages and topped off with plenty of juicy perks to keep employees happy and disinclined to jump ship. The salaries are likewise generous. Even an intern who is not yet a staff analyst can earn $70,000 a year plus a modest bonus. With a few years of experience, even average performers can earn well over $100,000 a year before bonuses.

Relatively low entry requirements

Most high paying, prestigious jobs require an intensive education, significant experience, and good connections. A graduate level degree can certainly help land a career in M&A, but it is not usually necessary. Experience can be obtained through internships, which provide good pay and opportunities for networking. Hard work, commitment, the ability to turn out accurate reports, and excellent people skills are what lead to M&A positions. This means that you can start out at the bottom of the ladder and work your way to the top.

View from the inside

In many ways, working in M&A is better than earning an MBA graduate degree. That is because you get early exposure to real corporate strategy. Right from the start, M&A professionals work with CEOs (Chief Executive Officers) and CFOs (Chief Financial Officers) on corporate restructuring, strategic acquisitions, IPOs (initial public offerings), and more. Future employers recognize this kind of education is unparalleled. M&A can be a stepping stone to whatever you choose to do throughout your working life. It is one of the few jobs that opens the door to practically any other job in the business world.

Age is not a factor

There are advantages either way, whether you are young or old. Younger workers offer ambition and stamina to work the taxing hours that are often required. Bigger firms often prefer to train interns to a certain way of doing things. On the other hand, there are plenty of people who start in their 40s or 50s. M&A clients are usually more mature themselves and view gray-haired individuals as more trustworthy and competent.

UNATTRACTIVE ASPECTS

THIS CAREER JOB HAS ITS downsides. For example, M&A could turn you into an obnoxious, arrogant individual driven solely by the desire to make big money. Add to that the long hours and you could find yourself with zero non-banker friends and a very unhealthy lifestyle. Those who thrive in this field do so by staying in touch with the real world and fostering a social network outside of work.

There are a few other snags that you should be aware of.

Getting your foot in the door can be tough

There are fewer than 20,000 entry-level positions a year opening up – and that is worldwide. That does not sound too bad until you realize that there may be 100,000 hopeful candidates vying for those positions. The odds may be against you, but you can break in if you put in the effort. Be prepared and relentlessly pursue each position as if it were your one and only chance to work in M&A. Employers want to see fierce motivation. Show your true interest by calling and asking for informational interviews over coffee. You will be surprised at how easy it is to set these up. Then take every opportunity to display your enthusiasm. Finally, convert the people you meet into a network that will help you find a job.

Stress is part of the package

The competition for clients is intense, deadlines are often tight, and the hours can be punishing. When you are working on four deals at the same time, the sun is about to rise, and there are another dozen or so urgent requests to be completed by lunch, your stamina and attitude will really be put to the test. The best M&A professionals are great project managers. To succeed, you need to learn how to prioritize, organize tasks, and above all, stay cool under any circumstances.

Quality of life often suffers

Starting out in M&A, your social life will be nonexistent. Particularly for the newest workers, the workweek has no beginning and no end. Working seven days, often late into the night, leaves precious little time for friends or healthy activities. When you do have a few hours off, you will have to try to make the most of it. Resist the urge to go drinking and club hopping. Get some fresh air and exercise, reach out to old friends, and work on maintaining your non-work social network.

EDUCATION AND TRAINING

ALTHOUGH THERE ARE NO SPECIFIC educational requirements to enter the M&A field, it is generally understood that qualified candidates are college graduates. Because mergers and acquisitions work requires a strong proficiency in accounting, finance, law, strategy and business, most people choose majors in these areas. Employers, however, will accept candidates from any subject discipline, provided they have maintained a decent GPA. Employers will specify their own exact academic requirements and subjects. While it is not necessary to have an advanced degree, many M&A professionals have MBAs and a small number enter the field with law degrees.

Beyond formal education, entry-level M&A professionals are expected to have some prior experience as investment banking analysts. Get an internship. It is the best way to secure an eventual job offer. Internships are typically available during the summer months. You can find them at your college career center, but you are more likely to land one on your own by applying directly. Internship opportunities can also be found on job boards and through professional associations.

Certifications

Certifications are not required, but can be helpful when competing for jobs. The most respected certification is the Chartered Financial Analyst (CFA), a professional designation offered by the CFA Institute. Considered the gold standard in the financial field, it is designed to measure competence and integrity of investment analysts including those in mergers and acquisitions. To obtain this certification, candidates must first have four years of relevant job experience and a bachelor's degree. Eligible candidates must then pass three levels of exams related to accounting, economics, ethics, and security analysis.

Another high-level certification is the Certified Merger and Acquisition Advisor (CMAA), available from the Alliance of Merger & Acquisition Advisors (AM&AA). Only candidates holding a college degree from an accredited university are eligible to apply. In addition, candidates must have completed 36 hours of courses, which are also offered through AM&AA. The final examination is online. In order to maintain certification, holders must complete 12 credits per year of specified courses and attend at least one AM&AA annual conference every three years.

EARNINGS

BRINGING TWO COMPANIES together is no easy task. It is a process that often takes more than a year to complete. The good news is it pays big dividends to those who put in the grueling hours. In fact, those who work in mergers and acquisitions are paid better than virtually any executive-level position outside of CEO and CFO. M&A professionals can expect to earn a six-figure salary even when they are new to the job. In addition to strong starting salaries, they enjoy generous signing bonuses, comprehensive benefits, and performance or year-end bonuses.

M&A salaries do vary widely and are mainly based on experience. For example, new analysts at top firms earn from $85,000 to $135,000 annually in total compensation, while senior associates earn from $200,000 to $280,000.

Analysts

Overall, the median salary for an entry-level college graduate is about $80,000. However, factors such as size of employer, geographic location, and counting any bonuses, earnings can range from $50,000 to $150,000. As analysts progress to a second and third year, salaries can rise 10 to 20 percent. Raises are based primarily on the individual analyst's performance.

Associates

Average starting salaries for M&A associates are right around $100,000. However, at this level the average associate's all-in compensation is about $170,000 the first year. That is because associates are routinely offered signing bonuses, which are typically in excess of $50,000. That is on top of the starting salary in the six figures.

Vice Presidents

The overall average income for M&A vice presidents is about $175,000 a year. Bonuses (and other perks) bring the total compensation way up. Gross income for these experienced professionals is often over $400,000.

Directors and Managers

The M&A manager is the key player when a company is acquiring another entity or is merging two companies together. Their role is critical to the success of any M&A transition and as a result, they are paid handsomely. Even the lowest paid 10 percent of managers receive compensation that is well into the six-figure range. The top 10 percent take home about $180,000 each year. Seasoned professionals employed at major global investment firms do best of all. They average $1 million or more in total compensation (salary plus bonuses).

M&A Banking Executives

Entry-level executives in charge of mergers and acquisitions can expect to earn an average annual salary of $165,000. That may not seem like much for an executive level banking professional, but that salary rises dramatically with only a few years of experience. Mid-career executives earn around a quarter million annually, and the money just keeps getting better with each passing year. The pay for the top 10 percent of earners is nearly $400,000 on average.

Bonuses

Bonuses can comprise a significant portion of annual compensation. Just like the salaries, bonuses at the entry level are much lower than at the higher levels. For the entry-level analyst, the median year-end bonus may be around 10 percent, while an analyst with two or three years of experience may see a 15 percent bonus. An associate with average performance can expect a 50 percent bonus, and those in higher positions might see their salaries matched by a 100 percent bonus.

Location Matters

The top earners in this field tend to work for Fortune 1000 corporations with a nationwide presence, if not an international one. Because those corporations are usually based in the nation's largest cities, the highest wages tend to be paid in New York City, Chicago, Los Angeles, Philadelphia, and Washington, DC.

OPPORTUNITIES

Following the economic meltdown of 2007-2008, there was a significant slowdown in investment banking. Now that the US economic recovery has finally taken hold, the outlook for mergers and acquisitions is once again excellent. In fact, M&A in the US has finally reached pre-recession levels and appears to be heading for the best times in M&A history. The rebound started in 2014 when the first three quarters saw nearly $1 trillion in deals completed. The deals announced during that period were among the highest on record and the current deal environment continues to be dominated by a large number of multi-billion dollar mega-deals.

Dealmakers at all levels are willing to pay a significant amount for targets that meet their strategic and growth objectives. They are encouraged by low interest rates, record stock prices, improving employment numbers, and an abundance of available cash. Nearly half of US companies were content to sit on the sidelines waiting for proof of economic recovery – until now. Today, more companies are actively seeking an acquisition, a trend that is expected to continue for the foreseeable future.

Contrary to popular belief, the most secure M&A jobs are not with the bulge bracket firms (a slang term to describe the largest and most profitable multinational investment banks in the world whose banking clients are normally huge institutions, corporations, and governments). Bulge bracket banks represent the toughest investment banking jobs you can get. The biggest firms have tens or even hundreds of thousands of employees, each of whom is expendable. The interviews are very structured and quite intense.

Instead, beginners will find the best opportunities are with smaller banks and employers such as M&A boutiques and the M&A divisions of large accountancy firms. If you have no previous finance experience, or if you are trying to switch into investment banking from another field such as engineering or law, go with a boutique that matches your skill set and background.

Beginners should also consider the big picture. M&A is a global business. Internationally, the main investment centers are New York and London. Major European cities such as Paris and Frankfurt also have significant activity. Plus, many investment banks have satellite offices scattered around the globe. This provides the chance to work abroad – even for trainees. For those who want to see the world, there are opportunities to spend significant time working overseas with international clients. For those with two or three years of experience, international assignments are available for those who want them.

Experienced M&A professionals are typically recruited by headhunters or hired on an individual basis. In the past, relatively few people came into the industry from other fields, but this has changed. Today, those who have a technical background in a specific industry are highly sought after. The hottest area is healthcare. In fact, the Affordable Care Act has been the most significant driver of deal activity since its inception. Other hot areas include pharmaceuticals, life sciences, technology, media, telecom, and energy.

GETTING STARTED

THOSE WITH PRIOR EXPERIENCE always get first shot at job openings. The best way to get work experience is to pursue summer internships. Participate in as many as you possibly can. It will give you that much needed experience and also demonstrate your genuine interest in finance and banking to your prospective employers.

Get competitive. Long before you start talking to recruiters, even in your first year of college, you should start getting involved in case competitions. Your participation will help you stand out in interviews and will make your résumé pop out. All job candidates claim generic student group activities and internships to their credit, but few people can describe a competition and how they approached it in a unique way. You can even define these competitions as "work experience" by adding the sponsoring bank's brand name to your résumé in a prominent position. Sometimes recruiters attend these events, which can be especially helpful if you are at a non-target school that would otherwise get very little attention from banks.

During the competitions, you will meet many people involved in the industry. Networking opportunities abound. Take every opportunity to meet bankers, get their cards, and stay in touch. It is great practice for becoming more socially savvy and outgoing for real interviews.

Prepare an "elevator speech" and deliver it with enthusiasm. This is a succinct speech that outlines an idea for a product, service or project, which can be delivered in the time required for a typical elevator ride, usually 20-60 seconds. It is the perfect way to get an employer's attention during an interview.

Keep networking. If you are not an Ivy League graduate, and recruiters have not been breaking down your door, networking is your best bet. In fact, networking is the key to success in this field. Networking is how you will find your first job and networking is how you will keep it (by turning acquaintances into clients). Talk to as many people in the industry as possible and add each to your contact list. Do not be shy about aggressively leveraging your network. Use your school's alumni network, LinkedIn connections, professors, classmates, and friends to get in touch with professionals in the industry.

Build your network by getting involved with professional membership organizations. Attend meetings and conferences and join in online discussion forums. Make sure everyone you talk to knows you are ready, willing, and able to step into your first job as an M&A analyst. Remember, each of those people also have contacts. When you put out the word that you are looking for a position, good networking can get that message out to hundreds of people with just a few calls.

Tap college resources. Start by meeting with a career counselor. Attend your college's training sessions and workshops. Polish your résumé, practice job interviewing techniques, and learn how to dress for an interview. Attend as many job fairs as you can. More and more employers are actively recruiting on college campuses. Ask your guidance counselor, career counselor, job placement office, and professors to let you know when employers are expected to visit. Make sure you have your résumé polished and ready.

Target your job hunting. When searching for M&A jobs online, look for job boards that specialize in the financial services industry. Websites such as Bloomberg.com, TheVault.com, and JobsInTheMoney.com list hundreds of current job openings in finance, though most do not focus on mergers and acquisitions specifically. However, there is one site that is strictly for investment banking professionals: OneWire.com

Do not submit the same cookie-cutter résumé to every potential employer. Instead, take the time and effort to polish and tailor your résumé and cover letter for each job application. Your investment will pay off – employers are looking for people who are truly motivated and willing to work hard, even if it is the work you obviously did on your résumé. Take the same care in preparing for interviews. Here are a few tips:

- Do not wait until the last minute to prepare. Preparing for interviews should be an ongoing activity.
- Research and understand the position that you are applying for.
- Know your own story and résumé well. You should have a compelling answer to the inevitable question: Why are you interested in investment banking? Why do you want to work for this firm?
- Revisit your finance and accounting textbooks and review basic valuation methods and accounting concepts.
- Stay up to date with the markets by reading the Wall Street Journal and Financial Times.

ASSOCIATIONS

- **Alliance of Mergers and Acquisitions Advisors**
  http://www.amaaonline.com
- **Association of Professional Mergers and Acquisitions Advisors**
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- **The M&A Source**
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  http://www.imaa-institute.org
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PERIODICALS

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