

HOW TO GET INTO PRIVATE EQUITY

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In my 11 years of experience in executive search, where a considerable number of my clients have been private equity clients, I naturally have had this question come up time after time:

“How do I get into private equity?”

Private equity is one of the most difficult and competitive industries in finance to get into. While the rewards can be quite promising financially, it is exceedingly difficult to actually get in the door. The short answer to the question about how to get into private equity is to start planning to take that route in your high school years. However, let us face it – not many of us start planning our life in high school, right?

The demand to get into private equity is sky-high, which means private equity firms pick the best-of-the-best when it comes to hiring new deal professionals. The much easier way to break into private equity is to have the right experience.

“The secret of joy in work is contained in one word – excellence. To know how to do something well is to enjoy it.”
– Pearl S. Buck



There are several key and common paths to make your way into private equity:

- **Investment Banking** – This is the easiest way to move into private equity firms. PE firms recruit top analysts out of investment banking programs so it is important to do the best you can in your two year program so that you can be on the radar of top firms.
- **Management Consulting** – Making the transition from a top tier management consulting firm is similar to the transition from investment banking to private equity. There are a handful of PE shops that will recruit top ranked consultants after their first two years in consulting especially if their undergraduate major was in finance, accounting, or less so, economics.
- **Post Undergraduate Studies** – A less common path is to move from your undergraduate program directly to a PE shop. While this does occur, the road can become more difficult when one tries to leave the firm and move on due to limited skills and lack of sell side experience which some private equity firms view as valuable.
- **Post MBA Program** – PE firms also recruit top business school candidates that do well in the respective recruiting process. Like moving directly from undergrad to PE, this is a less common path as well, although more common than the former.

HOW TO GET INTO PRIVATE EQUITY WITHOUT EXPERIENCE

I have to say that it is a very difficult path to journey down without any investment banking or prior private equity experience, however, it is not impossible and I have seen it done time after time in my career.



- The easiest way that can potentially require some significant time, is to try to move into an investment bank either a small boutique or a middle-market focused investment bank. Do the absolute best you can at that bank and network all day every day with private equity firms while you are there
- While a less successful route, I have seen a growing trend develop where small middle-market private equity firms are hiring top performing valuations candidates with exemplary educational backgrounds.
- Most importantly, network, network, network. Focus on lower middle-market and middle-market PE firms that may be willing to hire a candidate with non-traditional career history or that is looking for a diversified experience.

In all of the aforementioned routes I have outlined, prepare as much as you can for the interviews. Private equity firms are looking for stamina, intelligence, poise and presentation, technical knowledge, firm knowledge, your actual deal experience, and culture fit.

At the end of the day, if it is not in the cards, there are various other extremely exciting, lucrative, and challenging routes to go within finance.