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THOMAS DELONG
VINEETA VIJAYARAGHAVAN

SG Cowen: New Recruits

We are who we recruit.

—SG Cowen professional

Chip Rae, director of recruiting at SG Cowen, looked out the conference room window at the falling flakes and wondered how fast the snow was accumulating. Most of the firm's bankers had come in from Connecticut or Westchester to participate in the Super Saturday recruiting event, and he knew they were anxious to get home before the weather deteriorated and made travel dangerous.

The interviews had finished at noon, and the candidates from various graduate schools had left for their flights right away. Now, the bankers were eating lunch, discussing interview results and making decisions. They were sitting in "Giants Stadium," the bank's largest conference room, and Rae had set the tables up in a U-shape so that he could stand in the front and still communicate with all 30 bankers. He posted placards with all the candidate names on the bulletin board and moved them around as they came up for discussion.

The hiring meeting had moved rapidly through a number of candidates. The decision makers had agreed on candidates who were firm "yeses" and some other clear "nos." Now was the tricky part: there were four candidates still left. Each person had some strong support among their interviewers but had also raised some questions. To reach the ideal class size after factoring in expected yield, Rae wanted to give out only two more offers.

Investment Banking Industry in 2001

Consolidation in the investment banking industry was widespread, as major firms bought small banks, bought retail brokers, and considered partnering with commercial banks. Mergers and acquisitions (M&A) and equities remained the highest-margin businesses but also very volatile, as deal volume and initial public offering (IPO) issuances could dry up very quickly in a downturn. In a down market, fixed income's more stable revenue stream was especially welcome. Integrated banking groups such as Citigroup or JP Morgan Chase were sometimes able to win investment banking business away from the traditional bulge-bracket firms because of their ability to offer loans and other commercial banking capabilities. Some strategists believed the lending business was the

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Professor Thomas DeLong and Research Associate Vineeta Vijayaraghavan prepared this case. HBS cases are developed solely as the basis for class discussion. Cases are not intended to serve as endorsements, sources of primary data, or illustrations of effective or ineffective management.

wave of the future, while others targeted the custody business. The custody business, which involved holding and processing the buying and selling of securities for investors, was a low-risk fee-based business that was considered mundane but offered regular opportunities for interaction and service to potential clients.

Several investment banks reported declining profits, and some laid off staff to cut costs. The biggest expense on Wall Street was compensation costs, averaging 50% of revenue.[1] In the prosperous years on Wall Street in the late 1990s, some firms had salary and bonus costs upwards of 60%, since firms signed multiyear contracts promising fixed bonus payouts to keep talent and also signed separate profit-sharing agreements with individual business groups to prevent them from spinning out on their own.

Investment banks were also under increased scrutiny from regulators and the public, who were concerned about conflict of interest. Many new equity issues, especially in technology, had been supported by research analysts, particularly at the firms that had executed the IPOs. This loyalty to the banking clients came at the expense of the investors who followed analyst recommendations and bought stock in companies that often continued to decline. Firms were now developing better guidelines for keeping research teams independent from bankers and their clients.

Investment banks fought for talent with firms in venture capital, private equity, hedge funds, consulting, and, for the last few years, tech companies. Banks were reassured to see students return to the fold, as they exhibited much more interest in established brand-name companies for secure jobs. However, the interest level had gone from one extreme to the other. Where banks had once feared they were only seeing second-tier candidates, now they had recruiting yields much higher than expected and struggled with how to handle all the new recruits as business slowed down.

SG Cowen

SG Cowen was born when Société Générale purchased Cowen and Company in July 1998. Société Générale was an international bank based in France, founded in 1864, nationalized in 1945, and privatized in 1987. By 2000, it was one of the world's largest banks, with assets of over $430 billion as of December 2000. Like many European banks, it wanted a foothold in investment banking in the United States. Many of these banks had tried to create a beachhead in the U.S. but had not succeeded. Société Générale had flirted with buying one of the CHARM banks for the past five years and decided Cowen was the best match culturally.[2] By 2000, Société Générale's $600 million purchase of Cowen had started to pay off: SG Cowen went from an operating loss of $75 million in 1999 to an operating profit of $34 million the following year.

Cowen began business as a bond brokerage house in 1918 and grew into a firm known for top-tier research and strong equity sales and trading capabilities. It was now also focused on building up its investment banking and M&A advisory services. The new entity SG Cowen, numbering 1,500 professionals, planned to remain a boutique-sized firm but had access to the parent firm's balance sheet. SG Cowen's investment bankers focused on emerging growth companies in two volatile but highly profitable areas, health care and technology. This focused approach to banking depended on deep knowledge collected through its equity research team, highly regarded for its coverage of both

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[1] *The Economist*, August 4, 2001.

[2] CHARM banks was the Wall Street nickname for this set of boutique banks: Cowen, Hambrecht & Quist, Alex Brown, Robertson Stephens, and Montgomery Securities.

health care and technology. Kim Fennebresque, president and CEO of SG Cowen, often described research as the "edge of a wedge" that created inroads with new clients.

The firm had strong roots in Boston but had now opened several other offices, as far apart as San Francisco, Dallas, and London. This raised concerns about making sure employees in smaller offices were not isolated and also that they had full knowledge of and access to the resources of the global firm. As the firm grew, there were concerns that groups should make sure there were frequent interactions and that people should know about one another's deals and proposals and make sure they coordinated their client activity. Fennebresque believed that SG Cowen should continue to grow geographically but stay industry focused: "We will, under all circumstances, remain an emerging growth investment bank. Our geographical reach will extend to Europe, Asia, and other parts of the world, but we will not stray from that focused sectoral agenda. We have in our midst, and will continue to attract, the highest-quality professionals who believe in that business model."

The Hiring Process

Like most firms on Wall Street, SG Cowen made hiring decisions in the early winter and spring of each year to fill a new class of associates who would begin that summer. Some associates had previously been employed by SG Cowen as analysts and were promoted to first-year associate at the end of their third year with the firm without going to business school.[3] Other associates started out as interns in the summer between their first and second year of business school and subsequently were offered full-time employment at the end of their internship commencing the following summer. The hiring process for new outside associate hires began in the fall, when SG Cowen would make company presentations at its "core business schools," where it participated in the on-campus recruiting programs. These schools were NYU, Chicago, Columbia, Cornell, Emory, USC, Washington University, Notre Dame, and Berkeley. SG Cowen would also accept resumes from students at noncore schools, where it was not participating in the on-campus program. Often SG Cowen professionals would conduct "informational interviews" with students in the office in advance of official first-round interviews. These interviews, which were not part of the formal process, were a chance for SG Cowen to gauge how serious and enthusiastic the candidates were and a chance for candidates to learn more about the firm and the industry before the interview in which they would be actually evaluated.

Rae assigned team captains to every school at which SG Cowen recruited on campus so that students had a constant and familiar point of contact. Ideally, these team captains were banking professionals and not human resource professionals, and as often as possible, Rae would try to match up alumni with their own school.

Gregg Schoenberg was team captain at the Johnson School of Business at Cornell, the school that currently provided SG Cowen's highest recruiting yield. Schoenberg had joined the firm in August 1998 and now worked in the Equity Capital Markets Group. He became actively involved in recruiting at Cornell upon joining for two reasons. First was that he believed SG Cowen would benefit from the high quality of candidates at Cornell. Second was that he wanted to make it easier for Cornell grads to obtain investment banking positions on Wall Street. Schoenberg averred:

> In the bull market years, the Goldman's of the world would back up the recruiting truck to places like Harvard and invite slews of students to climb aboard. It was tougher for us because

[3] Analysts were recruited from Babson, Colby, Columbia, Georgetown, Harvard, New York University, University of Pennsylvania, Tulane, Vanderbilt, Massachusetts Institute of Technology, and Yale.

> we didn't have the alumni base in New York. We came down here on our own nickel and really pounded the pavement. But you can turn a negative into a positive. Because Cornell students who do want to do banking have to show more initiative and be more focused, generally this makes them great hires.

When Schoenberg had been hired, Cornell was not a core school, and Schoenberg described SG Cowen at the time as "so-so receptive" to people from noncore schools, mostly because the lack of an on-campus round made for disproportionate hassles to pin bankers down to do interviews and set up individual interview times in the middle of a regular workday. Coming from a nontraditional background in politics, Schoenberg felt SG Cowen's interest in him really gained momentum once they knew he had been called back for second rounds at Lazard Freres. When Schoenberg recruited for SG Cowen, he said he always told candidates, "It doesn't matter what you did before, what matters is that you have demonstrated a pattern of success." But he also said candidates had to be realistic about their "fit," as he himself was. "I couldn't outmodel a former Morgan Stanley analyst," he said. He moved to Equity Capital Markets from M&A within his first few months because "it played to my interests in the markets and my personality." People need to be fast learners, he said, because "Wall Street doesn't have the patience to allow someone to develop slowly."

Rae's Strategy

Schoenberg's advocacy for making Cornell a core school converged perfectly with Rae's new strategy for choosing core business schools. "We used to go to the top 10," Rae said, "but at some of the top schools we were getting people in the middle of the class." Paying more attention to the next 15 schools in the top 25 was Rae's new strategy. Rae, who graduated from Amos Tuck School of Business at Dartmouth, had originally been a banker himself at JP Morgan before moving into recruiting positions there and at Merrill, Smith Barney, and then SG Cowen. His previous employers were giants on the top 10 campuses, with huge recruiting budgets, recognized brand names, and, most importantly, much larger hiring needs, which meant that they received immediate student interest. At schools such as Emory and USC, SG Cowen could be a relatively bigger player and attract more attention from the best students. There was resistance initially from senior management, as this was viewed as going downstream. But Rae said, "Senior managers eventually saw the wisdom. We were hiring at the top of the class, and these students also tended to be more loyal. We were not missing much by not going to the top schools."

At each of the core schools, Rae scheduled a company presentation in advance of the interview dates. At the presentation, Rae guided the team captains to make sure they answered four questions quickly: who are we, what do we do, what distinguishes us from competitors, and what are the next steps. SG Cowen promoted the advantages of a boutique firm, arguing that there was less bureaucracy than at larger banks, that people could move much faster in their careers than at other banks, where they would be hired and promoted lockstep as part of a large class. Team captains talked about the advantages of small deal teams, which allowed for more exposure to clients, more responsibilities, and more entrepreneurship.

Rae encouraged team captains to make a very short formal presentation and then allow a substantial amount of time to informally talk and answer questions. At schools like NYU, SG Cowen would be represented by an MD, who made the presentation, and then perhaps 20 alumni who could then have fairly substantial interaction with the expected 100 students who would show up. Some team captains like Schoenberg would tell students they could call him or come and see him (at their own expense) for informational interviews. This would help self-select students who really wanted to be prepared for first-round interviews by knowing more about the firm and also establishing a relationship with him. However, he admitted there was a fine line between helping students who were self-starters and giving them unfair advantage in the process. Some team captains put in a lot of time and effort, while some put in less. SG Cowen did not directly compensate or reward bankers for being involved in recruiting activities, but recruiting was included on the performance reviews leading to year-end bonuses.

On-Campus Round

At every core school, SG Cowen had two or three schedules comprising at least one open one, whereby students signed up based on interest, and the rest closed, whereby SG Cowen selected among previously submitted resumes. Rae said, “In the past, I’ve found as many good people on the open as the closed list.” In the first rounds, interviewers tried to focus on which of these candidates could make it through Super Saturday. Schoenberg said, “When I go up to interview, I’m tough on candidates because I don’t want to embarrass myself later on by endorsing weak candidates.” Interviewers knew they would be held liable for the quality of candidates they brought back for Super Saturday, and their own reputation was diminished if they wasted the time of senior bankers at the firm interviewing candidates at Super Saturday who were clearly not appropriate. At the same time, Schoenberg said, “When I see people who are prepared and have the eagerness, I fight very hard for them.”

While some bankers were especially tough, others were especially easy and wanted to be generous in their assessments of all the candidates. Rae said, “This is where you see the beauty of writing comments down.” At the end of a day of first-round interviews, the two or three people who had been interviewing would discuss whom they had seen. Rae tried to make detailed notes on resumes or on the evaluation sheets he had created, and he encouraged the bankers to do the same so they could recollect specific details about each candidate (see **Exhibit 1** for a sample of Rae’s notes from past interviews). Most often there were two schedules, which would amount to 24 candidates. They would then try to narrow the list to six candidates and quickly have a second round, even that same night, on campus in order to cut half and invite the other half to Super Saturday.

Rae said the firm usually wanted associates or senior associates to conduct first-round interviews: “We’re not aggressive about sending our most senior people out; we want to downstream the identification of talent and upstream the responsibility of closing on offers to senior people.” Rae felt that often the senior-most people were removed from day-to-day concerns and tended not to be as demanding about the basic skills an associate needed, whereas those just a few years ahead of a first-year associate would be much more rigorous about assessing skills. He made sure senior bankers would be at Super Saturday, however, to judge whether potential associates also had the makings of a good long-term banker. In Rae’s view, long-term success did not come from building models, it came from loving the work, loving to teach and sell, and loving the hunt. The successful bankers had to feel the excitement of serving clients and the excitement of competing at the highest level.

In this first round, he also instructed interviewers to test for culture fit. This could be as simple as asking someone whose work and education experience was entirely in the Midwest, “Are you comfortable living and working in New York?” Rae said, “Sometimes they might be a diamond in the rough and they can make the transition, but cultural fit is important.”

Other bankers at SG Cowen agreed. One banker, Ryan Daws, pointed out, “It’s important having Chip in the process because there are only so many personality types in the world, and he’s seen a lot more than we have.” Daws said, “HR at every bank has to earn credibility with bankers, but when you have someone like Chip who used to be a banker, it makes it easier.” He also said, “Certain types fail to succeed once they get here, which colors the interviewing process." For Daws, alarm signals went off when people did not dress appropriately, or when they asked questions like, "Are the hours really as bad as they say?" He acknowledged there was some ego involved on the interviewing side. "No one's ever as good as I thought I was," he joked.

Super Saturday

Super Saturday in fact began on Friday afternoon, when candidates arrived from their various schools and convened with many of the interviewers for dinner and cocktails in the wine cellar of an elegant midtown restaurant. Fennebresque spoke at dinner, and, because he was a great speaker and because it was rare to get the attention of a CEO during recruiting, candidates were usually visibly impressed. On Saturday morning, interviews began at nine, and each interviewer and each candidate had five half-hour sessions with short breaks. Rae tried to keep these interviews moving and spent a lot of time gently tapping and then firmly knocking on bankers' doors when they lost track of time. Super Saturday was exhausting for the interviewers as well as the interviewees, and Rae wanted to make sure the bankers saved some energy for the collective decision making. Thirty candidates had attended, which meant Rae had commandeered 30 bankers to come to Super Saturday. Rae said, "They're giving up a Saturday, and they want to get out of here as fast as they can. But they get to make the decisions, and that brings them in here every year."

Rae estimated from previous years that he should make 20 offers if his target was 15 acceptances. There were already eight hires from the summer associate program, and seven third-year analysts were being promoted, so this would achieve his objective of a full associate class of 30. Successful candidates received offers to join investment banking. Those who accepted returned for an orientation in April to meet with the banking groups that interested them most. By the time the training program started, each new associate was assigned to a group.

The hiring meeting started as the bankers ate their lunch. The bankers usually felt very confident that they could whip through the list of candidates quickly, as they often assumed that others would have shared their view on the interviews they conducted. Bankers were always surprised at these meetings to find out how strong the disagreement could be. One managing director might be turned off by a candidate for "being too salesy, I thought he was trying to snow me," and that same candidate could have appealed to another director for having "great attitude, eager to contribute." Rae had to figure out how to let everyone weigh in and then build consensus around a decision.

Building a Culture through Hiring

Rae said, "I try to get people to act and behave like a firm." He wanted to make sure bankers were not overly partial to candidates from their own alma maters and also that bankers did not hire people who would only succeed in their own group. At the same time he wanted to make sure that bankers did not relax standards and hire a candidate whom they thought of as "good enough for the firm" but "not good enough for my group." Sometimes he would try to push a banker to a conclusion by saying, "If you could only take one new associate to the CEO's office with you, which one would it be?" Or at the other extreme, "If I can't place her, she's going to be yours, how do you feel about that?"

One HR manager at SG Cowen commented:

> People on Wall Street are too hard on people who took some time to figure out what they want to do. But look at Kim Fennebresque, our CEO. He started out as a lawyer, and he's been incredibly successful in banking. But when people are hiring, they don't think of that. Personally, I think anyone who tells you in an interview that they wanted to be an investment banker since age 12 has led an incredibly dull life.

Fennebresque said, "We want to make sure people who are attracted to a place like this understand what this is. We want to ferret out people who love technology, who love emerging growth." Making the firm more visible to both potential clients and potential employees was one reason Fennebresque agreed to frequent appearances on CNBC and business segments on other news shows. "So many people come to Wall Street for the wrong reasons," he said. "They're dazzled by dough and dazzled by stature. People should figure out what they like to do, it matters even more than what they're good at. I was perfectly good at law, but I sat in that law library at night and I thought the librarian was the Marquis de Sade torturing me. If you don't like what you're doing, even if you're good at it, eventually you and God are going to figure it out."

Fennebresque spoke fondly of having started out in banking at First Boston in the 1980s during the firm's heyday and in close view of the rise of Joe Perella and Bruce Wasserstein. Fennebresque said, "I used to believe culture was an overrated Harvard buzzword," but First Boston made him realize how much culture mattered. "We were young punks trying to elbow in on the big boys, and it worked," he said proudly. He was trying to bring some of that dynamism to SG Cowen. Because the investment bankers had all been hired from different firms to build SG Cowen's banking platform, Fennebresque often used the metaphor of Ellis Island to exhort his bankers to come together and create a unified new culture. He also wanted to make sure they felt they had the support they needed to get their work done, and Fennebresque tried to give bankers as much autonomy and decision-making power as possible.

Fennebresque's involvement in recruiting events and his visibility with new and young employees stemmed from this desire to provide support. "The most important clients are inside, not outside. I really believe that," he said.

Hiring Criteria

Rae tried to formalize the criteria by using grid sheets for the bankers to fill out and having them vote and make a case on behalf of their candidate. There were definitely bankers who resisted any kind of "science" in this process. Bill Buchanan, HBS '86, was head of Equity Capital Markets and had also come to SG Cowen from First Boston, like Fennebresque. "The type of person who does well here doesn't want to be told what to do. He or she is far less regimented. This is not the Navy. We want the self-starter." Buchanan said he did put a lot of stock in resumes: "It makes a big difference if they have been an entrepreneur." Most important, though, he hired for fit. He was even known to change the structure for fit, in that he had created jobs for people he thought SG Cowen should hire. As Buchanan put it, "We can stretch for personality, and we can stretch for sparkle." Especially in ECM, Buchanan said, "The human element, especially our creativity and energy, is why a company chooses us as financial advisor in the first place, especially on commoditized products. We're very hands on and high touch. We're not the volume leader, but we are a service leader."

Candidates for Hiring

The bankers assembled had assigned almost all the magnetic placards representing the applicants into decision groups. They had two spots remaining and four people in the "maybe" category from whom to choose.[4]

Natalya Godlewska Natalya Godlewska was an MBA student at Cornell and had earned an undergraduate degree in finance at an eastern European university. As an undergraduate, she had been the student with the highest grade point average (GPA) in the finance department, and she went on to serve as a graduate teaching assistant in the finance program at Cornell's business school. She was originally from Poland and had moved to the U.S. at the age of 22. She spoke fluent Russian, Polish, and German and some French. Prior to business school, she had worked for four years for CommScan, a company that developed M&A modeling software used by many major Wall Street firms. She had gone to the SG Cowen presentation at Cornell, called the bankers she had met to have informational interviews, and then had been one of the top candidates from Cornell sent on to Super Saturday.

At Super Saturday, her interviews had mostly gone well, although there was some hesitation from two interviewers. Everyone was uniformly impressed with her finance background, her analytical knowledge, and her understanding of the financial markets. When one of the bankers had telephoned her references, her previous supervisor had responded positively about Godlewska's skills and also commented, "This is the person I would want to bring to a tough negotiation." She seemed very determined, ambitious, and ready to work hard. But one associate and one managing director each expressed strong reservations for different reasons. The associate felt that Godlewska might not be a good culture fit with the other associates and that she had seemed stiff and uncomfortable during small talk at the opening of the interview and also at dinner the night before.

The managing director felt that some bankers might lose patience with Godlewska's less-than-perfect English and that this would affect her ability to work smoothly with her managers. Other people on her interview schedule spoke up in her defense. Associates should be made to deal with people with different backgrounds, and it was all too easy to use "culture" as an excuse. One banker said he thought Godlewska would be a hit with clients because she was a go-getter and radiated positive energy and a "can-do attitude." He said that though it might be an issue with impatient bankers on her team, her language skill would definitely not be an issue with clients because "most of our clients think Wall Street types speak too fast anyway."

Martin Street Martin Street was a second-year Wharton MBA who had previously served four years in the military. He had no business experience, but he had substantial leadership experience, most notably having led a rescue operation in war-torn Bosnia. He was president of his section at Wharton and also of the Running Club, having completed two marathons and one triathlon in the past year. All of his interviewers agreed that he came across as a dynamic personality and that he was confident and articulate.

SG Cowen came to Wharton toward the middle of the recruiting period, so as one banker said, "People either really want SG Cowen, or they didn't get offers from other firms." Street had told them he was taking several finance courses, but SG Cowen was not allowed to ask him about his grades because that was forbidden under Wharton recruiting rules. Cowen had difficulty scheduling Street for Super Saturday because he was always involved in recruiting events at other firms. He had said that he liked smaller firms and liked SG Cowen's areas of specialization, but they still were

[4] Note: These candidates are composites of many candidates and are not meant to describe any actual candidate.

unsure what the likelihood was that Street would accept the offer if it was extended. They were also wary of whether he would play firms against one another in terms of wanting additional time to interview and consider offers, which might prevent SG Cowen from being able to fill that slot with another top-choice candidate. One professional in recruiting said, "If a person doesn't sign and accept the offer letter right away, we've made a mistake."

Ken Goldstein Ken Goldstein was a second-year MBA at Berkeley who had previously worked at PricewaterhouseCoopers for five years. He had quickly risen to be a manager at PWC, managing multiple audit teams simultaneously, drawing up budgets and pricing for projects, making presentations to win business, and resolving technical accounting issues for clients. When SG Cowen called his reference at PWC, he confirmed, "Ken's performance appraisals put him in the top 5% of the firm."

Everyone who had interviewed Goldstein liked him and thought he would represent SG Cowen well. In fact, when Rae looked over the written comments on all the evaluation forms, they were uniformly positive. Why hadn't Goldstein been an immediate "yes," why was he one of the "maybes" that warranted this discussion? One banker said, "I can tell you what everyone's afraid to say. Ken is married and has two sons, a newborn and a two-year-old. Whatever he did at PWC, we can't tell at this stage of his life whether he really will be willing to work 24/7 like the rest of the associates." One of the senior associates said, "It's hard on the other first years if we make allowances for Ken to pick up his kids at daycare or not work on a weekend when his wife's away. None of the first years expect to have a life, so what happens when they see Ken having a life?" Some interviewers said Goldstein had openly talked about his intention to be able to balance a family with being a banker. One of his interviewers said, "I commend him for trying, but I break promises to my kids all the time, to take them to the first day of school, to get home for a game." Another banker said, "It's weird to say this, because we always say we're looking for maturity, but I almost think Ken's too mature. If he were on my team, I wonder if he would do what I tell him to do, or if he'll dislike taking orders. He's used to having a lot of responsibility and being in charge."

Andy Sanchez Andy Sanchez was a second-year MBA at the University of Southern California and had completed his undergraduate degree in economics at UCLA. Sanchez had found early success as an entrepreneur, having started his own business during his first year of college, a Kaplan-style tutoring business to prepare students in Los Angeles for high school achievement tests and the SATs in both English and Spanish. After college, he ran the business full time for three years and then continued to run it while he enrolled in business school. Last year, his business had served 4,000 students at an average price of $500 per course, resulting in $2 million in revenue and clearing $400,000 in profits divided between himself and an equity provider.

Sanchez's interviewers all found him enthusiastic and personable. He had talked to a lot of people at SG Cowen and had stopped into the New York office to have informational interviews or talk to other associates on several occasions when he was in the city for other meetings. He always sent follow-up e-mails and notes to everyone he spoke to, was friendly to the other candidates at Super Saturday, and was great at making people relax. He was well informed about the firm, telephoned other alumni from USC to talk to them about their banking experiences, and seemed as though he had been reading up on investment banking, speaking very cogently about recent landmark deals in some of his interviews. When asked whether he was sure he wanted to leave his business, he said he was ready for new challenges and that his younger brother was going to run it in his absence.

The biggest concern interviewers had with Sanchez was from his resume, which listed a 2.8 for his undergraduate GPA. When asked about his business school GPA, Sanchez had said it was a 3.1. At a time when most schools including USC had a fair amount of grade inflation, SG Cowen bankers were concerned that he had had so many "Cs" on his record over the years. "We're not looking for rocket scientists, but a 2.8 really sticks out," one banker said. Sanchez had pointed out to one of his interviewers that his SATs and GMATs were quite high and that his low grades only reflected the amount of work he was putting into running his business. Rae looked over the other resumes of the Super Saturday candidates, and Sanchez had a very competitive SAT score and one of the highest GMAT scores. Sanchez had told one of his interviewers, "There was a lot of demand for our services, so we got excited and grew the business pretty fast, and I also needed to make enough money to put myself through school and then put my two brothers through school. Unfortunately, that left me little time for studying."

Decision Time

The bankers were having a hard time deciding among the four candidates, and they were running out of energy. The snow was coming down faster, and most of the food was gone, the bankers now going back to the buffet for a second sandwich or some lukewarm pasta. They had made good progress, but choosing these last two candidates was not turning out to be an easy task. Rae remembered Fennebresque's admonition to make the hiring process "our most important priority." One banker spoke up, "Chip, let's keep this meeting moving. The roads look bad, and it's my anniversary tonight. If I don't get home soon, I'm in deep trouble."

Exhibit 1 Sample Pages from Rae's Evaluation Book (Prior Candidates)

Candidate: Bill Berry

Yes Tech

Continental Breakfast available in Conference Room #1

9:00 M Larry Fromkin, Vice President, Health Care

Up. 9:30 M- =Yes Linda Conway, Managing Director, Technology

Up. 10:00 B+ =Yes Daniel Jones, Associate Technology

10:30 Break

Return to Reception area, Conference Room #3

Refreshments available in #1

Restrooms across from office #1

If you need a car to take you to the airport, hotel, or home at noor please see **Lynn Smith** at the reception desk during this breal She will order you a car.

10:45 Yes Carl Havens, Vice President, Technology Closer

11:15 M+ Gloria Watson, Associate, Barr Devlin

11:45 Finish

K.C. calling Chase
well liked in Lev Fin
HC didn't like him
former/good reform

D C-S = Q's why he didn't get an offer from Chase.
- likes background.
- falls short on number-crunching.
- understands personality aspects/sells.

HM - too salesy. Needs to be carefully managed
- ahead of himself
- nice guy - good salesman.
*K.C. offered to check him out at Chase.

Exhibit 1 (continued)

Candidate: Sam Damon

Yes - M&A.

Continent

9:00 Yes Vijaya Parbhu, Managing Director, M&A

9:30 M- Aaron Solomon, Associate, Technology

10:00 M+ Sam Chung/Lewis Anderson, Associates, Technology M&A

10:30 Break
Return to Reception area, Conference Room #3
Refreshments available in #1
Restrooms across from office #1
If you need a car to take you to the airport, hotel, or home at noon please see Lynn Smith at the reception desk during this break
She will order you a car.

10:45 M Tom Tedlow, Director, Technology

11:15 M- Danny Lewis, Director, Technology

11:45 Finish

VP – Liked firm, knew about company.
committed.

B committed. Nervous. Weak presence. Not that sharp.

A committed. Lack of experience in banking.

T.T. Hard worker. Not an original thinker. Won't grow into job.
Not hire into grp.

DL: Concerned w/ lack of applicable experience.

Exhibit 1 (continued)

Candidate: William Xu

Eq. cm NO

Continental Breakfast available in Conference Room #1

9:00 S. Maybe Ken Arendt, Associate, Technology

Yes

9:30 Maybe Samantha Adams/Lewis Anderson, Associates, Technology M&A

10:00 Yes Charlotte Williams, Managing Director, Equity Private Placements

10:30 Break

Return to Reception area, Conference Room #3

Refreshments available in #1

Restrooms across from office #1

If you need a car to take you to the airport, hotel, or home at noon please see Lynn Smith at the reception desk during this break She will order you a car.

10:45 Soft No Michael Brennan, Associate, Barr Devlin

11:15 Soft yes. Cal Pava, Managing Director, Technology

11:45 Finish

- good attitude
- issues with maturity

soft offer from CSFB.

MS. Not polished.

MB No accounting skills.

Exhibit 1 (continued)

Candidate: Sara Wicher NO

Continental Breakfast available in Conference Room #1

9:00 Y/S	Mitch Madison, Director, Technology
9:30 M	Sam Downing, Managing Director, Equity Private Placements
10:00 M	Daniela Galvin, Associate, Technology
10:30	Break Return to Reception area, Conference Room #3 Refreshments available in #1 Restrooms across from office #1 If you need a car to take vou to the airport, hotel, or home at noon, please see Lynn Smith at the reception desk during this break. She will order you a car.
10:45 Maybe No	Bill Friedan, Associate, Technology
11:15 M	Darrell Rawlins, Managing Director, Technology
11:45	Finish

J.T → Not a strong candidate.
C.M. → Lost train of thought, low key
GP. → struggled w/questions, timid
D.G → Weak candidate.

M.S. → wasn't upbeat

H.M → Attitude

Source: Company.

Exhibit 2 Associate Evaluation Form

SG Cowen Investment Banking Division Associate Evaluation Form

CANDIDATE: ____________________ SCHOOL: ____________________

EVALUATOR: ____________________ DATE: ____________________

GROUP INTEREST: ____________________

	OUTSTANDING	GOOD	FAIR	UNSATISFACTORY
COMMITMENT TO FIRM	____	____	____	____
JUDGMENT/MATURITY	____	____	____	____
INTERPERSONAL SKILLS				
Impact/Presence	______	______	______	______
Communication Skills	______	______	______	______
LEADERSHIP				
Initiative	______	______	______	______
Motivation	______	______	______	______
TECHNICAL SKILLS				
Creativity	______	______	______	______
Modeling	______	______	______	______
Accounting/Finance	______	______	______	______
Prioritizing	______	______	______	______
WORK ETHIC				
Team Player	______	______	______	______
Flexibility/Versatility	______	______	______	______
Motivation	______	______	______	______
OVERALL RATING	____	____	____	____
COMMENTS:				
RECOMMENDATION(CIRCLE ONE):	HIRE		DON'T HIRE	

Source: Company.