

Appraisals: how are bankers evaluated?

Investment Banking › Career Advice



A question that often comes from students and investment bankers is "How do I do to be ranked in the top tier?" and also, "What happens during the year-end investment banking appraisal that will decide my bonus and promotion?"

So let's plunge into the mysterious depths of the year-end appraisal process. At most investment banks, the process moves like this:

1- A few months before bonus time, you are asked to pick people (usually about 10 people) who worked with you, and they will review you. Sometimes they will show you the reviews, sometimes not. The review will be based on various criteria such as: teamwork, technical skills, performance on transactions, accuracy, integrity, reliability, areas of improvements, etc. In most banks, they will rank you as "performing above expectations", "performing as expected" or "performing below expectations" for each of those criteria with some commentary.

2- The senior management will have a big meeting at the headquarters to fight for the size of their team's bonus pools. The size of the bonus pool depends on the performance of the bank as a whole, the revenues that have been generated by the team, and other "market forces", which include current salary trends, post-financial crisis, and the political environment.

3- Seniors come back, and figure out a way to rank the analysts and associates in their teams to allocate the bonus pool. The ranking is based on the scores in the review, but most of the time it is actually the team head making the call. You will be either ranked in the top tier (meaning: higher bonus, 20% to 30% more than the others), ranked standard (that is 80%+ of the bankers) or bottom tier (lower bonus or about to be fired).

But how does your performance get assessed as an analyst or an associate?

Let's face it, analysts and associates don't generate any revenues, and the PowerPoint slide from analyst A is no different from PowerPoint slide from analyst B. So basically, you don't get evaluated on what you do right, but you get evaluated on what you do wrong. What you did not do well will definitely come up at appraisal time.

What can you do to be in the top tier then? Here are a few tips:

First impressions count a lot

When you first join a team, don't be a smart-ass and keep asking for the best deals, even if you are a superstar. Otherwise, you'll be in the "annoying smart-ass" category, and that's a guaranteed bottom-bonus for you. First impressions count and last very long. The Golden Rule is: even if you are very good, never ever be arrogant, and always keep a good attitude even if you are being shouted at unfairly. At the end of the year, a good attitude always pays off, because that's really the differentiating factor between you and your colleagues.

The last 2 months count most

Bankers have short memories, so you'll be evaluated mostly on what they can remember, which is the previous two months at maximum. So two months before bonus time is the best time to put that extra effort and to triple-check those models before you show them to anybody at a senior level. Get your fellow analysts and friends to help you check things and put in the extra care; it will pay off.

Network network network!

Don't be seen as just a pure modelling geek. Talk to people in your team and outside your team. Get introductions from your friends and get to know your alumni, take coffees with them when you can, so that you can get a good feel of what is happening in the office and make good first impressions (see advice #1). The more people you know, and the more people have a first good impression of you, the better. Why? Because people talk, and if your name is associated with something positive, that will directly impact your chances to be ranked at the top.

Finally, don't be obsessed with a number!

While you may not end up getting what you want, think about keeping a positive attitude. Being ranked at the top is great, but what you should really aim for is avoiding being ranked at the bottom. Also, you may not get ranked on top this year, but there is always next year. Remember that investment banking is very much a career that required a lot of patience, and the really big rewards will really start to come at VP level and above.

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