# Should you work for a boutique investment bank?

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There is more to investment banking than just bulge bracket banks. While most of the bulge bracket banks like Goldman Sachs and Morgan Stanley are well-known to most students interested in finance, there are hundreds if not thousands of small institutions focused on corporate finance activities. Those smaller institutions are called "boutique investment banks". They tend to be much smaller (a couple to a few dozen people), and have a narrower focus. They may only focus on a specific sector (i.e. Arma Partners and the TMT sector), be regionally focused, customer type focused (i.e. Altium and mid-market companies) and try to focus on giving either cheaper, higher quality, or very specific advice. But is working for a boutique a good career move? Below are some advantages and drawbacks of working for a boutique investment bank.

**Culture**

Many bulge bracket bankers that move to boutique investment banks mention culture and lifestyle as a reason for their move. While it is true that many boutiques can be more entrepreneurial and collegial given their smaller size, not all boutiques are created equal. Some boutiques may not get the deal flow that big banks have, and the hours or intensity can be more appealing compared to larger banks. However, smaller institutions also mean a lower level of support. Therefore, you'll probably be asked to do more administrative work or some of the more tedious research on your own; no more assistants to help you schedule all of your meetings, or research department to send you all of the research reports you need. In some cases, no more printer room!

**Compensation**

The main advantage of boutiques over some of the larger banks is that the compensation will be all cash. This can make a substantial difference for VP level and above. However, many boutiques tend to pay less compared to big banks, but again this is on a case-by-case basis, as some elite boutiques may be very competitive on pay. While bulge brackets have to follow market trends and your bonus will be fairly predictable (depending on your ranking), boutiques pay may vary much more depending on the number of successful deals they have closed during the year. Given the smaller size, the process may be more political, as well as depend on the quality of your relationships within the firm.

### Deal exposure

Most boutiques tend to do fewer deals, simply because it's more difficult to get business or because they may lack the capacity. Big banks are pitching machines, and boutiques need to be more picky given their smaller resources. This is something to take into account, as the deal flow is very important for a banker, especially in junior years. However, you may get more exposure on single deals compared to large banks. Hierarchy in boutiques is usually flatter, which means that you might get more exposure to clients, and be responsible for running a deal even at junior levels. The drawback is that this may create more pressure, as the learning curve may be pretty steep.

### Network

The network that bankers build at top investment banks is often overlooked. However, this will be of critical importance in your mid to late career. Working in a large institution will give you exposure to a lot of bright colleagues that will end up in top jobs in the finance and corporate world. The network will definitely be more restricted at boutiques. In addition, bulge brackets tend to carry more prestige on the CV, because the selection process is usually tighter. People in the industry will always look up at somebody who spent a couple of years at Goldman Sachs or Morgan Stanley. Its very similar to your education - Ivy League is always more impressive, although it is not what will define your career success ultimately.

### Exit opportunities

Exit opportunities ultimately depend on the quality of your deal flow in investment banking, although brand names matter. Exit opportunities will be plenty at good banks and boutiques, but the quality and diversity of the offers will be much better at big banks. Most buy-side firms or even corporations feel more comfortable hiring from well-known banks, and headhunters also tend to favour big banks because it's easier for them to find talent in those big M&A pools.