

Bootcamp Week 3



1/31/22

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Coffee Chats

Coffee Chats

- “Coffee chats” are not informal chats over coffee, but are rather informational interviews
- It is extremely important to prepare well for these interviews as they strongly impact your candidacy at a firm

Goals of a coffee chat

- Impress the person you’re speaking to by being engaging, respectful, knowledgeable, and asking thoughtful questions.
- Learn about your interviewer’s experiences at the firm, the company culture, and potential internship / job opportunities.
- Be introduced to other helpful contacts

How To Prepare for a Coffee Chat

- Coffee chats are often conversational so make sure you prepare plenty of questions to ask about them, their career path, their position, the firm, the application process, etc.
- Learn about the company! If possible, research your interviewer beforehand and have questions ready
- Rehearse your “story” / “walk me through your resume”
- What to bring:
 - Bring 10 hard copies of your resume
 - Notebook and pen for taking notes
- What to wear:
 - Formal dress (blazer, button-down / blouse / dress, dress pants)
 - * The CCI has clothes

Example of Introductions

- Do not usually start with “Tell me about yourself”... so do not just jump in
 - Most people will ask about your day, how Middlebury is, COVID-19, etc. Know how to make small talk
- You may be prompted, but if there is lull after small talk, say... “Great, so thank you again for speaking with me. If it’s helpful for you, I can tell you a little about myself, and then I think it would be helpful for me to hear about you and your career at _____.”
- Remember to smile and be confident!

Walk Me Through Your Resume

- Start at “the beginning”: hometown, major, minor, class year, activities
- How you first became interested in finance/business
- How your interest developed over the years via the specific internships/jobs/other experiences you have had
- Conclude with a strong statement about why you’re speaking with the person

Tips/Tricks

- Aim for under 2 minutes -- if you go longer than this, the interviewer may get bored or impatient
- Do not look at your resume when going through your “story”
- Be chronological
- Show how each experience along the way led you in the direction of finance

Walk Me Through Your Resume - Example

- “I’m currently a sophomore at Middlebury studying economics and minoring in political science. I’m originally from Long Island and wanted to come to Midd for hockey / liberal arts / mountains / etc.”
- “At Midd, I’m part of SIC’s TMT group and work with a team of 10 to manage the tech stocks of the club’s investment portfolio.”
- “I’m also in Midd Women on Wall Street, which I know you were a part of, and it’s really given me the opportunity to network with professionals in IB while also creating a supportive, friendly environment where I have a bunch of older sisters to look up to”
 - Don’t mention these clubs if you’re not in them. Don’t say anything you’re not part of b/c you’ll get asked.

Walk Me Through Your Resume - Example Cont.

- Last summer... One interesting class I took was... One experience from SIC was...
- Add why that experience as led to an interest in IB...
 - “In WM, we work directly with individual investors, but I would like to see the sell side and work closely with companies looking for advice and access to capital”
 - “In SIC, we get to analyze companies and pitch them. For example we pitched Vivendi... SIC networking... like the investing side, but would like to dive deeper into finance, specifically IB because you get to see the inner workings of companies, what they’re thinking, and provide capital based on market conditions. I think my econ / poli sci background would be very applicable”

Common Questions They Could Ask You

- Tell me about yourself, walk me through your resume
- Why are you interested in IB/S&T/...?
- Why are you interested in __ firm?
- Why did you choose Middlebury? Why your major?
- Tell me about something interesting you read in the markets
- Have you been studying technicals? If so, what is ___?
- **Elaborate on ____ on your resume (e.g. SIC)**
- **Why are you on the Fall Finance Trip?**

Other Tips & Tricks

- Be on time!
- Look neat and tidy
- Start with a handshake
- Make good eye contact
- If they offer you a water / coffee, always say yes, and do not offer to pay (say thank you)
- Be confident!! BUT do not pretend to know something that you don't, be honest about the knowledge and experiences that you currently have
- Keep your answers succinct
- Do not share everything you know right off the bat -- leave room for questions
- Do not ask anything that you can Google
- Ask questions that are specific to your interviewer's career and experiences
- Make sure to keep track of and update your network contacts
- Write a thank-you email to your interview ASAP after the coffee chat

Post-Interview Thank You Example



Re: Barclays Sophomore Springboard Program

Hudson, Alice Margaret

Tuesday, February 26, 2019 at 5:29 PM

To:

↩ You replied to this message on 3/10/19, 1:42 PM.

Show Reply

Hi Will,

Thank you very much for taking the time to interview me yesterday and for answering my questions. I really appreciated hearing why you decided to stay at Barclays and hearing about the Union Pacific bond deal, which seemed particularly exciting.

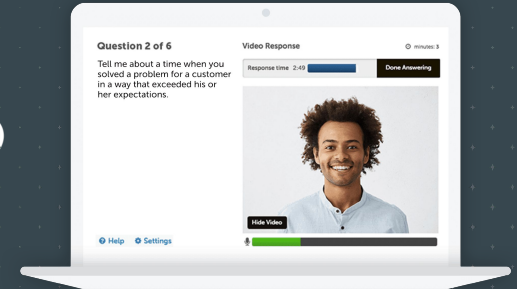
I look forward to hearing back from you in regards to next steps in the process. Hope you have a great rest of your week.

Best,
Alice

Hirevue

Hirevue

- What is a Hirevue?
 - A video-interview that uses AI and ranking algorithms to analyze and score job candidates based on their video responses to a few questions
 - You'll usually have 30 seconds to prepare, then a set time of 90 seconds to three minutes (depending on the question) to record and submit your answer
- Yes, they're awkward and annoying
- As Midd students, you should absolutely slay these
- Mostly behavioral, rarely a soft technical
- Always do the practice questions to warm up (not recorded)
- Usually 2 tries (sometimes 1)
 - **BANKS SEE ALL THE TRIES!**



Firms that use HV: Morgan Stanley, Goldman Sachs, JP Morgan, BofA, UBS, Insight Partners

Hirevue Tips

- Practice in photobooth
- Get completely dressed
- White / neutral background
- Put your phone on silence and take your home phone off the hook
- Take the full time to plan your response. You can use the first attempt to practice.
- Look into the camera circle, not at your face
- Be really energetic and have a smile on your face (literally 90% of the battle)
- Sometimes a person watches, sometimes a bot
- Bots monitor eye movement, voice pitch / loudness / talking speed, etc.
- STAR Framework
- You don't need to use the full allotted time

Example of HireVue Questions

- Why Morgan Stanley?
- Why x Division?
- Tell me about a time you had a leadership position.
- Think about a time you were working on a team and something went wrong. What was your role? How did you fix it?
- Tell us about a passion of yours.
- What's your most proud accomplishment?
- Tell me about an experience on your resume.
- Tell me about a time you made a mistake. How did you fix it?
- What is a recent deal that interests you?
- What are two companies you think should merge?
- Can you tell me about a recent market trend?

Accounting 2

3 Statements: How They Connect

- Start with the Income Statement and get net income
- Take net income to the top of the Statement of Cash Flows and reflect changes to operating, investing, and financing activities ending with the new cash balance
- Take the new cash balance + changes to assets/liabilities (net income flows into retained earnings in shareholders' equity) and update the Balance Sheet
- The most important part is that they are all connected and if you have a Balance Sheet and Income Statement, you can create a Statement of Cash Flows

**The key takeaway is that the 3 statements
are inextricable**

INCOME STATEMENT	20X1	20X2	20X3	20X4
Revenue	1,331	1,464	1,611	1,772
Cost of Goods Sold	799	878	966	1,063
Gross Profit	532	586	644	709
Operating Expenses (SG&A)	200	220	242	266
Operating Income (EBIT)	333	366	403	443
Interest Expense	43	38	33	28
Pretax Income	290	329	370	415
Income Tax Expense	102	115	130	145
Net Income	189	214	241	270

BALANCE SHEET	20X1	20X2	20X3	20X4
Cash	478	627	809	1,026
Accounts Receivable	109	120	132	146
Inventories	131	144	159	175
Total Current Assets	718	892	1,100	1,346
Property Plant & Equipment (PP&E)	840	837	827	808
TOTAL ASSETS	1,559	1,729	1,927	2,155
Accounts Payable	66	72	79	87
Current Portion on Long Term Debt	50	50	50	50
Total Current Liabilities	116	122	129	137
Long Term Debt	400	350	300	250
TOTAL LIABILITIES	516	472	429	387
Common Stock	100	100	100	100
Retained Earnings	943	1,157	1,397	1,667
TOTAL EQUITY	1,043	1,257	1,497	1,767
TOTAL LIABILITIES & EQUITY	1,559	1,729	1,927	2,155
Check	0.0	0.0	0.0	0.0

CASH FLOW STATEMENT	20X1	20X2	20X3	20X4
CASH FLOW FROM OPERATING ACTIVITIES				
Net Income		214	241	270
Add Back Non-Cash Items				
Depreciation		73	81	89
Amortization		0	0	0
Changes in Working Capital				
Accounts Receivable		(11)	(12)	(13)
Inventories		(13)	(14)	(16)
Accounts Payable		7	7	8
Net Cash Provided by Operating Activities		269	302	337
CASH FLOW FROM INVESTING ACTIVITIES				
Capital Expenditures - Purchase of PP&E		(70)	(70)	(70)
Net Cash Used in Investing Activities		(70)	(70)	(70)
CASH FLOW FROM FINANCING ACTIVITIES				
Revolving Credit Facility		0	0	0
Long Term Debt (Current Portion)		(50)	(50)	(50)
Net Cash Provided by (Used in) Fnce Activities		(50)	(50)	(50)
Net Cash Flow		149	182	217

Walk me through how Depreciation going up by \$10 would affect the statements

Income Statement: Operating Income would decline by \$10 and assuming a 40% tax rate, Net Income would go down by \$6.

Cash Flow Statement: The Net Income at the top goes down by \$6, but the \$10 Depreciation is a non-cash expense that gets added back, so overall Cash Flow from Operations goes up by \$4. There are no changes elsewhere, so the overall Net Change in Cash goes up by \$4.

Balance Sheet: Plants, Property & Equipment goes down by \$10 on the Assets side because of the Depreciation, and Cash is up by \$4 from the changes on the Cash Flow Statement.

\$10 Depreciation Continued

Overall, Assets is down by \$6. Since Net Income fell by \$6 as well, Shareholders' Equity on the Liabilities & Shareholders' Equity side is down by \$6 and both sides of the Balance Sheet balance.

With this type of question we always recommend going in the order:

1. Income Statement
2. Cash Flow Statement
3. Balance Sheet

Written Out...

IS	CF	BS
-10	-6	A L+E
+4	+10	+4
<u>-6</u>	<u>+4</u>	<u>-10</u> <u>-6</u>
		-6 -4 ✓

Handwritten diagram showing the relationship between IS, CF, and BS. Arrows indicate the flow of values: from IS (-6) to CF (-6), from CF (+10) to BS (+4), and from BS (-10) to BS (-6). A large curved arrow at the bottom points from the circled -6 in the IS column to the circled -6 in the BS column.

Breaking Down the Income Statement

- Revenue — what you collect from customers for providing goods/services
- Expenses
 - Costs of goods sold (COGS): materials/labor costs directly tied to revenue generation — ex) the metal that goes into making a laptop
 - Selling, General, and Administrative (SG&A): costs tied to running a company — ex) management salaries, marketing costs, etc.
 - Depreciation and Amortization (D&A): the loss of value tied to the use of an asset — ex) wear-and-tear on a factory, declining value of a patent as loss-of-exclusivity approaches
 - There are others, but these are the ones we will think about
- Revenue – Expenses = Net Income

Breaking Down the Balance Sheet

- Assets: Resources bought/created to increase a firm's value or benefit the firm's operations
 - Current
 - Cash and cash equivalents: Always first line of assets (most liquid)
 - Accounts receivable: Money owed to the company
 - Inventory: Goods available for sale
 - Prepaid expenses: Expenses for which the value has already been paid (e.g. insurance, rent)
 - Long-term (> 1 year)
 - Property, plant, and equipment (PP&E): E.g. buildings, machinery, land, office equipment
 - Intangible assets: Patents, trademarks, goodwill (premium over the fair value of assets during the purchase of a company)
- Liabilities: Obligations that the company owes
 - Current
 - Accounts payable: Money owed to creditors (e.g. suppliers for goods and services)
 - Long-term (> 1 year)
 - Long-term debt: Debt that matures in more than one year
- Shareholders' Equity: Owners' residual claim on assets after debts have been paid
 - Common stock: Ownership of the company through shares issued
 - Retained earnings: Net Income - Dividends

Overview of Free Cash Flow

- Income Statement:
 - Revenue - COGS = Gross profit
 - Gross profit - SG&A = EBITDA
 - EBITDA – D&A = EBIT (Operating Income)
 - EBIT – interest and taxes = Net income
- Working capital = Current assets – Current liabilities
 - Main current assets: Cash and cash equivalents, inventory and accounts receivable
 - Main current liabilities: Current debt and accounts payable
- Positive change in net working capital is a cash outflow. Negative change in net working capital is a cash inflow
 - Assets are growing faster than liabilities – this is a growing business
- Free Cash Flow = EBIT * (1-tax rate) + D&A – CapEx - Δ NWC
 - Earnings Before Interest and Taxes (EBIT)
 - Depreciation and amortization (D&A)
 - Capital expenditures (CapEx): Funds used by a company to acquire, upgrade, and maintain physical assets (e.g. PP&E - building a new factory)
 - Change in net working capital (Δ NWC)

Be Strategic!

- Think of this like a card game. Don't play all your good cards on the first turn. Meaning, only tell the interviewer the bare minimum to satisfy the question. If they ask for more, you'll still have some "cards" in your hand to play.
 - Ex: If they ask for the 3 methods of valuation, **just name them. You don't need to go into detail unless they specifically ask.**
- Anything you mention, even briefly, is fair game. Same thing goes for the resume. If it's on your resume it's fair game.
- Your best chance is to underpromise and over perform. Meaning, if your resume doesn't say "DCF" or "accounting" and you're able to perform the technicals even to a little extent, it's gonna surprise them... As opposed to writing/saying you can do a DCF and then not being able to go into the more advanced stuff.

What to do if you don't know the answer

- Be honest and say what you do know
- Don't fake it, you'll only fall into a deeper hole. Your interviewer might just let you keep saying wrong things without telling you it's wrong.
- Explain your thinking and state the gaps you would need to know in order to solve the problem
- At the end of your explanation say, "so this is what I think, but would love to work this out with you now or I'm happy to follow up afterwards with a more refined answer"
- Sometimes they just push you until you can't answer any more questions

How do I make this manageable?

- Make a schedule for yourself! Do a little bit at a time
- Treat this as a 5th class and use your individual best study techniques!
- Reference guides such as Breaking into Wall Street, Banking For Friends, Vault, M&I 400
 - In Google Drive folder
- You might not get any technicals, but you could also get a bunch. It really depends on your interviewer / the bank.

Questions?