**NEWS & INSIGHTS**

**What B-Schoolers Lust For Now**

These days, private equity is the No. 1 object of desire. But jobs are scarce

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Every decade, another faddish career opportunity dazzles the nation's business schools. In the 1980s, MBAs dreamed of Wall Street fortunes, swaggering their way into penthouses and private planes. During the dot-com bubble, it was about vesting swiftly and starting a foundation by age 30.

Today job lust among B-schoolers is fiercest for the gilded, clubby preserve of private equity. "Absolutely, it's become the hot job for MBAs," says Maury Hanigan, president of New York's MBA Scouting Report.

As always, MBAs chase the money. And nowhere are the pay packages more regal than in the land of private equity. First-year compensation of $300,000 for top-tier talent at a Wall Street investment bank doesn't seem too shabby--until you consider that thoroughbred MBAs joining the largest private equity shops command base salaries and bonuses as high as $450,000. Add to that, of course, the real payoff: the equity. "More equity is flowing downstream to these new hires," says Brian Korb, a partner at New York executive search firm Glocap Search, co-publisher of the 2007 Private Equity Compensation Report. "Especially for the all-stars. It's just like in sports."

There's just one hitch: There aren't as many private equity jobs out there as you might think. While many of the biggest funds will hire about 20% more B-school grads this year, says Korb, demand for such jobs outstrips supply by a factor of about five to one. And the positions typically go to those with prior experience. A taste of just how cloistered this world is: The mighty Carlyle Group sent co-founder David M. Rubenstein (BW--Jan. 15) to Harvard Business School in October to woo finance stars over dinner at a gourmet restaurant. But Carlyle's 50% jump in hiring? It amounted to a mere seven spots, says human resources manager Annie Paydar.

You wouldn't pick up on the exclusivity by visiting a B-school campus, though. From the Wharton School to the University of Chicago's Graduate School of Business, it sometimes seems as if private equity is all anyone is talking and thinking about. MBA programs have always had private equity clubs. But B-schools at New York University, Dartmouth, and Columbia all report record memberships in these networking fests. At Wharton, nearly half the student body is a member of the private equity club. Conferences starring such legends as Blackstone Group chief Stephen A. Schwarzman sell out months in advance. And the schools have been falling all over themselves to add classes teaching everything from innovative dealmaking to the art of wielding "influence" within a firm.

With jobs tight and standards high, students are scrambling to prostrate themselves at the private equity altar. Many of Troy Barratt's buddies at Columbia Business School are
already set with sweet deals at consulting firms and investment banks. But when they go down to New York City's meatpacking district to swig Grey Goose and go dancing, "I wave goodbye and tell them to have a good time," says Barratt, co-president of Columbia's Private Equity & Venture Capital Club. He stays behind to set up coffee dates and e-mail contacts.

At Dartmouth's Tuck School of Business, six students were so desperate to snag private equity work that they passed on surfing vacations over winter break to fly to Mumbai, India, where they performed free labor for private equity firms looking for research. While there, the students knocked on doors and chatted up receptionists in the hope of getting in front of some private equity and hedge fund partners. "You have to find innovative ways to differentiate yourself," says one of the students, Shelly Rastogi.

Some see this as a leading indicator of yet another bubble. We know where the earlier stampedes to Wall Street and Silicon Valley ended. In five years, when these junior barons want to start their own funds, will the wash of money still be in private equity? Then again, what better school for a lesson in risk?

By Michelle Conlin, with Jena McGregor in New York

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