



Getting a job in private equity is often seen as the holy grail of finance. However, once you have made your way into a private equity fund, how will your career evolve, and how do you make it to partner? The traditional career progression in private equity is detailed below.

Analyst or Pre-MBA Associate

- These are typically pre-MBA candidates hired from the investment banks, strategy consulting firms or accounting firms. They usually have two to four years' experience maximum.

- The job involves mainly prospecting (cold calling, screening sectors for interesting companies, etc.) as well as investment analysis. This involves reading Confidential Information Memorandum (CIM) and other company data, working on financial models and writing investment memos for the investment committee.

- After two years, sometimes there is a promotion to the senior associate level, but often the analyst/pre-MBA associate will leave to either pursue an MBA at a top school or change career path (i.e. entrepreneurship, hedge funds, corporate development, or another PE fund).

- Compensation mostly consists of base pay + bonus.

Post MBA Senior Associate

- These are often hired right out of business school or one to two years after graduation from business school. These professionals have three to six years' work experience in investment banking, consulting and private equity.

- Senior Associates can expect to reach Managing Director/Partner level within six to eight years.

- The work includes taking full responsibility for deal screening and modelling during the execution of a deal. Most of their time is spent managing advisors such as investment banks, lawyers, and accountants.

- Compensation mostly consists of base pay + bonus, sometimes with a small share of investment profits.

Vice President / Principal

- Position usually reached after two to three years in the private equity fund.
- They are expected to be able to lead the execution of transactions, source their own investments, and create ideas within their area of expertise.
- They also spend a lot of time managing the portfolio companies.
- They get promoted to partner if they demonstrate a good ability to generate money for the firm.
- A share of profits of the investments is an increasingly large portion of the compensation. Managing Director / Partner
- In charge of leading the firm's investment focus and strategy, as well as managing relationships with investors and raising new funds.
- Participate in investment decisions, sit in the investment committee, and sit on the portfolio companies' board.
- Compensation is largely driven by profits of the firms. Partners are also expected to invest a significant proportion of their personal wealth in the fund.

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