Banking Fellowships: Insights for Leveraging the True Value

As part of the Robert Toigo Foundation’s thought leadership work, we frequently gather market intelligence from our Fellows and Alumni about issues of importance to our donors. This Leading Indicators “pulse survey” provides insights to investment banking firms about how banking fellowships are perceived by today’s MBA.

Minority MBAs: What They Really Think

Many investment banks commit significant resources—including time, energy and capital—in developing and running their banking fellowship programs. Often one of the first “touches” with MBA candidates, the fellowships offer banks an opportunity to forge a strong relationship with select MBA candidates and, likewise, for MBA candidates to gain insights and exposure to the firms.

At the highest level, these fellowships are a tremendous branding opportunity, at the most practical level they serve as a recruiting channel identifying top talent early, building an ongoing relationship and paving the way for possible full-time employment. That’s why many firms rely on bank-branded fellowships as a core element of their minority talent outreach strategies. Yet, based on findings from the Toigo pulse survey, MBAs today may perceive the opportunities in ways that banks are not factoring in to their planning, or in ways that ultimately contribute to the success or shortcomings of these programs.

Outlined in this issue of Toigo’s Leading Indicators are key perspectives and takeaways based on survey responses from minority MBA Class 2010 and MBA Class 2011. The response demographics reflect a mix of students from top MBA programs nationwide, including Toigo Fellows and other minority students. The response rate to the survey among Toigo Fellows was 60%. Some of the findings may reinforce what you already know—others may open you and your team up to examining your current offering, in an effort to generate greater returns.
Consider the Offer.

In reviewing the structure of various banking fellowship programs, many include the potential of a full-time offer at the conclusion of the fellowship. The Toigo survey shows that full-time offers as part of the banking fellowships are not a big “lure”; in fact, the existence of them may negatively impact your program. The monetary component of the fellowship, however, does play a role in an MBA student’s interest and acceptance.

Summer Experience. The potential for a summer internship ranked highest of any factors (or drivers) for pursuing and accepting a banking fellowship. With 84% of respondents indicating the possibility of a summer internship with the firm was a strong / driving factor in accepting the fellowship, the correlation is clear.

Full-time Commitment. When it comes to committing to a full-time position post-fellowship however interest drops off significantly with only one-third of respondents indicating a full-time (read: long-term) commitment enhances their interest. Importantly, nearly half (47%) indicated it detracted from their desire to pursue the fellowship.

Fellowship Awards. Issues regarding fellowship awards—and the amount of those awards—is a topic long-debated internally within firms. Yet, less than half (46%) of respondents indicated that the amount of the award is a major or critical factor in determining which fellowship to accept, with 20% noting that the amount of award is not a factor.

Recruiting Reach. Based on feedback from survey participants, whether a bank does not (or does) recruit broadly directly impacts student perceptions negatively (or positively). As one respondent noted, “Banking fellowship programs should be inclusive of all schools if they truly want to be competitive.” Now may be an opportune time to examine your approach: Are your efforts to draw the best and brightest to your program undermining the appeal of your program among the top candidates you want to attract? In the spirit of inclusion—and in light of Millennials expectations for absolute equality—limiting fellowship recruitment to a few schools could be perceived negatively by all eligible candidates.

Points of Influence

From a branding experience, banking fellowships play a key part in students’ perceptions of a firm and the fellowship experience. Here’s a look:

- 25% indicated the existence of a banking fellowship was a “key / driving factor” in considering a firm.
- 73% said having the brand/prestige of a fellowship on their resume played a factor in their decision to accept.
- 62% cited the quality of interactions with a firm’s line professionals was a key driver in accepting a fellowship.
- 50% said the quality of interactions with a firm’s recruiters ranked as major or critical factor in accepting or rejecting a fellowship offer.
- 24% indicated the opinions of other MBAs played a strong or major factor in their fellowship acceptance decisions.
Timing Is Everything.

We recognize the scheduling pressures MBAs encounter in their first year of business school. Over half (54%) of respondents indicated that the requirements and structure of the fellowship was a determining factor in whether they applied or accepted the offer. The less “additional work” imposed on students during their first year, the greater the overall appeal of the program. While differentiation among the banks in terms of fellowship offerings is key, respondents offered there may be some areas in which banks could better coordinate in order to streamline deadlines and demands. Similar to the ways in which banks have standardized associate compensation and offers (as well as scheduling of on-campus MBA summer and full-time recruiting), firms might consider ways in which they could sync the fellowship application process, schedules and requirements—or at minimum, streamline the process. A number of respondents indicated the cycle or timing of fellowship offers made it difficult to juggle and make clear decisions. Those firms with very straightforward outreach, application and selection process were perceived to have the greatest appeal.

The Value of Experience.

Exposure to the banking world, opportunities to build their network and begin to establish relationships—in short, industry access—is what attracts most to banking fellowships. It’s not only the dollars offered, but the experience that makes the fellowship attractive.

Of those surveyed, 62% rated “entrée to the industry” as a major or critical factor in their decision to apply. This compares with 15% who viewed “entrée to a specific firm” as the primary reason for pursuing a specific fellowship. More than half (58%) ranked the “financial support” component of the banking fellowship to be a major or critical factor in their decision to apply.

Mentoring—often a component of banking fellowships—does not appear to be the “lure” many firms might perceive it to be. Half of the respondents indicated that mentoring was either not a factor or only somewhat of a factor in accepting the fellowship. This may be a reflection of the mentoring support that is already firmly in place via outreach groups, or it may simply reflect a stronger desire for other outcomes.

Reflecting Millennials’ mindset to keep all options open, 20% of respondents indicated they would explore employment opportunities with a firm regardless if that firm had an established fellowship program.
About the Survey

Toigo’s Leading Indicators: Banking Fellowship “pulse survey” was conducted in late Spring 2010. The findings include responses from 50+ diverse MBA students—all with a direct experience with one or more banking fellowships. The survey data was gathered anonymously by Toigo via an online survey.

Deep Loyalty.

Once a student accepts a banking fellowship, loyalty clearly runs strong—yet some undercurrents do exist. Here’s a look:

• 74% of minority MBAs indicated a “very strong” or “exceptionally” strong level of loyalty to the firm with which they have a fellowship.

• 52% indicated they would NOT continue to pursue other full-time opportunities with firms other than the one where they planned to work over the summer.

• 17% indicated they would continue to pursue other opportunities beyond the firm where they worked over the summer.

• 86% said they would inform the firm/s that have provided banking fellowships to them of their interest and action to pursue alternate employment opportunities.