

Interview with Doug Baird by Robert Trainer

Can you tell us a little bit about your background and the progression from Dartmouth to Deutsche Bank?

When I got out of Dartmouth for my undergraduate degree in the mid 80s, I took an investment banking job with Merrill Lynch in New York. I spent a couple of years in New York and spent a third year in London. It was around the time when London's financial markets were deregulated so it was the beginning of what have become huge financial markets in Europe, and in London in particular. After that I went back to Dartmouth for business school.

Were you in grad school in 87?

I started in 87, the year of the market meltdown. The signs of the recession finally realized in 1990, therefore most of the people who graduated MBA programs in 1989 and 1990 went to Wall Street and were downsized when the industry started its decline. Lucky enough, I took a job at a smaller firm called Alex Brown and Sons. After some M & A and corporate finance work my time there was spent helping to build an equity capital markets desk at Alex Brown for growth companies. Alex Brown focused on growth banking, primarily for growth companies of which the capital appetite is primarily equity. Since the 90s was an era of equity formation and equity revaluations, I was at the right position at the right firm in the right market at the right time. It was really a spectacular professional experience.

How big was the firm by the time that it got acquired?

It was worth about two billion dollars when it was bought in 1997 by Banker's Trust. Although selling the firm was a difficult decision for the people who ran it, in hindsight, it turned out to be a brilliant choice. A firm like Alex Brown would have had an almost impossible time surviving the market meltdown since there weren't any equity or growth companies. Two years after Banker's Trust bought it; Deutsche Bank bought Banker's Trust. So after two quick acquisitions I went from working in capital equity markets at Alex Brown to running U.S. capital markets at Deutsche Bank.

So tell me about Banc of America. I'm assuming that there is probably a great opportunity for it to grow in the investment banking world. Can you tell me what drew you there and what you are looking forward to?

With a 225 to 230 billion dollar market cap, Banc of America is nipping at the heels of Citibank in terms of being the largest equity capital market. The equity markets valued it higher than any other bank in the world. It is a top 10 firm as well as an important player in the investment banking practice by all measures. Although it is a business of existing scale, it can be and will be bigger. This is a big challenge for them. With such a terrific market presence in its retail, credit card and banking businesses, the next thing for them to master to drive up the value of the bank is investment banking. In my view, it is more fun working for firms that are growing and evolving versus firms that are trying to defend terrific businesses and franchises.

Can you tell me how you got involved in equity capital markets and why you chose that segment versus other areas of the bank?

That was largely due to Alex Brown. The whole organization was really geared towards equity capital markets and was a first-rate equity underwriting franchise. It is always nice to be in the area of what the firm does best, that is where the sun shines brightest. So when I was given the opportunity to get on the equity capital markets desk, it was an easy decision to make. I knew the people who ran it there pretty well and had a lot of respect for them; I was delighted to be working closely with them. For me there is no better way to get through a career in investment banking than in equity capital markets. You are sort of half banker, half trader; I sit on a trading floor but my clients are corporations. It is a neat place to be and I have a lot more left in me.

I'd like to talk about ACFIN a little bit. With your unique vantage point as an outsider with a successful career who knows what it takes to survive in the investment banking world, how do you evaluate ACFIN the program?

I think a lot of the ACFIN program. The notion of practical and real-world application of classroom learning is an awesome idea. There is a real divide between the purity of the theory of finance and the murkiness of its application. The attempt to try to bridge that is genius. I've been lucky to have a couple of consulting projects done by ACFIN teams and they have been great. I've benefited a lot from the conclusions and insights that were drawn by the teams and enjoyed immensely being a part of that. I know that students have an opportunity to wrestle with all the vagaries of an assumption, or a vacuum of data, or unexpected outcomes. That really is the way that finance is applied in the real-world. It is not the purity of a textbook question. ACFIN provides a highly unusual bit of training for students. I think highly of the program and applaud it.

Do you see any glaring spot where ACFIN needs to improve? As a future graduate, I want to see the program move up in the rankings and improve in its connection with certain employers. It would be nice for future students to have a little bit more of an open channel to, say Wall Street, for an example.

It is difficult for me to highlight stuff that I would view as a glaring weakness. It is difficult to have perspective when your shoulders are to the wheel and you are just driving, so I tell you that you will look back with a lot of fondness and how much you learned.

Making connections to Wall Street requires franchise building through generations of students. There is no brilliant quick fix other than doing what the school is doing, which is teaching you great stuff like in the Applied Corporate Finance program and having people like you become successful in your careers. You're building a long lasting powerful brand and it takes time. The school has to be diligent and focused and it is. With time it will get there. In its own ironic way forging your own individual dialogs with firms isn't bad either.

Part of me was glad that I was shut out from your typical channels because by the time I got into a lot of these interviews I felt like I was a stronger candidate since I had to do three to ten times the amount of legwork. I got that feedback in a lot of

my interviews. People said “we’re surprised that you got into this interview because it is difficult when you’re not at a target school.” I realized by the end of the process that they have an advantage to get in the door but if you can get in the door then you are on kind of an even playing field. That was my feeling at least.

Yes, correct. People like that, in my business particular, are very focused on that kind of initiative; it is a marker of success in the industry.

What are your recommendations for someone starting in the investment banking business?

My own view is that it is hard to start in the business as a specialist. If you had previous work experience that led you to realize you liked a specific area, that’s different. But if you are just getting started it is too hard and almost impossible to be able to make that decision. So a strategy where you go in trying to get as broad an experience as possible is what you want to get out of an internship. When you are done as you set about attacking the street for a permanent job you can highlight any particular aspect of your summer and market yourself in that specific area.