



Which MBA Programs Are Best for VC or PE Jobs?

Top B-schools are the most likely to lead to jobs in venture capital or private equity, experts say.

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Aspiring venture capitalists and private equity investors should choose an MBA concentration that complements their prior work experience by teaching them a new skill. (sanjeri/Getty Images)

If you admire the millionaire and billionaire investors on the TV show "Shark Tank," then you might be interested in attending an MBA program where you will learn how to identify companies worthy of investment.

Many business schools offer courses in venture capital, an investing specialty which involves identifying and buying stock in startups that have the potential to become wildly profitable. Similarly, business schools also offer courses in private equity, a finance field which requires taking ownership of mature companies and transforming those companies into more profitable ventures. Strengthening a company typically involves a combination of financial engineering, organizational restructuring, adjustments in the company's strategy and maximizing the efficiency of a company's business operations.

Venture capitalists and private equity investors say that prospective MBA students who are looking for a business school that will help them break into either venture capital or private equity should know these two fields are difficult to enter.

"Have a Plan B, because there's a lot more people coming out of business school that want those jobs than are going to get those jobs," says James Cassel, co-founder and chairman of investment banking firm Cassel Salpeter & Co., which specializes in arranging mergers and acquisitions deals.

Here are five factors that experts in private equity and venture capital say MBA applicants should consider when applying to and choosing a business school.

Prestige matters. Cassel says that people with MBAs from highly ranked business schools have an enormous advantage when competing for venture capital and private equity jobs.

"The challenge in today's market with many of the venture capital firms or private equity firms, when they go out to do their recruiting, is they're trying to recruit from top business schools," he says.

MBA hopefuls with an interest in venture capital or private equity should focus on applying to B-schools with an abundance of investment firm recruiters on campus, Cassel adds.

Dileep Rao, a former venture capitalist and a clinical professor at Florida International University, says the most important factor in whether an MBA program is likely to lead to a private equity or venture capital program is if the program is at a "top, top tier school."

Networking opportunities are crucial. Rao says a key sign of an MBA program that offers solid prep for careers at private equity and venture capital firms is when partners at these firms serve as guest lecturers and speak at school events. Another positive indication is when a school touts key relationships for student internships or job placements at venture capital or private equity firms, he says.

Patrick Mullane, the executive director of HBX, the online education portal of Harvard Business School, says that one key way to tell if a school offers solid connections to private equity and venture capital jobs is to look at placement rates within those two fields. He says prospective MBA students should contact alumni at their target school who are working in venture capital or private equity to ask if the school helped them find venture capital or private equity jobs, if there were on-campus interviews for these types of jobs and if the school's courses prepared them well for those roles.

The best B-schools for venture capital and private equity excel in multiple business disciplines. Experts say one common misconception about venture capital and private equity is that all you need to excel in these fields is finance and accounting expertise.

While knowing how to read a balance sheet and make financial forecasts is a fundamental component of success in venture capital and private equity investments, it's also necessary to have a solid grasp of business operations and strategy principles and to be familiar with a variety of industries, Mullane says.

"I think being well-versed across a spectrum of industries and problems is very, very helpful," he says.

Mullane adds that anyone who intends to work in private equity or venture capital needs to understand the concept of disruptive innovation, which is when startups transform an industry by introducing a new technology or a new idea that allows them to challenge long-established companies. With this

in mind, it's valuable to enroll in an MBA program that offers courses covering the influence of technology on business and teaches students how to make informed predictions about industry trends.

It's valuable to attend a school that has expertise in a field where you lack expertise. Cassel says a prospective MBA student who has a depth of experience in finance should look for a school where he or she can learn other skills that matter in venture capital and private equity, such as entrepreneurship. In contrast, prospective MBAs who have deep expertise in a specific industry like fashion should look for an MBA program that will cultivate their finance skills. Cassel advises aspiring venture capitalists and private equity investors to choose an MBA concentration that complements their prior work experience by teaching them a new skill.

Look for lessons on how to successfully expand a company. Linda Darragh, a clinical professor of entrepreneurial practice at Northwestern University's Kellogg School of Management and the Larry Levy Executive Director of the Kellogg Innovation & Entrepreneurship Initiative, says learning how to grow a company is essential. "At Kellogg, we focus on a growth and scaling track," she wrote in an email. "While much media hype continues to focus on 'launching' new ventures, real value is created in actually 'growing' them."