

THE INVESTMENT BANKING PRACTITIONER'S HANDBOOK SERIES

THE CAREER CHANGER'S HANDBOOK

How to Break Into Investment Banking as a Lateral Hire

JOHN COLLEY

Lateral transitions require a fundamental rebuild of capabilities, not a simple career pivot.

The Target Reader



Adjacent Fields: Big 4 TAS, MBB Consulting, FP&A, Corporate Development, Credit



Experience: **2–10 years** in the market



Commitment: 10–15 hours weekly over an **18-month** timeline

The Problem Solved

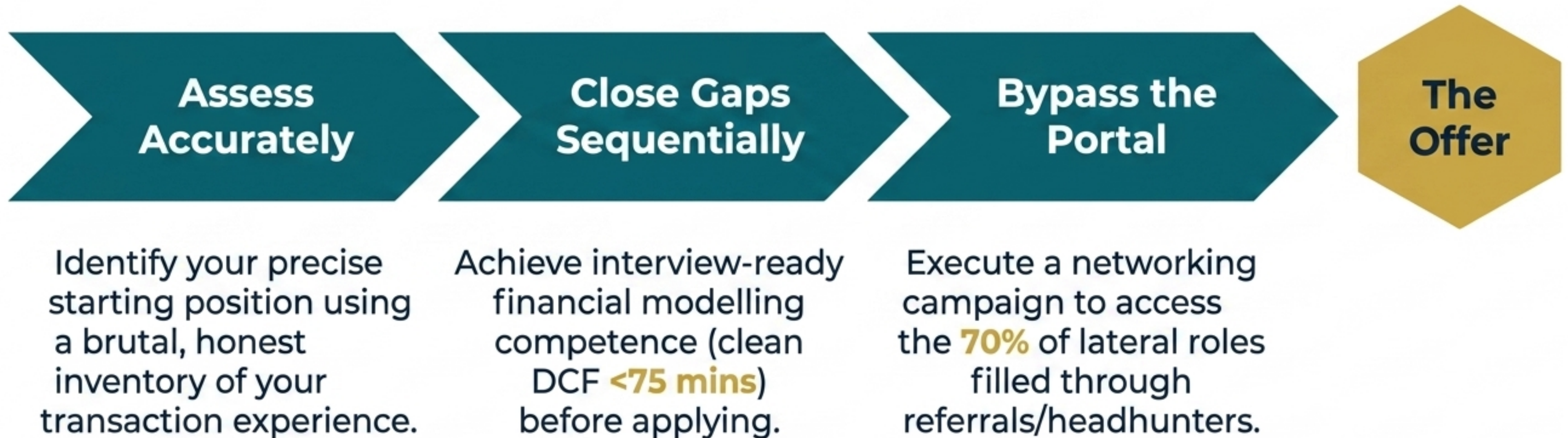
Misaligned Effort

Preparing for graduate recruitment cycles instead of opportunistic lateral realities.

The Deal Exposure Screen

Overestimating transferring experience and underestimating the rigid technical bar.

A structured, evidence-based campaign will systematically convert your adjacent experience into a banking seat.



The Three Gaps Framework dictates the precise sequence and timeline of your transition strategy.

Technical Gap

Measurable distance to Day One modelling competency.

Scale: 3–9 months (3-statement, DCF, LBO)

Composite Readiness Score
3-15 Range

<8: Positioned
8–12: Pivoting
>12: Starting Over

Network Gap

Structural distance from VP/MD decision-makers.

Scale: 6–18 months systematic cultivation

Credibility Gap

Narrative distance to a compelling 'Why IB?' story.

Scale: Reframing existing work into deal language

Banks hire lateral candidates opportunistically to solve immediate capacity and capability deficits.

1. The Trigger Event

- **Capacity Gaps:** Urgent need for deal execution bodies (fast, forgiving on background).
- **Capability Gaps:** Need for specific sector/product expertise (slow, rigid on background).
- **Replacement Gaps:** Backfilling a sudden departure.

2. The Hidden Market

60–70% of roles filled through headhunters and internal referrals.

3. The Public Portal

<40% of lateral roles are publicly posted online.

Sustained visibility with specialist recruiters is mandatory.

Big 4 professionals must bridge the gap between historical diligence and forward-looking valuation.

WHAT TRANSFERS

The Deal Exposure Advantage

- Verifiable transaction experience
- Quality of earnings & working capital
- Diligence mechanics & confirmatory analysis

**Targeting Profile:
Mid-market firms and boutiques**

WHAT MUST BE BUILT

The Technical Deficit

Forward-looking and **projection-based valuation**

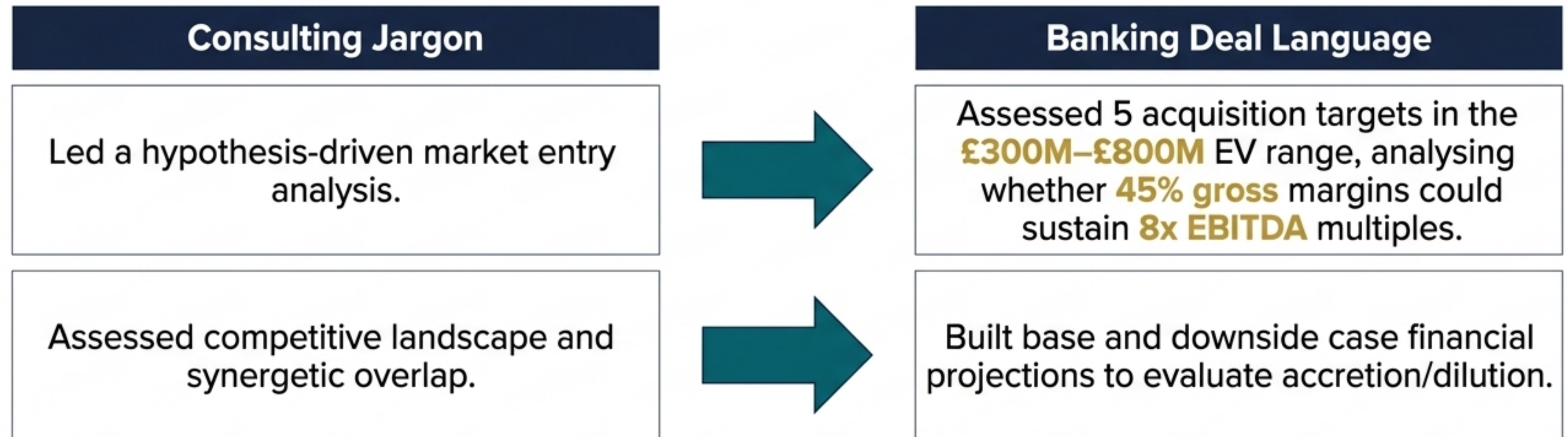
Integrated 3-statement model from blank spreadsheet

DCF with **independently calculated WACC**

Simplified LBO mechanics

The consulting brand secures the interview, but standalone financial modelling competence secures the offer.

THE TRANSLATION MATRIX: REFRAMING STRATEGY INTO VALUATION



Internal finance professionals require deliberate stepping stones to generate mandatory deal exposure



Stepping Stone Route A

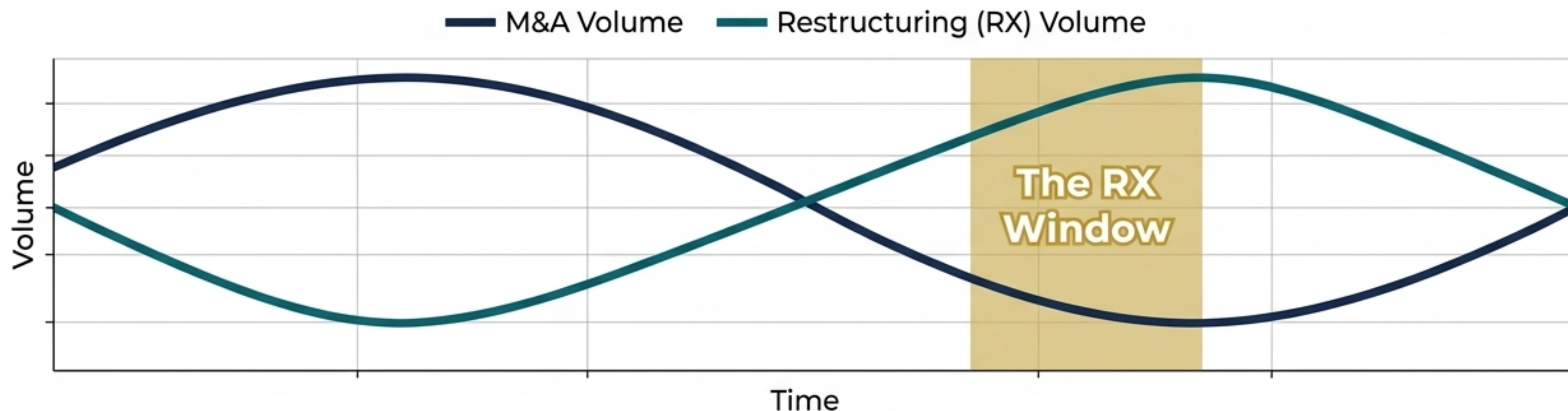
Big 4 TAS / Corp Dev
(12-24 mos)

Stepping Stone Route B

Top-Tier MBA
(Seniority Reset)

Note: Relabelling FP&A as 'Strategic Finance' does not bypass the transaction experience requirement.

Restructuring advisory provides a counter-cyclical entry point for candidates with deep credit expertise



Background Alignment

Leveraged credit, Big 4 restructuring, or rating agencies (e.g., Moody's).

The Adjusted Toolkit

- 13-week cash flow models
- Capital structure priority waterfalls
- Going-concern vs. liquidation analysis

Narrative Requirement

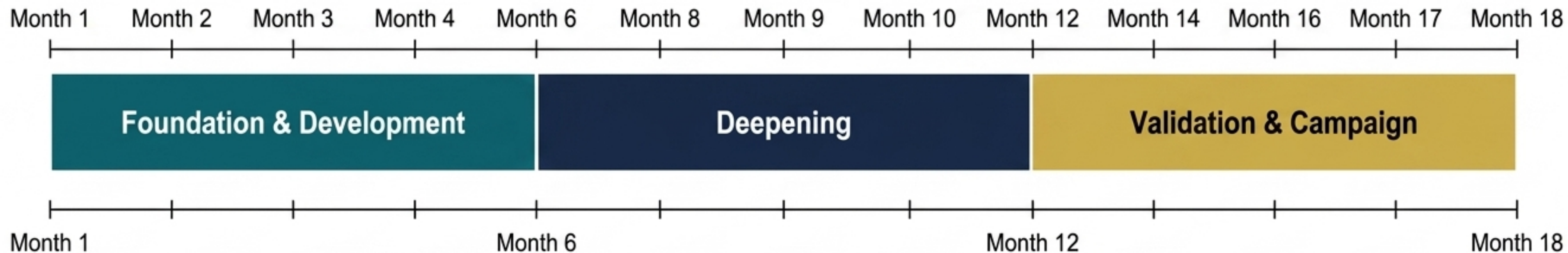
Must articulate genuine, long-term interest in distressed advisory, not M&A consolation.

Lateral viability operates on a probability slope that demands a disciplined, 18-month execution sprint.

The 18-Month Operating Rhythm

Months 1–12 (Preparation): 5 hours weekly on technical modelling, market knowledge, and network mapping.

Months 13–18 (Validation & Campaign): Mock interviews, CV finalisation, warm referral activation.



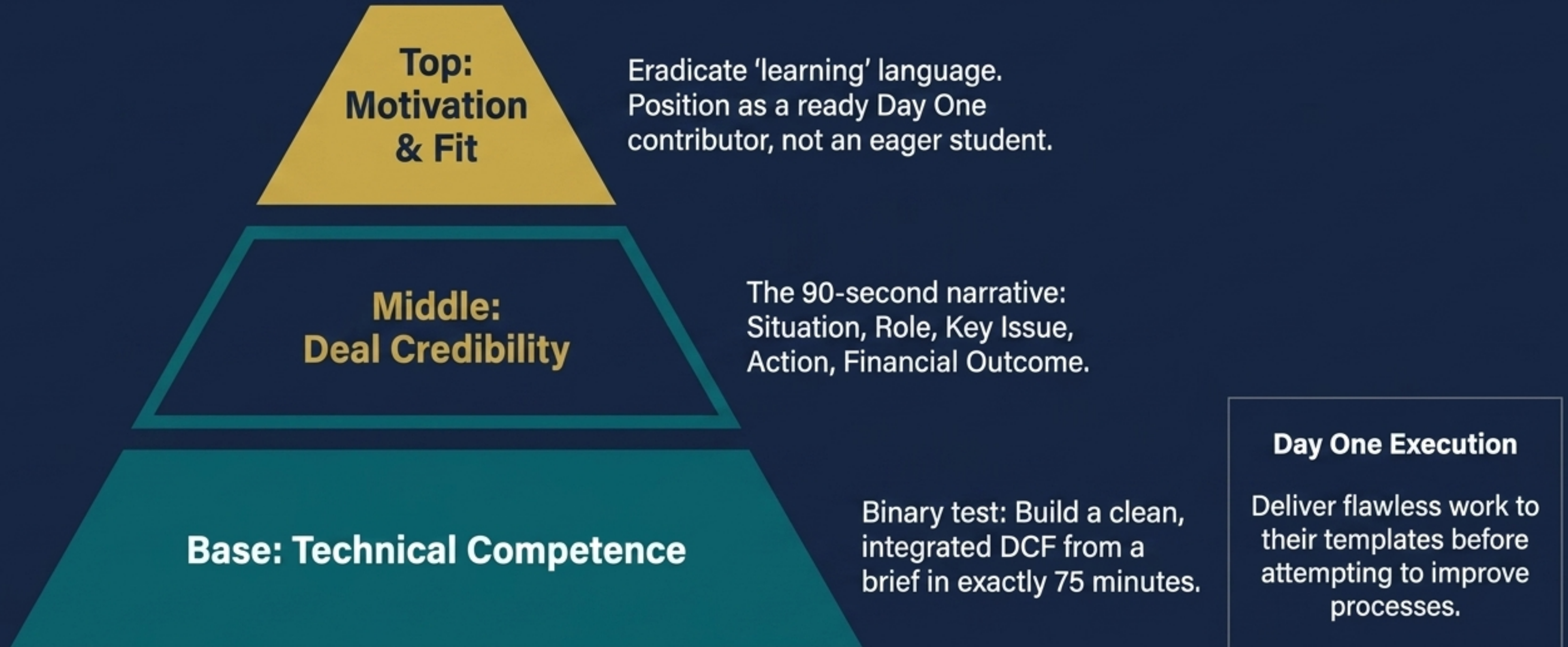
The Probability Slope

Burden of proof steepens with every year past graduation lacking deal exposure.

The Financial Reset

Build a **5-year personal financial model** testing the banking step-back downside case.

Career changers are evaluated on immediate technical utility and commercial deal fluency.



Successful transitions require brutal self-assessment, precise technical closure, and warm-channel execution.



Deal Exposure is the Primary Screen

If you cannot describe transaction experience in concrete, numerical terms, your profile fails the initial filter.



Brand Does Not Replace Competence

Prestige earns the interview; only a fully integrated, timed modelling test secures the offer.



Sequence Matters

Never apply before externally validating modelling at a 4/5 level. Premature applications burn firms permanently.



Rely on the Machine

Cease blind online applications. **70%** of effort must target specialist headhunters and internal **VP-level referrals**.

The Investment Banking Practitioner's Handbook Series

John Colley

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