Thinking of hiring an MBA in 2006? It will cost you

By Matthew Quinn

Booming demand in the financial sector has made it an expensive time for corporate finance departments recruiting MBAs.

The competition for recruits has been intense this year, pushing up salaries and forcing more companies to offer sign-on bonuses. Compliance needs and business expansion plans have fueled demand for graduates with accounting and finance backgrounds.

"Many of the top recent grads are going to field multiple job offers," said Steve Fields, division director for recruiting firm Robert Half Finance & Accounting in Raleigh, N.C. "In order to get those folks and to retain them out of school, employers are offering strong compensation packages."

The average starting annual base salary this year for MBA graduates who have received a job offer in corporate finance was $90,674, up 2.7% from 2005, according to a survey of recent grads by the Graduate Management Admission Council, a McLean, Va.-based non-profit organization of business schools that owns the Graduate Management Admission Test. Starting salaries for all MBAs increased 4.2%, to more than $92,000.

Corporate finance departments tend not to undergo wild swings in size, but everyone has been affected by the increased competition.

"The job market has heated up dramatically," said Margaret Ashida, director of the university talent program at International Business Machines Corp., Armonk, N.Y., who helps oversee the company's efforts to secure finance talent.

Last year was highly profitable for investment banks, leading many to expand their payrolls in 2006 to help handle burgeoning activity in initial public offerings and mergers and acquisitions. Corporate finance does not rank high on the list of sexy jobs and often doesn't pay as well as investment banking and consulting.

"When you hit it big in investment banking, you hit it very, very large," said David Wilson, chief executive of the Graduate Management Admission Council.

Julie Morton, associate dean for MBA career services at the University of Chicago's Graduate School of Business, said about 9% of the business school's graduating class will go into corporate finance this year, about the same as last year. By comparison, 14% of the school's graduates accepted corporate finance positions in 2003 and 2004.

It's a challenge to keep a steady supply of students who are interested in corporate finance, she added.

"Quite honestly — corporate finance, analysis, treasury roles — I think those roles have struggled to get students to really understand what they would do every day," she said. "It's much less defined than what I'd do as an associate at an investment bank."

The steady demand and the dwindling supply have driven up the price of talent. At New York University's Stern School of Business, some students have been offered signing bonuses of more than $30,000 for corporate finance positions, said Pamela Mittman, assistant dean of career services and student activities.

"The increase in signing bonuses was noticeable not only in the dollars being offered but also in the percentage of companies offering them," said Ms. Mittman. She said she expects about a quarter of the graduates at Stern to enter corporate finance this year.

But corporate finance is appealing for reasons other than salary.

Switching gears

April Park, who is graduating from the University of Chicago Graduate School of Business this month, pictured herself joining a consulting firm when she started interviewing in October. She got two consulting offers.

But just as she was considering her offers, she received an e-mail from Sears Holdings Corp., Hoffman Estates, Ill., which had found her resume through her school. In January, she accepted a position as a business finance manager, a job she described as a "mini-CFO," even though it was for about $20,000 less than her other offers, because the job was simply better for her, she said.

"The fact that my lifestyle — except for my commute — should be better than being on the road all the time and working a lot of hours was attractive," Ms. Park said.