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APAA presents “An Asian American Entrepreneur” Presentation to Prudential Financial, July 26, 2006 Speaker: Hamilton Lin, CFA, President of Wall St. Training Selected Extracts from Transcript

Eric Schwimmer, Vice President, Corporate Counsel, Prudential Financial: Our speaker, Mr. Hamilton Lin, has got an incredible background and he can share with you some tips. First, his experience and what is like to be running a company where it's really an entrepreneurial venture and how he came to occupy the current institution on how his company was created.



I want to give you a little background on Hamilton – he is a Charter Financial Analyst, he is the President and Founder of Wall St. Training which is a corporate training firm dedicated to teaching fundamental financial concepts to investment banks, research firms, asset management firms, and financial services firms. Prior to his current job, Hamilton worked at Goldman Sachs in their investment banking area, Banc of America Securities in their M&A group, and then for a couple of different boutique investment banks, merchant banks and also in the fixed income asset management area.

He has also been a leading instructor in various professional associations. He was an adjunct professor at Baruch College and Hunter College and he also co-founded The Interview Club, which, I hope you ask him questions about that, I found that very interesting.

What is interesting in what Hamilton does is that there is a commonality, in all his ventures, in that he is about educating individuals, about helping them in being successful and he is particular equipped in talking about being an entrepreneur and what is like to go out and establish a venture that is an on-going and successful one. So without further ado, please welcome Mr. Hamilton Lin.



Hamilton: Eric thank you very much for that introduction, although I think you have taken all of my sound bites!

Audience: (laughter)

Hamilton: So how is everyone doing folks? A Eric mentioned, my name is Hamilton Lin and I have a background in investment banking and mergers &

acquisitions. I'll give you a brief overview of my background and then focus on today's topic of entrepreneurship, why I started my firm, the challenges faced, and the "day in a life". I grew up in New York City, went to Stuyvesant High School, and NYU Stern undergraduate. I started working in freshmen year of college at Ernst Young, then PricewaterhouseCoopers in management consulting.



I worked at Goldman Sachs investment banking division, Ryan Labs, an asset management firm whose founder is credited for creating the Lehman Brothers bond indices. After that, I worked at Banc of America Securities in their Mergers & Acquisitions group. Around that time I started to take the CFA exam, which is the Charter Financial Analyst credential exam, a very difficult exam with three years minimum to pass it. Then I went to work for a couple of smaller boutique investment banks, again all focused on mergers & acquisitions.

I started teaching at Hunter College, then at Baruch College, was one of the lead instructors for Stalla, a leading CFA test prep provider and also with the New York Society of Security Analysts, a CFA Institute affiliate and one of the largest non-profit professional finance associations. I teach about half of their continuing education programs as well as with the Hong Kong Society of Financial Analysts, the Boston Security Analyst Society and others.

Armed with a background of training and looking for a change of pace, I started my firm, Wall St. Training – we train a lot of big and small investment banks, research firms and buy-side asset managers as well as financial services support firms. We train new hires and the professionals in the business on advanced financial modeling, valuation, how to analyze and rip apart companies.

In a short 2-week or 3-week span, we can teach someone without a business background, one who has never really looked at an income statement before in their entire life, and teach them from the very fundamental basics to complex leveraged buyout models, which is considered to be one of the most complex models out there. As long as one can learn quickly in Excel, we can teach you anything. Our style is not one of a boring professor reading off slides; what we do is very hands-on, very integrative, very fast paced, very interactive.



So from that perspective that's what we are doing, there is a lot of training and talking! So from 9 to 5 or whenever the training hours are, that's what I'm doing. When I'm not doing training, I'm following up, getting new clients, trying to think of different ways of building the business, always on the lookout for good talented people who are also interested in doing what I'm doing to help me build the business or what not.

When you think about starting your own firm or being an entrepreneur, there's what we call the three legged stool. You need to have what we call the business itself, in this case, my business is content and training. That must be there, that is the core product, and so, for you guys it would be the product or

service you are trying to sell. That is the most important thing, that must be top notch and you must be the best at what you do there and you need to make sure you continue to provide the best option for ultimately whatever you plan.

The second part of the three legged stool is your sales and marketing and business development – if no one knows that you are the best, how is anybody going to hire you or use your services? The third part of the three legged stool is all the administrative functions, such as HR, IT, payroll, taxes, none of which are insignificant time resources.

That is the three legged stool, and each one of them is a different skill sets. Usually, people are good at two out of the three, in other words, they are very good with selling their products, they are good at sales, or they are very good with the product itself, or sometimes they maybe good at two, but the third one is obviously not up there so that's why they need to build an infrastructure so you don't spend your time doing administrative stuff. You need all three to start and run a successful business, also in the normal course of your life and career.



Audience Question: What are some of the motivations or catalysts for someone to think about to starting their own business in terms of compensation and point in their career?

Hamilton: That is a good question that borders more along the career development question, where I



usually say the absolute most important thing is that you need to know yourself. I will give you an example – when you're in investment banking, you might make roughly about \$100,000 total comp, first year out of college. You tell me any other job out there, first year out of college making 100 grand, six digits, aside from a family business. Then, second year out of college, 125K and third year, if you are asked back, 150K. After that, if you still make it and haven't gone to business school then about quarter million fourth year out of college. Then add about 100K a year for the next couple of years. By the

time you make VP, you're probably making at minimum 600K-750K roughly; obviously the numbers would go up and down depending upon the cycle and the economy and other things.

So here is the problem that I notice, it's what I call the "quarter life crisis". Now, I haven't done any empirical studies, but by my rough estimates and observations, people out of college with two years in banking, perhaps 25% are asked back as a 3rd year analyst. Which means, 75% of the people who just

made 125K out the door, among the smartest people out there, are out the door, jobless. Of the initial 25% that made it to 3rd year analyst about 50% or so are promoted to 1st year associate without going to business school.



Think about that – of the initial pool of bankers, 12½% make it past three years. What happened to the other 87½%? So now, you face a problem – two, three years out of college, you are used to making 100K to 150K, you’re accustomed to a certain lifestyle being in New York City. Who will give you a job paying anywhere near that amount only a few years out of college? People are going to say you made that much, wow that’s pretty good, sorry I can’t offer that. At some point, you have to come to a realization – hey I have to take a pay cut. Well here is the problem – you can’t get a job because then you would say “you know what, I made a certain dollar amount, I don’t want to go below that”.

Now enter what I call the “quarter life crisis”. Most of the most successful people coming out of college ended up saying “what do I want to do next, I don’t want to do banking, I have been working 100 to 120 hours a week for the last two years, I can’t get a job because any job I’d have to take a payout to 80K”.

How you avoid a quarter life crisis: you have to continue thinking about what you want. You know what is really funny – what are the most annoying interview questions you are asked on an interview? What are the two or three or four most annoying interview questions that everyone hates? What are your strengths, weaknesses, how do you define success and where do you want to be in five, ten years. Aren’t those the most annoying questions? But you know what, those are actually the four most important questions. By knowing yourself and being honest with yourself, that will be the natural road map to what you want to do and also what you don’t want to do.

Audience Question: In essence, there are certain personality types that are suitable for being an entrepreneur and there are certain personality types that are not. Can you describe those personality types that make a person a successful entrepreneur?

Hamilton: I know someone who would be a perfect example of somebody who is unlikely to be an entrepreneur. I’m not going to say who this person is, I know this person very well and have had many conversations with this person. What it is, are you the type who wants structure day-in and day-out or are you the type that is going to make your own structure. What I mean by that is, are you the type that is going to say I am more comfortable knowing what I am going to do next and I am more comfortable being told what to do next? The person I have in mind is what I called the perfect employee. This perfect employee is just going to do their job, maybe do their jobs well, maybe they go the extra mile on their jobs, not to say that they are passive or type-B personality. Also, thinking about accountability and responsibility –



some don't like not knowing what to do and having to be the one to think of what is next and then execute. There are those that can't or don't enjoy the "eat what you kill" mentality.

Now, if you are the type of person who can live with uncertainty and also really get ahead by blazing your own trail, thinking of next steps and action item, implementing them, getting a thrill out of that, then that's what I would define as more entrepreneurial profile than someone who is more comfortable with being told what to do or what not.



That's how I would generally classify the types of personality – there are always exceptions to the rule and everybody is have going to have one day where their going to say I don't want to do this, or someone is going to say you know what I quit I don't want to do this. I'm going and be an employee or you know what I'm just going to do this forget it I'm just going to try it. You never know that spark is going to

happen as well. How comfortable with uncertainty are you, I think that is the key reason, and more importantly, do you have the focus to resolve that uncertainty.

Audience Question: I have a question regarding your early academics and you mentioned that we have to know maturity of our stature, what kind of goal we want to reach in five or ten years. But in finding that, do we really need to use the methodology that we use in a company like a business class can use that concept in developing our own career path?

Hamilton: When you are speaking about an organization vs. yourself, there are differences, but I think generally speaking, it is the same. As an organization, when you go out and try to market Prudential, Prudential goes and says, give us your money to manage. Aside from the fact that Prudential has its brand name and a whole ton of assets under management, the idea is, why should I use Prudential, the same thing as why should I hire you, why should I use Prudential. Well you should higher me because of the following reasons – and in order for you to know that, you have to have known what you wanted first. When someone says why should I buy Prudential's insurance, why don't I buy from another company, well, here is why... In either case, these are my strengths and why you should buy our product or hire me.



When a firm tries to figure out what their vision and mission is, they are basically answering the same question of: where do we want to be as a firm, five, ten years later, the same concept that applies to you personally on where you want to be. Then you, as well as the company, go ahead and do what you need to do to get there. Your plan and that business will change over time but at least you have the road map. So I would say, on an overall scale, the thought process of your business and your personal career path are very similar.

Moderator: Mr. Hamilton Lin, we really want to thank you for coming in today.

Hamilton: Thank you all very much.