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ENGR 102C

Independent Interviews Summary / Analysis

The first step in interviewing someone is finding a candidate. I did this by using internet searches for various types of local financial firms. My focus was on private equity, however, I also searched for venture capital, venture debt, hedge fund, investment bank, etc. In addition to the internet, I used a program that I have access to through my job called Capital IQ. Capital IQ is a proprietary database of companies and individuals, including email addresses and contact information. After forming a comprehensive list of finance professionals in the Santa Barbara area, I emailed all of them explaining the class and asking for an interview. I attached a copy of my resume. From the first email, I received two positive responses and one negative response. The majority was unreceptive. On my second email to the exact same group of professionals, I received two more positive responses. In general, the group was very unresponsive, however, I did secure four interviews with very exceptional people that all provided me with excellent feedback and advice.

After making contact with interview candidates, I spent a considerable amount of time researching their respective firms and industries. After this I created a unique set of interview questions for each candidate based off of their respective experience. This turned out to be very beneficial in the interview process, and I was even complimented by Jeff Carmody, my second interviewee, on the questions I asked him. For all candidates, even though I laid the questions out in a logical order, I usually did not follow this order during the interview. Additionally, I created questions real-time based upon new information I received from the interviewees. The shortest interview was thirty minutes, and the longest was over an hour with Jacques Habra at the University Club of Santa Barbara.

The first person I interviewed kindly requested not to be named. The most valuable advice he gave me was that an MBA is not necessarily always the right thing, but can be very beneficial under the right circumstances. I explained to him that even though two years in investment banking positioned me well for applying to business school, I would like to progress on without an MBA. He said that before going to any MBA program, it's important to know exactly what you want to get out of it. This coincides with my thinking that I will only go if I absolutely have to. He affirmed this, which was reassuring for me. He also gave me his thoughts on investment banking (my first job) and how to get into private equity (my aspiration). According to him, I should work as hard as possible in investment banking for the shortest amount of time possible. Investment banking will teach me how to be a good investment banker, but in order to be a good principal investor I need to move to principal investing. He also told me that I need to be prepared to work a lot, which I am. It's refreshing to hear someone senior commend hard work in an environment like Santa Barbara. Finally, he gave me his views on the current economy. He voiced that recessions (not depressions) are good for news

but didn't particularly affect him. As I will be working in finance, this gave me improved peace of mind. At closing, he recommended a database for finding jobs in the financial field, which I took as a very positive gesture. I will keep in touch with him and try to get lunch next time I have free time in Santa Barbara.

The next person I interviewed was Jesse Redmond from SB Alpha, a fund of fund hedge fund in Santa Barbara. Jesse graduated from UCSB, so I felt like he could share some advice from this perspective. While Jesse gained a lot from UCSB, he did not encourage business school or any other continuing education given what I told him about myself. He actually said that at his first firm, Fisher Investments, the title of Certified Financial Analyst was actually discriminated against. While Jesse did not endorse an MBA or CFA, he did recommend staying with a firm for at least five years before moving on (as long as the fit is right). This way you get the maximum benefit out of a company and really get to see what's going on. The most interesting thing Jesse talked about was how different the return stream can be from different assets. He used a ratio of highest potential value increase to highest potential value decrease in one year to compare investments. While something like the S&P has a ratio of 1:5 (not that great), some of the funds SB Alpha invests in have a ratio of 1:1, which is very exceptional. This way of looking at investments was very logical to me and I appreciated the unique approach of their fund to investing. Jesse closed by telling me that I should find where I fit in and stay there as long as possible. In his experience, anyone in finance that stays at the same place for a long time does very well. I like his advice and will try to follow it.

My third interviewee was Jeff Carmody from Agility Capital. Agility Capital is a local venture debt fund that has involvement with UCSB TMP. Jeff is a graduate from UCSB and has experience with Sand Hill Capital, a prestigious venture debt firm in Menlo Park. I liked Jeff immediately because he told me that at Sand Hill during the tech boom he worked from dawn until dusk everyday, which I will be doing when I start work in July. Jeff's best advice for me was to get into finance as early as possible, which I am doing, and network as much as possible. Getting into finance late was Jeff's only regret; however, as he has founded his own venture debt firm, it does not seem to have hurt much. As for networking, every interviewee recommended it and I will be taking their advice. The most interesting thing Jeff described to me was Agility's return structure. While Agility charges a significant interest rate on the money they lend, it is not their primary form of return. Instead, the interest covers overhead, which is what is traditionally covered by the 2% management fee charged by equity money managers. The true return for Agility comes from the equity and warrants awarded to them when they lend money to a company. In this way, they are just as interested in the future potential of a company as they are in a company's ability to repay debt. Jeff's interview was very informative, and he actually knew my final interviewee, Jacques Habra.

The last person I interviewed was Jacques Habra the founder of Noospheric, a local venture capital and management consulting firm. Jacques was the only in-person interview and was also the longest interview. We conducted the interview at the University Club of Santa Barbara. Regardless of Jacques' advice and feedback, this was a very motivating experience within itself and something I would like to be a part of in my local area at the appropriate time. The club signifies social and financial success and that is what I am striving for. The most interesting aspect of our interview was Jacques' description of his venture capital / consulting business plan. Rather than just deploying

capital or selling consulting services, Jacques takes the time to learn about a company over a period of several months, at which time he makes the decision of whether or not to continue consulting and whether or not to invest. If Jacques is not interested in an equity position in a company, he will not continue with that company, even if it means giving up future consulting business. I really like this idea and am interested in its financial outcome. Because I was able to see more aspects of Jacques' life than the other interviewees, I looked at what he had achieved in life as something to strive for. After proving himself in larger cities, Jacques came to Santa Barbara and began to integrate himself in the community – with a house on the Riviera as a starting point. He also strives, and apparently achieves a good work / life balance. Jacques' life advice is very meaningful to me and serves as something to reach for in my own pursuits.

From the simplest perspective, I gained three things from this course. The first, knowledge, will help me not only to do a better job next year when I start working, it will also help me decide what type of finance I want to choose as a career. Finance is a very secretive world, and it can be very hard to learn about many opportunities. While I knew about fund of fund investing before talking to Jesse Redmond at SB Alpha, I did not know about the various strategies within FoF HF investing. The same can be said respectively for all the other interviewees. The second thing I gained from this class is networking. One day I might want to move back to Santa Barbara. If I do, I'll need job in finance. These four people are all excellent connections that most likely cannot be found through formal search networks due to the club like nature of Santa Barbara. Finally, I gained much needed clarity on how to strive for a work life balance. Every person I interviewed was very successful, but at the same time, they all appear to have strong social and family values. As someone who is afraid of being a "workaholic," these four people serve as strong role models for balancing personal and financial success. These three aspects combined make this class one of the most valuable I have taken at UCSB. I strongly endorse Engineering 102C.

Editor's Note:

Dylan Hallerberg recently graduated *summa cum laude* with a degree in Honors Business Economics from the University of California at Santa Barbara and is currently working in investment banking in Los Angeles. Prior to this, Mr. Hallerberg served as the head intern at CCG Securities, LLC (www.ccgbank.com), a local investment bank. Mr. Hallerberg spent the summer of his junior year interning as a summer analyst with Citi Investment Banking in Los Angeles.