Why Choose Consulting?

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Consulting is just one of many desirable careers. Especially if you are at the undergraduate level, you are probably considering three or four other professions at the same time, including graduate school. We touch on a couple of these briefly for some reference, but we strongly encourage you to research them to a much greater extent on your own.

Investment banking

A lot of undergraduates and MBAs ask the "consulting or banking?" question. There are similarities between the two careers -- including the high pay, long hours, and client focus - but the two tracks are very different.

^ It is very difficult to describe investment banking in a paragraph or two, but we'll take a shot at it anyway. In short, investment banks help companies raise money. Companies need money (capital) to grow their businesses, and investment banks sell securities (stocks or bonds) to public investors in order to generate these funds. Investment banks might also help a company to merge its assets with that of another company, manage and invest the money of wealthy individuals or institutions, or buy and sell securities to make money for itself.

One advantage of investment banking over consulting is pay. New analysts can make $60,000 to $70,000 in their first year, while MBA-level investment bankers can make $150,000 to $200,000 in total compensation for their first year. Bonuses often sweeten the pot. Another very attractive feature of investment banking is that the work is very high profile. Since all of the deals become public, the work your team does will make it in The Wall Street Journal and other publications. For example, if you work for Merrill Lynch and you help TechCo go public, you might read in the newspaper how Merrill Lynch was the "lead underwriter" for TechCo's IPO. Investment banking suits the deal-driven person, one who works off of adrenalin and gets a personal thrill out of chasing and closing a deal. Banking is more heavily quantitative on a regular basis than consulting, though quantitative skills are important for both fields.

The biggest disadvantage is that on average, the hours in investment banking (especially at the junior levels) can be very long. How long? Try 100 hours a week as a realistic possibility. That means working 15 to 18 hours a day and frequent all-nighters. The hours are also less predictable than those of consulting, in general. Deals close or change at a moment's notice. The work tends to be much less flexible for employees with special scheduling needs - parents, for example. On the bright side, investment banking careers require less travel.

Corporations

Corporate positions, like those at Coca-Cola, Procter & Gamble, Kraft, or Cargill, are another option. Many of them offer rotational programs to undergraduates and MBAs, where the new employee spends three to six months in a certain business unit before moving onto another one. At the end of 18 to 24 months, the employee typically chooses a business unit and stays there.

Corporations historically have better job security, less travel, and shorter hours in exchange for less pay and, often, crushing bureaucracy. Flexibility and diversity is pegged strongly to individual corporate culture - some are terrific, others terrible. Corporations also represent your best opportunity if you are interested in marketing. The work can be just as compelling as consulting, and while you might make less money, you'll be in your own bed every night.

Graduate school

Some people suggest that working for a few years before returning to graduate school is a smart idea. This can make a lot of sense if you are considering medical, law, or business school. If you're looking at MBA programs, you should get some work experience prior to business school, as top MBA programs admit very few candidates each year who have not had any full-time work experience. While fewer people work before law school or medical school, it's still a smart idea - you'll gain business knowledge and perhaps save some money for the long, impoverished school days ahead.

You might also be considering entering a masters or PhD program versus entering the consulting field. The graduate school route is entirely different. If you are most interested in teaching and research in a certain field, then perhaps a PhD is the way to go. You will enjoy an environment that is intellectually exciting. It can be a long road to the degree and professorship, however, and there are no guarantees of a tenured position.