

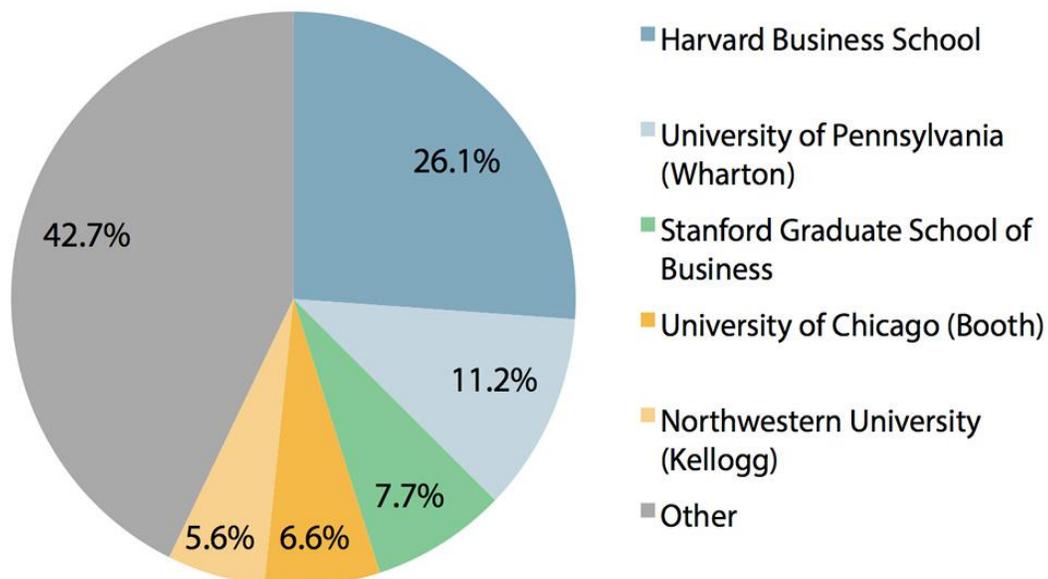
Harvard, 4 Other Schools, Make Up Most MBAs at PE & VC Firms

Andy White / September 18, 2013

It's once again back-to-school time and that means a fresh pack of private equity (PE), venture capital (VC) and investment banking associates, analysts and vice presidents will be diving head-first back into the world of academia, hoping to attain the highly coveted Master of Business Administration. But where are all these bright, (mostly) young minds going to be learning the intricacies of corporate finance, studying the most effective methods to negotiate contracts, and debating whether to buy a BMW or a Mercedes-Benz upon graduation? The short answer: Harvard. And it's not even close.

Of all active private equity professionals with MBAs working at the top-200 U.S.-based buyout shops (ranking based on the number of completed deals in the last five years), a whopping 26.1% of them earned their MBAs at [Harvard Business School](#), according to data from the [PitchBook Platform](#). The University of Pennsylvania's Wharton School came in a distant second with 11.2% of MBAs earned by PE professionals at the top-200 buyout firms. Stanford's Graduate School of Business rounded out the top three with 7.7%.

Where professionals at the top 200 VC firms get their MBAs

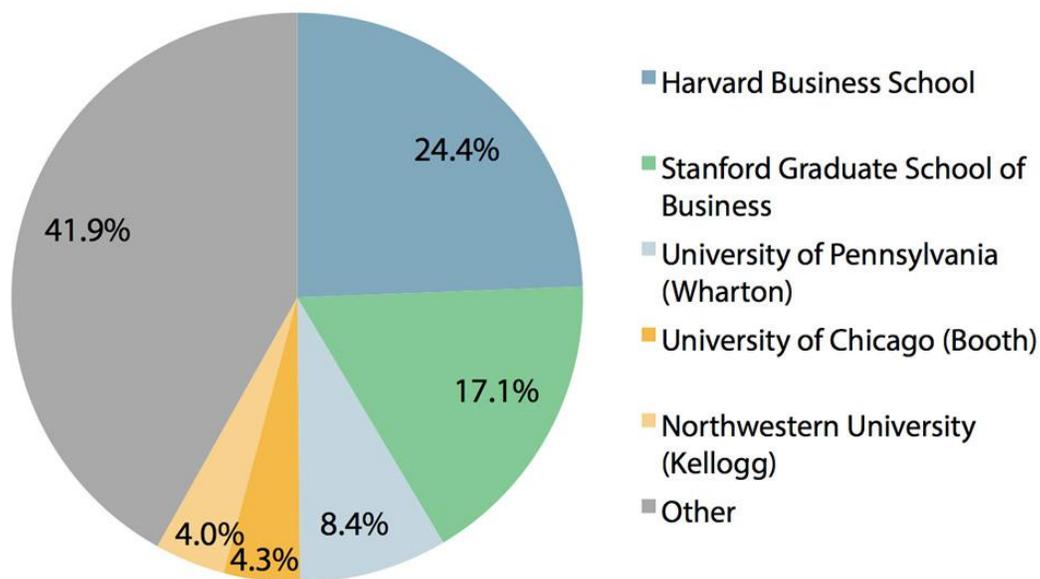


Harvard Business School produces 26.1% of the MBAs at the top-200 buyout firms, PitchBook data show.

And, surprise, surprise, PitchBook data show largely similar results for the top venture capital firms, with 24.4% of VC professionals with MBAs receiving their degree from Harvard Business School. But in the venture space, Stanford leapt ahead of Wharton to account for 17.1% of MBAs held by VC professionals, while Wharton still had an impressive 8.4%. It's not surprising that Stanford graduates make up such a large proportion of VC professionals, given that the nexus of the venture capital universe is in Palo Alto and its environs. As the [PitchBook 3Q 2013 Venture Capital Rundown](#) report shows, the West Coast region of the United States continuously accounts for nearly 50% of VC financing rounds, and a large portion of that activity is centered in the San Francisco Bay Area.

As the above charts display, the top five business schools for both private equity and venture capital professionals are identical. Combined, the top five account for 57.2% and 58.1% of all MBAs earned by professionals at the top PE buyout and VC firms, respectively. Can you say, "exclusive"? But it's not necessarily a surprise that a small handful of schools provide most of the MBAs in these two industries. After all, the business of these industries is, simply put, business. Fund managers make (or lose) money choosing and managing investments, and in private equity and venture capital, those investments just happen to be whole companies that often require professionals to take active roles in and apply the management concepts they learned in business school. The better the business school, the more likely top private investment firms are to employ graduates from that school.

Where professionals at the top 200 VC firms get their MBAs



While Harvard still made up a large share of MBAs at the top VC firms, Stanford came in second with 17.1%, according to PitchBook data.

From an outsider's perspective, this really becomes a classic "chicken or the egg" situation. Are PE and VC firms hiring people because they earned an MBA from a [top-tier business school](#)? Or are top-tier business schools admitting students because they have a connection to the private equity and venture capital communities? The answer is probably a little bit of both. I am not suggesting that business schools admit students based off of who they know, because I have no doubt that all MBA candidates are more than qualified to be there. But let's face it: when you are applying to schools that admit roughly 10% to 15% of applicants, it can't hurt to be able to drop the names D'Aniello, Black or even Romney.

While not all successful investors attended one of the five schools above, and many don't even have an MBA at all, we all know about the importance of networking when it comes to the job hunt. It helps a lot to know someone, to know someone who knows someone, and to know someone who knows Kevin Bacon. So don't be surprised if in 20 years we still see largely the same mix of PE and VC industry professionals coming out of the same business schools. This fall, if you happen to stumble across one of the many PE or VC firm touch-football games (I don't actually know if these games exist), expect to see a lot of Harvard Crimson, and the letters H.B.S. on many a sweatshirt.

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