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**Role Play**

**Pivot Bank:**

Role of the Senior Associate

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General Information

JLA Financial is a boutique investment bank based in Canada. JLA was founded by legendary entrepreneur and philanthropist Justin Campbell 15 years ago with investment expertise in the oil and gas sector. Attributive to the founder’s close tie with government authorities and reputation within the energy industry, the bank in its early years led some high-profile mergers & acquisitions, received numerous accolades, and garnered respect in the industry for exceptional investment performances. They have 120 employees, all from top universities. The bank is based on a partnership structure.

Last year, due to an unexpected tragedy, Justin Campbell passed away with no succession plan regarding his majority ownership of the company. Co-founder Jonathan Anderson became the interim president of the bank while the organization sought a strategic plan post the tragedy. Due to the sudden absence of its founder and top leader, the bank has lost significant revenue to its competitors. Accelerating this decline, commodity prices have plummeted. The bank is experiencing increasing pressure to transition to the renewable energy sector, and is seeking alternative revenue sources.

The provincial government cannot afford for JLA to go bankrupt. Thus, the firm was acquired by Pivot Bank, one of the largest banks backed by the provincial government and went through a round of restructuring and changes in senior management. Due to the governmental nature of the parent bank and the downturn in the energy industry, a salary and promotion freeze was communicated to the employees of JLA amidst the post-merger integration.

Role of the Senior Associate

You are Zhang Wei (Kenneth) Feng, a senior associate focusing on the Oil & Gas industry. You joined the prestigious investment firm, JLA Financial, about two years ago with an undisclosed ambition to pursue a top MBA in a few years' time. Despite the low morale and high churn rate in the company, you felt the experience has been precious - you have learnt a great deal on the job and have thoroughly enjoyed working at the bank.

Several of your colleagues, in fact, 80% of the junior analysts and associates, left the firm over the past few months. This leaves you the most tenured member of the team under your manager, David Baumer, the office managing director for the capital market division. You took on additional responsibilities and have been performing far beyond the remit of an associate, even attending all the pitches and board presentations with David. You now manage a team of 4 Analysts and own the relationship with some of the firm’s key clients.

David Baumer

Associate A

Kenneth Feng

Associate B

Analysts (3)

Analysts (3)

Analysts (4)

Fig.1 Initial Organizational Chart For The Team

David Baumer

Associate A

Kenneth Feng

Analysts (3)

Analysts (4)

Fig. 2 Organizational Chart After Resignations

Knowing how valuable you are to the team, especially that you have been performing above your role, you believe you deserve to become Vice President in the upcoming promotion cycle in September. David agreed to meet you for an early performance review, months ahead of time. You asked for this review to negotiate the promotion but did not disclose your intentions as it is a sensitive topic in the office. The typical promotion from Associate to VP takes 3 years; promoting you in September means fast-tracking your promotion by 1 cycle. You foresee many pushbacks, especially as the firm has not been performing well and will be hesitant in granting fast-track promotion and the large pay raise that would naturally come with it.

January 4th next year

MBA commencement date

March this year

September this year

March next year

Now

Next promotion cycle  
(only exceptional cases)

Salary & promotions freeze end

Fig. 3 Timeline For Promotion Review And Departure For MBA

During the integration process, the managing directors are working the juniors to the ground to hit the new revenue target, and the work environment has become extremely toxic. Four analysts and associates left the bank within the past three months, and they all spread negative comments about the bank post their departure with friends in other banks. Juniors in other banks all aware of the situation, and the bank is facing difficulties finding replacements for all the lost talent. Most analysts/associates in other competing shops are not willing to come over and work, regardless of the compensation package. However, neither the managers nor HR know the reason behind the departures and eagerly want to find out how they can retain the talents still within the bank, as well as attract new talent. You have a good relationship with the departed analysts and you do not want to share what you heard from them.

One other concern you have is the official promotion and salary freeze communicated across the company post acquisition during this cycle. The freeze will not be lifted until 12 months from now and by when you will already have started your MBA program. However, during a Friday drinking session some time ago between one analyst and your deputy office managing partner, Robert McAllister, the latter slipped out the critical information that all the partners were able to negotiate a salary increase and bonus guarantee when they sold their shares to Pivot Bank. The salary and promotion freeze for juniors was a way to keep costs low post acquisition, while leaving the partners immune from the new policy. The news quickly spread among the junior employees and angered the whole pit. However, the other managing directors, including your manager, do not know that this information has been leaked. The juniors are working 30% more hours than before the acquisition without enjoying any pay increase, and are angry that the partners have a totally different arrangement. This is the single biggest contributor to all the departures.

You received an offer from your dream MBA program at INSEAD a few months ago, and you are resolved to leave the firm before the end of this year (this coming December) to travel and settle in for your MBA program. You are very excited about all the opportunities that this MBA brings and have decided that it will be an excellent opportunity to move back to China post-MBA. After speaking with several head-hunters in China, you learned that Chinese investment firms highly value significant prior MBA job titles for experienced hires. A VP title from a top Canadian investment bank would differentiate you from the other candidates and greatly increase your chances at landing your dream job in China post-MBA. This realization makes you even more determined to get a promotion to VP in the September cycle, as this would not only show your current firm’s recognition of your hard work and stellar performance this year, but will boost your post-MBA career in China.

You haven't informed your manager of your plan to leave the firm and pursue your MBA yet, as you are certain that your manager will not push for your early promotion to VP unless he believes you are likely to stay at the firm long term and eventually become a partner.

You received an offer from a competitor, Straightforward Bank, for a VP role a few weeks ago. Despite the economy, they are hiring due to active deal pipelines. They usually only do structure hiring from undergraduates or MBA programs, but made an exception in your case. Due to Straightforward Bank’s reputation and culture, investment bankers rarely turn down offers from them.

Despite this, you are not seriously considering accepting their VP offer, because to spend so little time at Straightforward Bank before leaving for your MBA would leave a black mark on your resume. Future employers, whether in North America or Asia, will not want to hire someone who joined a firm as VP and left mere months later to do an MBA. You do, however, plan to leverage the outside offer to gain bargaining power with David, at least as proof to your manager that you are qualified for the VP role. Based on standard industry practice and confidentiality rules, you are not able to show the Straightforward Bank offer in writing, but it is a 50% increase over your current pay and with a promotion to VP.

You know the promotion decisions will be made soon for the next promotion cycle (this coming September), and time is running out. You would like to be promoted to a VP by David to set you up for your future career elsewhere. You are leaving for the MBA this December and even if you get the promotion, you will only stay until then. You care much less about the salary increase (35% is standard at the firm when promoted from Senior to Associate to VP) since you are not planning to stay at the company long term, even with a huge pay bump. Your focus is on the VP promotion for your post-MBA job placement in China.

In brief, your goals for this negotiation are to:

* Avoid telling David that you are leaving the firm soon to do an MBA.
* If possible, avoid making a verbal commitment to stay at the firm long-term.
* Obtain a promotion to VP this promotion cycle in September, setting yourself up for a dream job in China after your MBA. Extending the promotion timeline or waiting until the promotion freeze ends is not acceptable since by the next cycle, you will already have left for your MBA.
* Achieve a salary increase, although remember that you will only draw the salary for a few months before leaving for your MBA.
* Avoid telling David about why turnover is so high at the firm, in particular that the juniors know about the secret compensation increases for the partners.
* You are not willing to violate legal confidentiality rules and share a copy of the outside offer from the Straightforward Bank. However, you can describe the offer to David verbally.