

BULGE BRACKET AND BOUTIQUE ADVISORY BANKS (A CONCEPTUAL STUDY)

Rajib Dutta*

Abstract *Investment Banking (IB) has an aura around itself. Be it ‘The Art of War’, ‘Corporate Raiders’, or the language of ‘combat and victory’, the Wall Street seems to have a special fondness for battle metaphors (Deloitte, 2014). One such intriguing battle is an ongoing contest between the bulge bracket and boutique advisories, played out in the field of investment banking. The bulge bracket banks have always been at the forefront of the launching of any new financial product, with the boutique advisory a comparative smaller bank that focuses on a ‘few specific services’ that the ‘full service’ bulge bracket banks can provide (Choudhary, 2016). Among the bulge brackets, JPMorgan Chase & Co. reported a total revenue increase of 82.42% in the first quarter of 2021, year on year. With a net margin of 38.03%, the company achieved higher profitability than its competitors (csimarket.com, retrieved on 10.05.21). It was also ranked 17th by total revenue on the Fortune 500 rankings of the largest United States corporations (fortune.com, retrieved on 10.05.21). As of Jan. 2020, the biggest boutique banking firm (basis of market capitalisation) in the U.S. was Lazard Ltd., (bloombergquint.com, retrieved on 15.05.21). It is also the world’s largest independent advisory (lazard.com, retrieved on 15.05.21), operating from 43 cities across 27 countries in North, Central and South America, Europe, Australia, Asia, and the Middle East. This paper revisits the worlds of both bulge brackets and boutique advisories, and ends up comparing the two – one from each category.*

Keywords: *Investment Banking, Bulge Brackets, Boutique Advisory, JPMorgan Chase & Co., Lazard Ltd., Morgan Stanley (India), Rothschild & Co.*

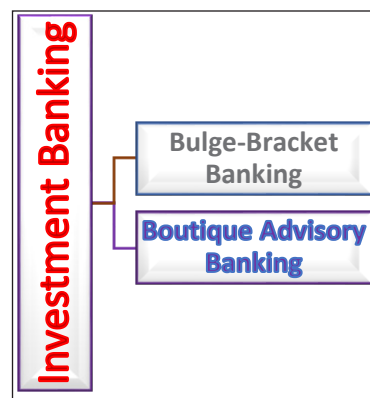
INTRODUCTION

The Wall Street, quite like Washington DC and football coaches, seems to have a special fondness for battle metaphors. It is no wonder that the head honchos here read ‘The Art of War’, the headlines here speak of ‘Corporate Raiders’, with the language of combat and victory well entrenched in the corridors of competitive and constructive rivalry (Deloitte, 2014).

One such intriguing battle is an ongoing contest between the bulge bracket and boutique advisory, played out in the field of investment banking.

Investment banking (IB) has an aura around itself. There are elements of awe, prestige, intrigue, and glamour surrounding it (Retrieved from www.proschoolonline.com on 15.05.21).

Further, since the 1990s, boutique advisory services have constantly been a major force to reckon with. More recently, a reputation for independence, specialist knowledge, and the prospective clients reduced the need for big banks’ funding capacity; they have all boosted such firms in both their share of the pie and marketplace dominance. Not surprisingly, such prominence has made the observers and commentators proclaim a ‘rise of the boutiques’ (Cummings, Wall Street Journal, 2010).



Source: Author.

Fig. 1

In fact, not so long ago, bulge bracket bank was a popular ‘catchall term’ consisting of the world’s largest multi-national investment banks (IBs), which had some of the biggest institutional investors, big corporates, and even the government as its esteemed clients (Telar, 2012).

ORIGIN OF THE BULGE BRACKET BANKS

The name ‘Bulge Bracket’ stemmed from the Red Herring Prospectus (Katz, 1996), as available for any deal. available

* Associate Professor, Amity University, Kolkata, West Bengal, India. Email: rajibdutta360h@gmail.com

for any deal. In such a prospectus, the names of banks were listed in a sequential order, based on the role they played in the deal, from most important to the least important. As the font size of the banks at the top were larger and bolder, they ‘bulge(d)’ out (corporatefinanceinstitute.com, 2020).

In plain speak then, such bulge bracket banks were effectively the Book Running Lead Managers (BRLM) who controlled the effective allocation of resources to their investors.

Be it the multiclass Mortgage-Backed Securities (MBS) in the 1980s (McConnell & Buser, 2011), the Credit Default Swaps (CDS) in the 1990s (Aldasoro, 2018), the Centralised Debt Obligations (CDO) in the 2000s (Borad, 2021), the Carbon-Emission Trading (CET) (Cong, 2010), or even the Insurance-Linked Products (ILP) (SingSaver, 2019) of today, the bulge bracket banks have always been at the forefront of the launch of any new financial product. Little surprise that one found the presence of a bulge bracket bank at every major industrial region of the globe – the Americas, Europe, the Middle East, and Africa (EMEA), and the Asia-Pacific (APAC).

HISTORY OF INVESTMENT BANKING IN INDIA

The investment banking industry in India is young and has been active for about four decades (Retrieved from www.aibi.org.in on 20.09.21).

Little surprise that the history of the Indian investment banking industry can be traced back to this time.

The European Merchant Banks started establishing their trading houses in India at the beginning of the 19th century.

However, foreign banks have always dominated the IB market in India. Reputation, credibility, and trust have always been the hallmarks of a successful investment banker (Retrieved from www.aibi.org.in on 20.09.21).

It was the 1970s when the Bureau of Merchant Banking at India’s largest public sector bank, the State Bank of India, was established. In no time, the Industrial Credit and Investment Corporation of India (ICICI) securities turned out to be the first financial institution in the land to offer merchant banking services.

By the turn of the next decade, the 1980s, the number of merchant banking outlets had sharply risen to 30. The same was buttressed with the overall growth in the financial services industry and commercial banking.

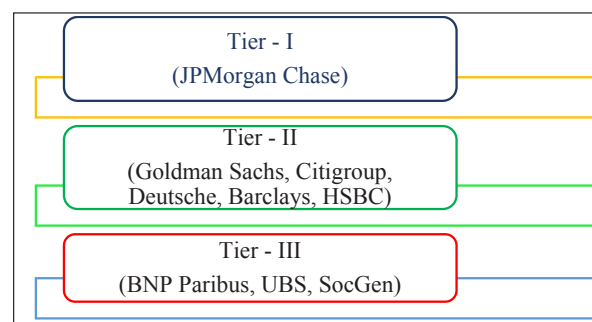
The Association of Investment Bankers of India (AIBI) mentions that the Indian merchant banking industry took off in the decade of the 1990s, when there were more than 1,500 applications submitted to the Securities and Exchange Board of India for registering as merchant bankers.

As of date, there exist 47 investment/merchant banks in India (Retrieved from <https://corporatefinanceinstitute.com> on 20.09.21).

THE BULGE BRACKET INVESTMENT BANKS (BB-IBs)

Ever since the Economic & Financial Crisis of 2008 and its fallout across the globe, the focus is seen to have slightly shifted from being bulge bracket banks to being Tier-I, Tier-II, and Tier-III investment banks (Retrieved from <https://economictimes.indiatimes.com> on 22.09.21).

Going by capitalisation, volume, applicability, product spread, and acceptability, arguably the name that can lay claim to being perhaps the lone Tier-I BB-IB is JPMorgan Chase.



Source: Author.

Fig. 2

By the same yardstick, the BB-IBs that can be credited to be a part of Tier-II are Citigroup, Deutsche Bank, Barclay’s Capital, Credit Suisse, and Goldman Sachs. Goldman Sachs is found to be giving JPMorgan Chase a real run for its money (DeChesare, 2021). A new entrant in Tier-II, also very strong in the Asia-Pacific region, is the Hongkong and Shanghai Banking Corporation (HSBC).

We can also round up the Tier-III BB-IBs with some more reputed names like BNP Paribus, SocGen, and UBS.

Some of the functions that are undertaken at a bulge bracket investment bank are as follows (Thakur, 2021):

- Investment Banking Advisory (e.g., advising the salesforce on acquisition and customisation).
- Investment Banking Financing (e.g., helping the concern issue suitable bonds in the debt market by lending expertise on the circulation of money, buyer management, and transactional pricing).
- Equity Research (e.g., extensive market research and reporting on yet-to-be-launched IPOs).
- Sales and Trading (e.g., buying and selling of shares, helping hedge funds operate efficiently).

- Wealth Management (e.g., portfolio handling and management of HNI and UHNI clients' money).

THE BOUTIQUE ADVISORY INVESTMENT BANKS (BA-IBs)

In contrast to the bulge bracket banks, the boutique advisory banks would mostly concentrate on the advisory services.

Though their prime business focus remains the M&A advisory, some elites are also seen to have equity research arms (For example, Evercore Corp.).

These units are not seen to be necessarily popping out of the leader boards, but they thrive on their own and distinctive niche markets. Indeed, though small, they are growing. In a nutshell, they may not do everything that a bulge bracket does, but whatever they do they do it very well (Retrieved from <https://economictimes.indiatimes.com/> on 15.09.21).

The boutique investment banks can be broken down further, as shown in Fig. 3.



Source: <https://www.mergersandinquisitions.com>

Fig. 3

Though not categorically the opposite of a bulge bracket investment bank (BB-IB), the boutique advisory investment bank (BA-IB) tends to operate at the opposite end of the spectrum (corporatefinanceinstitute.com, 2020). In contrast to the bulge bracket banks, the boutique advisory units are smaller in shape and size.

What is also noteworthy is that the boutique advisory IBs are found to operate only in a specific region or a particular country, as opposed to the bulge bracket IBs, which generally operate globally. Another difference to note is that the range of services offered by the boutique advisory IBs are distinctly limited, when compared to the bulge bracket IBs, which are often seen to be offering the full range of services (proschoolonline, 2018).

Accordingly, the deal size also is strewn with differentials when we compare the two categories, with the perceivable

gap anywhere between \$100 million to \$1 billion (goldmansachs.com, 2019).

In a boutique bank (BA-IB), there are enormous opportunities to carry out the entire deal on one's own. Such boutique advisories are seen to be enabling and allowing their human capital to operate independently. They follow the suspecting-to-prospecting principles, viz., scouting for opportunities, convincing the prospects/proponents, structuring/customising the deal, and taking it to closure.

However, if the BA-IB specialises in a relatively small area, the bankers may find that they do not gain wide experience (Seth, 2021).

MAJOR DIFFERENTIATORS BETWEEN BB-IB AND BA-IB

Boutique advisory is a comparatively smaller investment bank that focuses on a few specific services that a 'full service' bulge bracket investment bank can provide (Choudhary, 2016).

Building on the above, the basic differentiators stem from:

The Scope (of Functioning)

Bulge-Bracket (BB-IB) Banks – Besides the equities, commodities, and derivatives, the BB-IBs offer a comprehensive portfolio in terms of products and services, ranging from the mergers and acquisitions (M&A) advisory, asset management, and financial underwriting cum securities trading. In addition, the BB-IBs are strongly research-driven and have been successful in designing some innovative, groundbreaking, top-of-the-shelf financial products.

Boutique Advisory (BA-IB) Banks – On the other hand, the BA-IBs primarily and specifically work on the mergers and acquisitions (M&A) advisory, driving an inherent partnership-oriented culture, and unstinted focus on customer relationship and ties.

Quality of Work Life (QWL)

Bulge Bracket (BB-IB) Banks – 'Cracking Deals' being the buzzword here, there seems to be a continuous flow of work here. However, the nature of the work pattern reflects a huge pressure existing on each analyst, not just in terms of his/her performance, but also in having extended working hours.

Boutique Advisory (BA-IB) Banks – While in similar lines to the bulge bracket banks, the work pressure here is on more

predictable lines. Accordingly, a better work culture seems to exist here.

Learning and Development (L&D)

Bulge Bracket (BB-IB) Banks – Exposure to big-ticket deals demand trained manpower. Hence there often exists a very strong and robust foundation training (preferably in a classroom-based environment), and on a wide spectrum of activities, for every staff member in such banks.

Boutique Advisory (BA-IB) Banks – More than the ‘big-ticket’ deals, the focus in such institutions is more on in-depth learning (across different roles). Accordingly, on-the-job training is a natural enabler for every employee in boutique advisories. Since the BA-IBs are often concentrated on a niche area, there can be a good amount of learning from the subject-matter-experts (SMEs).

(Personal) Growth

Bulge Bracket (BB-IB) Banks – The career growth and path in the bulge bracket banks are phenomenal – starting as an analyst and climbing the ladder of success to become the director. The experience gained in such top-flight organisations can entice the bankers here to start a boutique investment firm, venture capital, or a private equity firm, on their own.

Boutique Advisory (BA-IB) Banks – Due to their limited exposure (to high net worth deals), bankers from BA-IBs rarely get absorbed in BB-IBs. As the internal opportunities are also limited here, the growth opportunities of performing

BA-IB bankers primarily hinge on opportunities existing in competing BA-IBs.

Pay-Perks

Bulge Bracket (BB-IB) Banks – In terms of the pay and allowances, a higher base salary but less room for performance-linked remuneration is generally the driver for BB-IB bankers. However, the average BB-IB banker may not have much negotiability on the performance-linked remunerations.

Boutique Advisory (BA-IB) Banks – On the other hand, though the base remuneration in BA-IBs may not be as attractive as the bigger and bulkier BB-IBs, there still exists scope for performance-linked pay, such as bonuses and incentives. At times, linked to the size of the deal, this variable component can be substantial.

Branding

Bulge Bracket (BB-IB) Banks – The pride, prestige, and glamour quotient of working in a traditional bulge bracket bank is truly unparalleled. BB-IBs are true-blue ribboned and aspirational for every investment banker. Accordingly, being a part of and representing any such bank is indeed an honour.

Boutique Advisory (BA-IB) Banks – Though scoring low on the brand value (primarily due to the size of the deals and availability of finance), the BA-IBs provide better security than the BB-IBs. There’s less ‘infighting’ and ‘pulling the other down’ syndrome here.

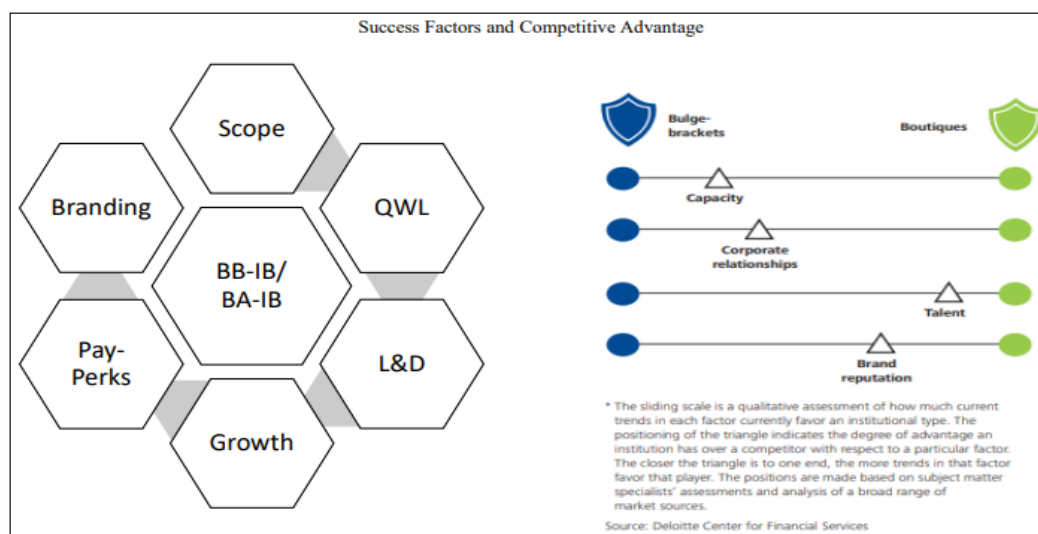


Fig. 4

Table 1: A Few Prominent Indian Boutiques over the Years

Name	Founded	Partners	No. of Deals/ Employees	Earliest Name to Fame
Veda Corporate	2003	C Venkat Subramanyam, M Vinod Kumar, Srikanth Narasimhan	20 (Jan. 2021 – Date) / 50	Arranging ~ Rs 1,000 cr, for Ashirvad Pipes, from Belgium’s Aliaxis Group
Mape Advisory(Acronym for Mergers, Acquisitions, and Private Equity)	2001	Jacob Mathew, M Ramprasad	10 (in the Year 2020) / 40	Advised Jyothi Labs to buy Henkel Sale of Shriram Cement to Mycem
Avendus Capital Private Limited	1999	Ranu Vohra, Kaushal Agarwal, Gaurav Deepak	33 (Jan 2021 – Date) / 350	Rs. 800 crore sale of redBus to South Africa’s Naspers Group
O3 Capital	2007	Shyam Shenthara, T R Srinivas, Deepesh Garg, Shiraz Bugwadia	10 (2021 – Date) / 93	Advising auto-part maker Motherson Sumi to buy Peguform for 600 mn Euros in 2011
Spark Capital	2001	Y Rama Rao, Thyagesh Baba, Kapil Ramamurthy, V Suresh Babu, K Ramakrishnan	60 (Total Deals) / 110	Singapore’s wealth fund \$100 mn investment in Vasana Healthcare

Source: www.economicstimes.com – Retrieved on 20.09.21.

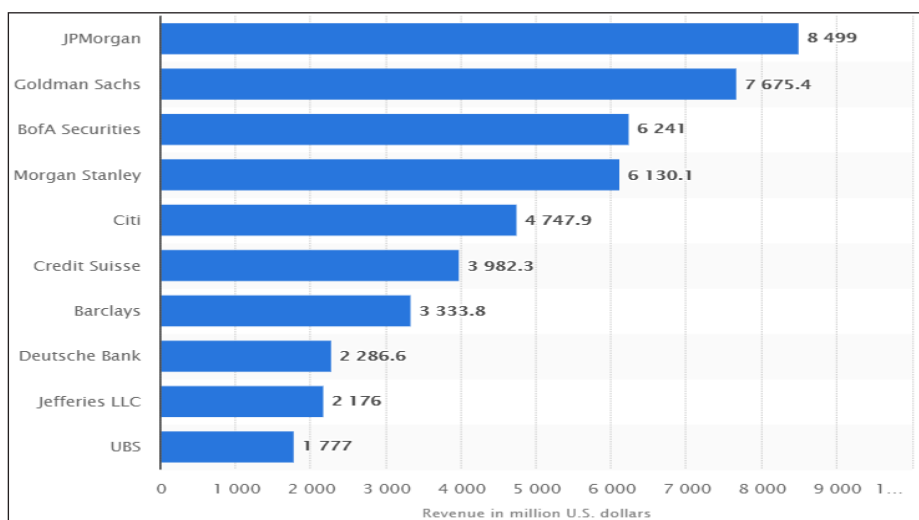
A COUPLE OF BULGE BRACKET INVESTMENT BANKS

JPMorgan Chase & Co.

Founded in 1968, JPMorgan Chase & Co. has its headquarters in New York City, USA. Not only is it involved in investment banking, it also provides financial services. Today, it operates across the segments of consumer and community banking; corporate and investment banking; commercial banking; and asset and wealth management (Annual Report, JPMorgan Chase & Co., 2020).

From the late 1960s and into the early 1970s, Dillon, Read; First Boston; and Kuhn, Loeb, and Morgan Stanley rang in the top tier of investment banking and came to be known as the bulge bracket banks (‘The House of Morgan’, Chernow, 1990). Morgan Stanley was seen to appear head and shoulders above the other bulge-bracket (BB) members, by fighting for, demanding, and successfully receiving the role of a syndicate member.

Ron Chernow goes on to mention that Morgan Stanley was indeed found to “queasily note the rise of Salomon Brothers and Goldman Sachs, who were using their trading skills to chip away at the four dominant firms”.



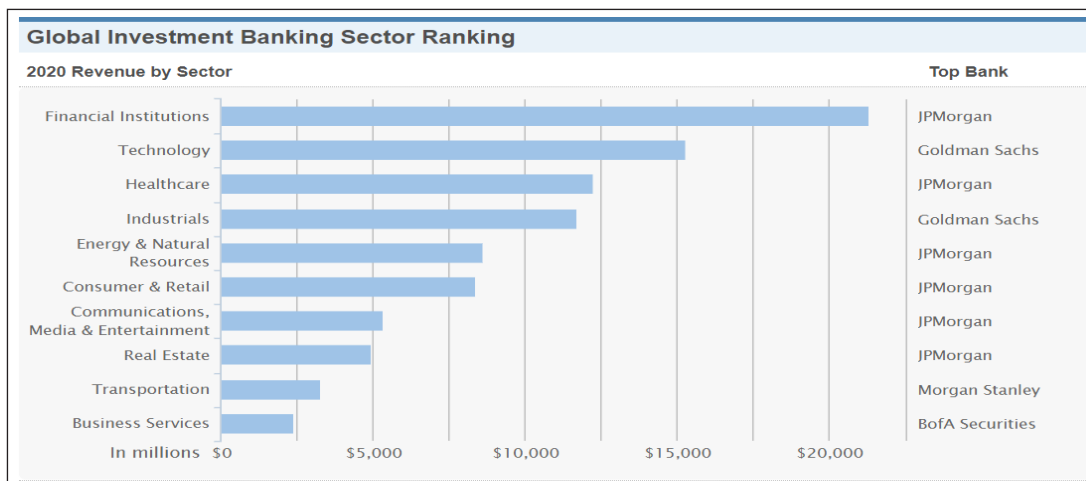
Source: https://www.statista.com/statistics

Fig. 5: Leading BB-IBs (by Revenue) in 2020

JPMorgan Chase & Co. was anointed in the year 2000. This was made possible with the merger of Chase Manhattan Corporation and the J.P. Morgan & Co. Originally known as the Chemical Bank, the name became JPMorgan Chase

& Co. with the acquisition of Chase Manhattan Corp. (Retrieved from britannica.com on 27.05.21).

Today, it is one of America’s ‘Big Four’ banks, along with Bank of America, Citi, and Wells Fargo.



Source: <http://graphics.wsj.com/investment-banking-scorecard>

Fig. 6

JPMorgan Chase & Co. reported a total revenue increase of 82.42% in the first quarter of 2021, year on year. With a net margin of 38.03%, the company achieved higher profitability than its competitors (Retrieved from www.csimarket.com on 10.05.21).

As of 2020, JPMorgan Chase was ranked 17 by total revenue on the Fortune 500 rankings of the largest United States corporations (Retrieved from https://fortune.com on 10.05.21).

The financial services industry has experienced consolidation and convergence in recent years, as financial institutions

involved in a broad range of financial products and services have merged and, in some cases, failed. This is expected to continue.

Such consolidations could result in competitors of JPMorgan Chase gaining greater capital and other resources, viz., a broader range of products and services and geographic diversity (Retrieved from www.csimarket.com on 10.05.21).

In addition, it is most certainly going to be a more prolonged and intense tug-of-war with similar competing firms, spread across the vast geographical locales and contours, with different regulations, in the not too distant future.

Table 2

Bank	YTD 2021		YTD 2020		
	Revenue \$m	% Share	Rank	Revenue \$m	% Share
Goldman Sachs	3,152.2	9.5	2	1,709.6	8.0
JPMorgan	3,002.3	9.0	1	1,922.7	9.0
Morgan Stanley	2,318.0	7.0	5	1,213.8	5.7
Citi	2,206.1	6.6	4	1,318.6	6.1
BofA Securities	2,018.5	6.1	3	1,364.8	6.4
Credit Suisse	1,605.5	4.8	7	810.9	3.8
Barclays	1,240.2	3.7	6	820.3	3.8
Jefferies LLC	1,030.4	3.1	11	443.0	2.1
Deutsche Bank	926.5	2.8	8	551.0	2.6
UBS	710.7	2.1	13	367.1	1.7

Global Investment Banking Bank Ranking					
YTD 2021			YTD 2020		
Bank	Revenue \$m	% Share	Rank	Revenue \$m	% Share
Subtotal	18,210.4	54.8		10,521.7	49.0
Total	33,228.0	100.0		21,463.9	100.0

Source: <http://graphics.wsj.com/investment-banking-scorecard>

Morgan Stanley (India)

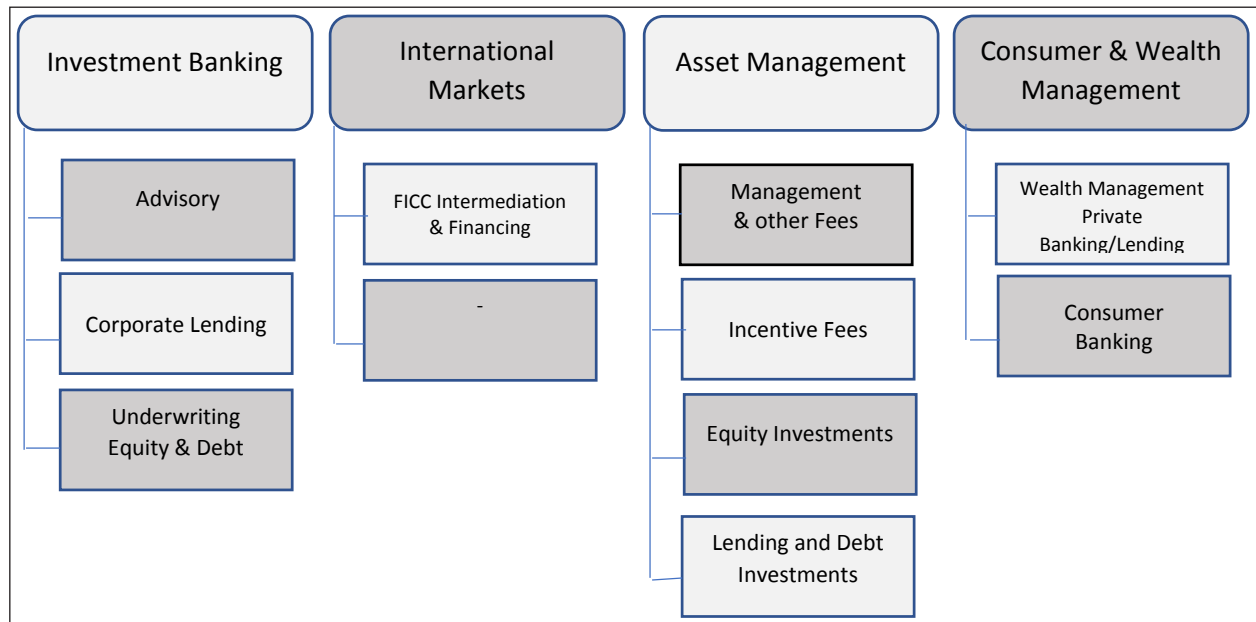
Morgan Stanley set up its unit in India in 1996. Between 1999 and until 2007, it functioned as a joint venture with the JM Financial Group, operating under the banner of JM Morgan Stanley (Retrieved from www.jmfl.com on 10.10.21). Post-2007, on its own feet, the firm is seen to be providing the full gamut of services under fixed income, commodities, derivatives, equity research, and investment banking, as an independent entity – the Morgan Stanley India Company Private Limited (Retrieved from www.morganstanley.com on 10.10.21).

In 2003, Morgan Stanley successfully established a new global in-house centre in the Indian commercial capital

of Mumbai. The purpose was to buttress and support the functioning of its wealth management, investment management, and institutional securities divisions.

Today, the centre houses the operations, human resources, internal audit, legal and compliance, prime brokerage, and other specialised services. More recently, in 2015, the organisation set up yet another unit in the tech city of Bengaluru (Retrieved from www.morganstanley.com on 10.10.21).

The different business divisions at Morgan Stanley (India) are:



Source: Morgan Stanley reports and Author’s representation.

Fig. 7

The Morgan Stanley Investment Banking team consists of a robust team of 24 professionals, with an enriched experience in the overall capital market and the M&A advisory space. Since 2010, Morgan Stanley India is constantly ranked as the *numero uno* M&A advisor.

A few additional feathers in its cap include being recognised as the Best Investment Bank and the Best Equity House by Finance Asia (Retrieved from www.morganstanley.com on 10.10.21) and others.

SWOT ANALYSIS OF THE LEADING PLAYER IN BB-IB: JPMORGAN CHASE & CO.

Major Strengths

Strong Revenue and Income

JPMorgan Chase & Co. earned \$24.4 billion in net income on revenue of \$103.6 billion in 2017 (Retrieved from <https://jpmorganchase.com> on 10.06.21). Its profit in 2018 was \$32.5 billion. In 2020 its net revenue was \$119.54 billion (Norrestad, 2021).

EPS and Market Share

With the company buying back approximately \$40 billion in stock (in the last five years), it potentially made a provision in its earnings per share (EPS) in the next five years to be 2-3% higher.

Business Expansion

The BB-IB recently reported a 6 per cent rise in its core loan portfolio and a 12 per cent increase in credit card sales volume (Sweet, 2021).

Corporate Social Responsibility

Known for its corporate social responsibilities, it deployed around \$324.5 million in global philanthropic and business investments in 2019 and plans to deploy \$1.75 billion by 2023 (JPMorgan Chase & Co., 2021).

Primary Weakness

- Controversy 1

Financial Services Authority (FSA) of the UK fined the BB-IB £33.32 million for failing to protect billions of dollars of clients' money from 2002 to 2009.

- Controversy 2

In 2011, the BB-IB admitted to wrongly overcharging thousands of military families for the mortgages.

- Dip in Consumer Confidence

Due to a technical glitch, the BB-IB's online banking system experienced a security issue that allowed some users to access the account information of others (Panda Security, 2018).

Anticipated Opportunities

- Blue Ocean 1: Cards

The huge market potential is due to the rise in credit card usage, especially in the American heartland, as well as its archipelago.

- Blue Ocean 2: Crypto

The BB-IB has recently created a crypto currency (JPM Coin) to help settle payments between clients in its wholesale payments business (Russon, 2019).

Looming Threats

- Powerful Competitors

Bank of America, Citigroup, Goldman Sachs, HSBC, Morgan Stanley, and Wells Fargo.

- Pestel

Recession, regulatory changes, and/or financial crisis (both domestic and international).

A COUPLE OF BOUTIQUE ADVISORY INVESTMENT BANKS

Lazard Limited

Lazard Ltd. is a boutique advisory that delves into asset management, financial services, and investment banking, preferably with corporates and institutions. It is the world's largest independent advisory, headquartered in Hamilton, Bermuda, with the principal executive offices in New York City, Paris, and London.

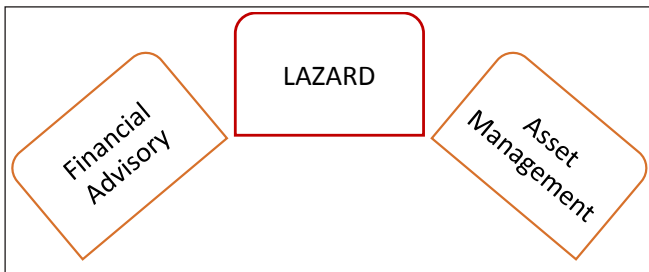
Founded in 1848 as Lazard Frères & Co., it currently operates from more than 43 cities, and across 27 countries in North America, Central America, South America, Europe, Asia, and Australia (Lazard Annual Report, 2019). The firm provides advice on mergers and acquisitions, strategic matters, restructuring and capital structure, capital raising and corporate finance, as well as asset management services, to corporations, partnerships, institutions, governments, and individuals.

Only in 2019, the boutique advisory banks were found to have partaken in more than 5.3% of the total U.S. merger and acquisition (M&A) deal landscape. However, this was down from the 5.66% of M&A deals boutique firms advised on in 2018, a decline that might also indicate the increased competition boutiques face from larger bulge bracket banks. As of Jan. 2020, the biggest boutique banking firms (basis of market capitalisation) in the U.S. were Lazard Ltd., Houlihan

Lokey Inc., Evercore Inc., and PJT Partners Inc. (Retrieved from www.bloombergquint.com on 15.05.21).

The origin of Lazard can be traced to the 1840s, when five French brothers (and several cousins) decided to emigrate to the United States of America. Eight years later, Alexandre, Lazare, and Simon Lazard founded Lazard Frères & Co. in New Orleans, as a dry goods merchant (Retrieved from www.lazard.com on 13.05.21).

Shortly thereafter, Lazard Frères decided to move to San Francisco, where it would expand into a banking and foreign exchange. In the same year, 1851, one of the brothers opened the New York office. In 1854, the company expanded into Europe to open its first European office in Paris. This enabled the brothers to start advising the French government on gold buying. In addition, in 1870, the second office in the European continent came up in London (Retrieved from www.lazard.com on 13.05.21).



Source: Author.

Fig. 8: Business Pillars of Lazard

Currently operating from 43 cities (in key business and financial centres) across 27 countries throughout North

America, Central and South America, Europe, Australia, Asia, and the Middle East, Lazard (LAZ) is expected to report the next financial results by the end of July 2021.

Bank Services: Being one of the prime investment boutique firms in the world, Lazard has been confidently serving its esteemed clients for more than 167 years (Retrieved from lazard.com on 13.05.21). Lazard specialises in financial advisory (capital structuring/re-structuring/capital raising/M&A) and asset management.

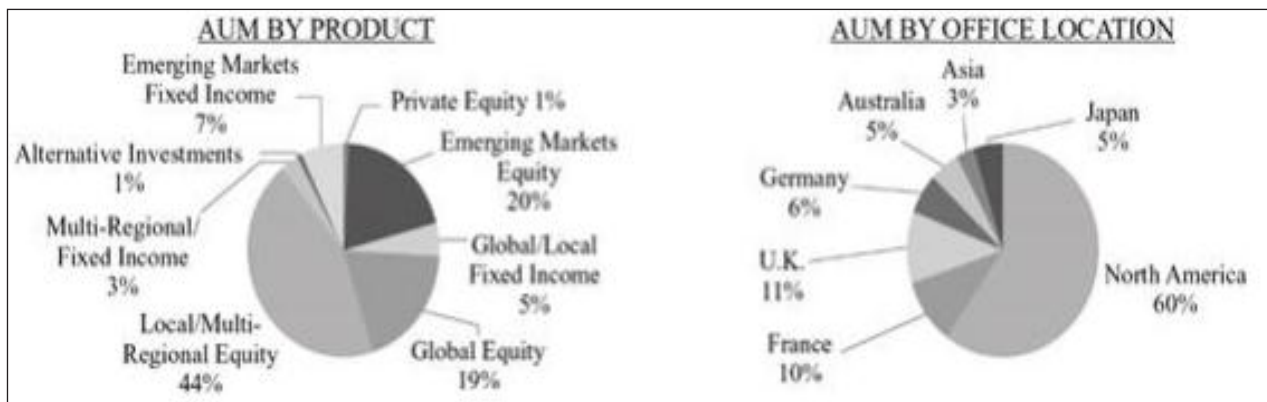
Lazard’s strongest belief is that the clients will come back to them knowing well that what they can deliver would not be otherwise possible for anyone else in a similar domain of expertise.

Office Culture/Career: The culture of Lazard is indeed diversified. Operating in more than 40 countries, and 42 offices worldwide, it has also embraced inclusion in every possible manner.

Moreover, Lazard values individual contributions, as well as the overall outcome, which helps Lazard maintain the organisational alignment between its employees and its company vision.

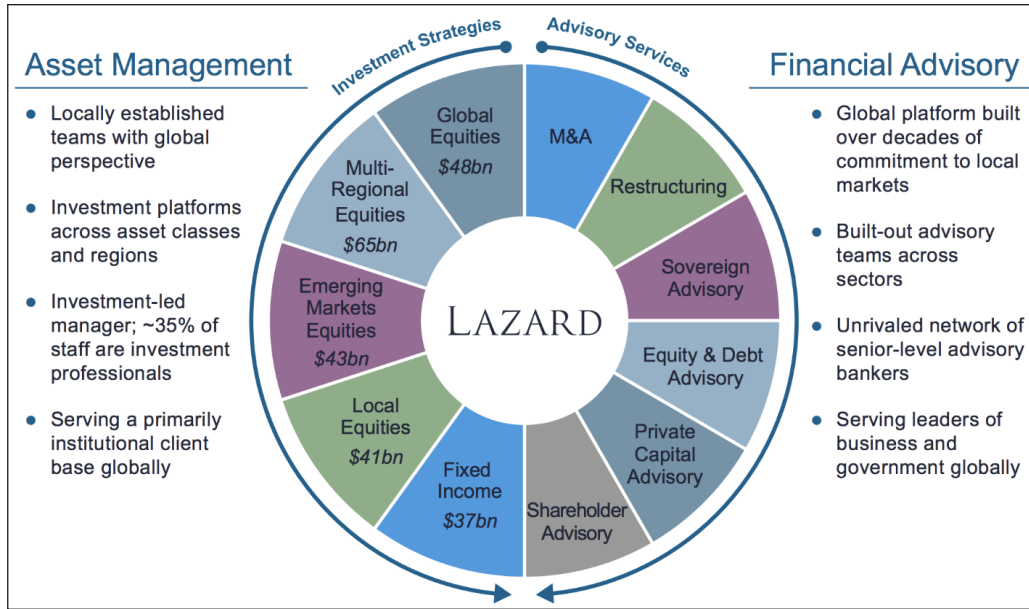
Strength/Weakness: The major strength of the firm is the tradition and values it has built and treasured over the years.

A big part of this boutique advisory is that not only does it build upon its glorious past, but also its expertise to enable its clients and management to see the big picture. However, such scenario planning is to be fretted with caution. Not only do they need to be nurtured or honed regularly, but they also need to be aligned to the bigger strategic planning overview. Else, complacency may turn out to be counterproductive.



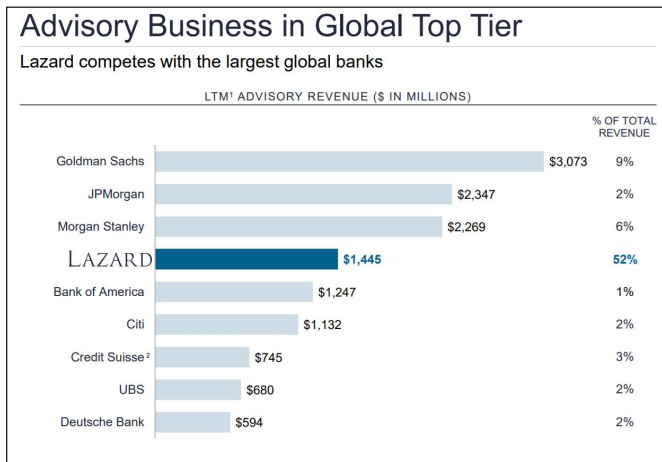
Source: Lazard Annual Report, 2018-19, Retrieved on 10.06.21.

Fig. 9



Source: Lazard Investor’s Presentation, Retrieved on 15.04.21.

Fig. 10



Source: Lazard Investor Presentation Q2 2018, Retrieved on 10.06.21.

Fig. 11

Rothschild & Co.

One of the largest financial advisory groups in the world specialising in M&A provisioning, financial advisory, and strategy, Rothschild & Co. are also into investment and wealth management advisory for large corporates, governments, and individuals, alike (Retrieved from www.rothschildandco.com on 10.10.21).

The robust global financial advisory business at Rothschild consists of more than 900 advisors across 90 countries, enabling scalability and impacting global reach.

Just before the turn of the last century, Rothschild & Co. started its India operations, in 1999 (Staney, 2007).

Rothschild India stands apart from the competition in the sense that all its senior functionaries at the Mumbai office take a keen part in every assignment from start to finish (Retrieved from www.rothschildandco.com on 10.10.21).

The organisation provides its valued customers impartial, expert advisory, and execution services, built over a wealth of experience. Small wonder that Rothschild India’s clientele includes not just the corporates, or the government, but also the well-oiled private equity firms, as well as entrepreneurs. Today, Rothschild India is a brand name known and counted for its innovative and transformational services (Retrieved from www.rothschildandco.com on 10.10.21).

Leveraging the global presence that Rothschild has, Rothschild India effortlessly and successfully connects its Indian clients with not only the ones based overseas, but also enables them to leverage the opportunities abroad. It is seen to have an in-depth understanding of the Indian regulatory and business environment.

It is hardly surprising that Rothschild & Co. is constant in its rankings across the global M&A league tables.

SWOT ANALYSIS OF A BA-IB: LAZARD LIMITED

Major Strengths

Low-Cost Structure: Production of 'value-for-money' affordable products.

Strong Financial Position: Consecutive profits in the past five years.

Asset Base: Large and solvent.

Return on Capital Expenditure (ROCE): Positive returns in the past.

Return on (Human) Capital Employed: Qualified and accredited professionals.

Primary Weakness

- *Rented Property:* Large amounts paid for rent – adding to existing costs.
- *Low Current Ratio (Current Assets – Current Liabilities):* Ability to meet its short-term financial obligations; could have liquidity problems in the future.
- *A Problem in Cash Flow:* Could lead to unnecessary unplanned borrowing.
- *Research and Development Spent:* Big room for improvement.

Anticipated Opportunities

- *Internet & E-commerce:* Renewed growth in (online) sales numbers and financials. Boost for revenue earning.
- *Skilled workers:* Less expenditure on training and development, thus saving costs.
- *Reduction of trade barriers on import of goods:* Reduction in input costs.

Looming Threats

- *Bargaining Power of Suppliers:* Increase in the cost of inputs.
- *Challenging Exchange Rates:* Constantly fluctuating, affecting sales and revenue.
- *Rise in Fuel Prices:* Increase in the input costs.
- Constant technological developments.

CONCLUSION

If pepper trade was the most preferred direct route to riches for the Romans of yesteryears, investment banking is most certainly the same to the ambitious and the acquisitive of today (Bernstein, William J. A., 2008) – *Splendid Exchange: How Trade Shaped the World from Prehistory to Today* (Retrieved on June 10, 2021).

Right from tracing the origin of the bulge brackets (BB-IBs) to looking them up as of today, to gathering an understanding of the boutique advisories (BA-IBs), and comparing the two, it has been an earnest effort by this conceptual paper to study and give a bird's-eye view of the myriad world of bulge brackets and boutique advisories – one full of surprises and uncertainties.

Finally, the paper also studies two investment banks – one each from the BB and BA categories and tries not to just briefly look up the business numbers, but more importantly, lay bare the SWOT analysis of both the organisations.

Be it the Politico Daily, the various websites, the M&A write-ups, or the queer world of the bourses, investment banking is here to stay. What would indeed add further value to this paper would be to top it up with a study on the mid-market banks in the same domain.

REFERENCES

- Baker, M. (2014). *Marketing strategy and management* (5th ed.). Red Globe Press.
- Banking at Michigan. Retrieved from <https://medium.com/banking-at-michigan/types-of-banks-bulge-brackets-vs-boutiques-vs-middle-markets-65c0e3c380d1>
- Banks Ranked by Total Deposits. (2021, May 01). Retrieved from <https://www.usbanklocations.com/bank-rank/total-deposits.html>
- Bartol, K., & Martin, D. (1998). *Management* (3rd ed.). Boston: Irwin McGraw-Hill.
- Bodie, Z., Kane, A., Marcus, J., & Mohanty, P. (2019). *Investments* (11th ed.). McGraw Hill.
- Cebrian, A. L. (2019). *The banking revolutions: A critical history of investment banking* (Kindle ed.).
- Chernow, R. (2010). *The House of Morgan* (20th ed., Ch. 31 Tombstones). Grove/Atlantic, Inc.
- Cohan, W. D. (2008). *The last tycoons: The secret history of Lazard Frères & Co.* (2nd ed.). Penguin.
- Dyson, R. G. (2004). Strategic development and SWOT analysis at the University of Warwick. *European Journal of Operational Research*, 152(3), 631-640.

- Graham, H., Nicolaud, B., Rudd, J., & Lee, N. (2019). *Marketing strategy and competitive positioning* (7th ed.). Pearson Education India.
- Gupta, C. (2018). *Investment banking: Private equity, debt financing, the business of mergers and acquisitions and the wealth management business* (Kindle ed.).
- Indap, S., Massoudi, A., & Fontanella-Khan, J. (2015, September 8). Investment banking: Walking away from Wall Street. *Financial Times*. Retrieved from <https://www.ft.com/content/d99d271c-5545-11e5-8642-453585f2cfd>
- JP Morgan Chase | 2020 Fortune 500. (2021). Retrieved from <https://fortune.com/company/jpmorgan-chase/fortune500>
- Kotler, P., & Keller, K. L. (2016). *Marketing management* (15th ed.). Pearson Education India.
- Krantz, M., & Johnson, R. R. (2020). *Investment banking for dummies* (2nd ed.). John Wiley & Sons.
- Nixon, J., & Helms, M. M. (2010). Exploring SWOT analysis – Where are we now? A review of academic research from the last decade. *Journal of Strategy and Management*, 3(3), 215-251.
- Rosenbaum, J., & Pearl, J. (2013). *Investment banking workbook* (2nd ed.). John Wiley & Sons.
- Rosenbaum, J., Pearl, J., Harris, J., & Perella, J. R. (2013). *Investment banking: Valuation, leveraged buyouts, and mergers and acquisitions*. Wiley Finance.
- Stowell, D. (2010). *An introduction to investment banks, hedge funds and private equity, the new paradigm*. Elsevier. doi:<https://doi.org/10.1016/C2009-0-19176-6>
- Subramanyam, P. (2007). *Investment banking: Concepts, analyses and cases*. CFM McGraw Hill.
- Tso, W. (2018, October 5). Types of banks: Bulge brackets vs. boutiques vs. middle markets.
- Whyte, W. P. (2012). *Alexander Lazard, Et Al., Surviving Partners, Trading as Lasard Freres, vs. the Merohants and Miners Transportation Company*. Gale, Making of Modern Law.