

Q&A: John Isaacson, American Capital Strategies Ltd.

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By Dona DeZube

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How did you break into private equity?

I was a Johns Hopkins University undergraduate and was enrolled and planning to attend Harvard Law School. On a whim, someone from Morgan Stanley I played tennis with said, "I'm going to save you from a fate worse than death. Come and interview for this investment banking job."

I was a political science major who knew nothing about finance. I spent two years as a financial analyst at Morgan Stanley, and then became a trainer for incoming recruits.

Next, I applied to JD/MBA programs and was fortunate to get accepted to Stanford. After a semester, I dropped the JD because it was the dot-com boom and people were saying you don't want to stay in school longer than you have to. While banking was wonderful in some ways, it was also transactional. You didn't get to put your money where your mouth was. After business school, I worked at GTCR Golder Rauner, (a Chicago private equity firm) and then became a vice president at Thayer Capital Partners (a Washington, D.C., private equity firm). In essence, I got here through my love of working with companies and helping entrepreneurs live their dreams.

What's a typical day like for you?

I start off around 8:30 a.m. and my job has three parts. A third of my time is sourcing transactions through investment bankers and cold calling. I might do a road show - go to Boston and spend the day with seven or eight intermediaries. Another third of my time is doing deals - negotiating legal documents, doing due diligence and trying to understand a business in a short period of time. The last third is post-closing, the value add - getting them clients introductions to other companies, bringing on board members, adding management people to upgrade the team. Monday through Thursday, we're here until 8 p.m. or later, and then on Friday we leave at a more reasonable hour. We try to have weekends off during the ordinary course of business, but the job can involve weekend work when a deal is hot.

There's a perception that the only way to get into venture capital is to know someone. How does someone with no connections break into the field?

Do anything you can to get the names of one of those companies on your resume. Volunteer yourself for minimum wage or do free internships or offer free research for a private equity firm. If you can't work directly for private capital or venture capital firm, work at their portfolio companies. Try to do special projects or serve at the will of a portfolio company president. If you want to break in you may have to sacrifice dollars in the short term. Get around the periphery any way you can.

It also helps if you can show that you have some entrepreneurialism. I sold thousand-dollar Hickey Freeman suits in business school to other students entering the work world. Companies viewed that as the modern day lemonade stand.

What's your advice for someone just starting out in your field?

You have to be patient, you have to realize this is not a transaction-based business. We do have six- to 10-week projects during closings, but we manage deals over years, not days or weeks. We encourage associates to become adept at sourcing, due diligence and post closing value-add. There is not professional that's good at all three. Work on your weakest area of those three and shore up what you can.

What's the secret of success?

Deal-making is the funnel and sourcing deals is what teams covet. The bigger your network and the better you are at bringing in deals, the more you'll succeed.

What would surprise people to know about your job?

The fact that we often will find ourselves eating dinner at an Arby's in the middle of nowhere and say, "Ah, the life of the venture capitalist." That and how much you have to hustle to make things happen and yet be patient. If you want instant gratification, this isn't the job for you. It's a lot of fun and it's gratifying to work with management teams to help them achieve their life dreams."