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PERELLA: BOUTIQUE FIRMS LOOK SET TO OUTPERFORM

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NEW YORK (Reuters)

Boutique advisory shops are the credit-crunch survivors among financial institutions because they haven't relied on business volumes or writing loans for profits, Joseph Perella, chief executive of boutique Perella Weinberg Partners said on Tuesday.

Perella's partnership is better placed to survive the downturn because its business is based around advisory fees which it earns both from offering restructuring advice as well as from mergers and acquisitions, he said at the Reuters Global Finance Summit in New York on Tuesday.

"When you're public you have to have a volume-driven business model which means you sleep with everyone," he said.

Another factor driving business toward boutiques is growing distrust in the banks' ability to manage their own businesses, Perella said.

"Big firms eroded the trust that people had in them because of how they managed their conflicts," he said.

"Turmoil has been good for our business," he said noting the bank is also attracting talented staff from the large banks.

Perella, a Wall Street veteran who began his career as a CPA at Haskins & Sells, has held top jobs at Morgan Stanley and The First Boston Corporation and co-founded another boutique, Wasserstein Perella & Co. Inc in 1988.

"What you have to understand is that no tree grows to the sky forever," he said. "The problem is, in these public companies ... people are serving tequila and the music's at 30 decibels and no one wants to turn the music down."

Regulators caught equal flak from Perella, who said lack of regulatory oversight of the industry also contributed to its fall.

"I am critical of ... the failure of our political system to maintain oversight of a business that changed dramatically over 40 years."

(Reporting by Elinor Comlay; Editing by Bernard Orr)