The Wells Fargo Advisors Center for Finance and Accounting Research

ANNUAL REPORT 2014–15
MISSION

WFA-CFAR is a catalyst for enhancing and disseminating cutting-edge finance and accounting research. The center acts as a learning laboratory, facilitating interaction among Olin faculty, Olin students, and business partners to identify real-world business problems and develop practical, effective solutions.

VISION

To be a premier research center that promotes and supports the most innovative finance and accounting research at Olin in order to transform business practice and education.

OBJECTIVES

- Specialized Masters programs in finance (MSF) and accounting (MACC), which provide rigorous curricula and industry-specific knowledge to students through a 10- or 17-month format.

- The Corporate Finance and Investments platform, which realigns our BSBA and MBA curricula to provide students with industry-specific knowledge and experiential learning opportunities, while also ensuring that these students receive a broad business education.

- Sponsored research, which includes company-specific projects as well as research on broader topics, to ensure that Olin faculty remain at the forefront of research excellence.

- Conferences and seminars, which bring together scholars from all over the world to share the latest ideas in finance and accounting.

CONTACT INFORMATION

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If you are interested in receiving a copy of any paper listed in this Annual Report, please email mgagliardi@wustl.edu.
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**SEE FAR EXECUTIVE SUMMARIES**
Welcome to the Wells Fargo Advisors Center for Finance and Accounting Research (WFA-CFAR). WFA-CFAR is dedicated to the dissemination of cutting-edge research in finance and accounting by encouraging Olin Business School faculty and students to work more closely with companies. We do this through the creative design of courses in our degree programs, executive education courses, research white papers, conferences, and connecting students and business through projects that the students do for these companies.

The WFA-CFAR team works closely with our advisory board to make sure our efforts stay focused on meeting the needs of business. Through our Specialized Masters programs—Master of Accounting, Master of Science in Finance, and the recently launched Global Master of Science—as well as the research of our faculty, WFA-CFAR will bring the most exciting research being conducted in finance and accounting into the domain of industry practitioners.

Last year we launched the WFA-CFAR Finance Consulting Practice, which brings together some of America’s most distinguished finance research faculty and gifted graduate students to collaborate with business partners to solve complex business problems. We also hosted the 11th Annual Corporate Finance Conference (CFC) and the Nick Dopuch Accounting Conference. The center also publishes SEE FAR, a research magazine that features faculty research in a form accessible to practitioners.

We would also like to further acknowledge Wells Fargo Advisors for their continued support. As a result of this partnership, I look forward to continued success and new endeavors this academic year.

Anjan Thakor  
Director, WFA-CFAR,  
Director of Doctoral Programs, and  
John E. Simon Professor of Finance,  
Olin Business School

“AACademic research is pivotal to the success of a world-class educational institution. The Wells Fargo Advisors Center for Finance and Accounting Research is a testament to this thought leadership, which has long been a hallmark of Olin Business School.”

Mahendra R. Gupta  
Dean and Geraldine J. and Robert L. Virgil Professor of Accounting and Management  
Olin Business School
ADVISORY BOARD MEMBERS

2014–15 WFA-CFAR BOARD MEMBERS

Tom Anderson
Morgan Stanley

Vivek Bedi
Nestlé Purina PetCare

Jan Bertsch
Sigma-Aldrich

Jim Bullard
Federal Reserve Bank of St. Louis

Spencer Burke
The St. Louis Trust Company

Michael Crews
Peabody Energy Corporation
(now with PQ)

Rock Foster
Nestlé Purina PetCare

Walt Galvin
Emerson (retired)

Vikram Jaipuria
CitiMortgage, Inc.

Wes Jones
Sage Capital

Atul Kamra
Wells Fargo Advisors

Rodney Kinzinger
Deloitte LLP

Jimmie Lenz
Wells Fargo Advisors

Rob Reeg
MasterCard Worldwide

David Sherman
Cohanzick Management, LLC

Chris Varvares
Macroeconomic Advisers

Kim Walker
Washington University Investment Management Company

FACULTY BOARD MEMBERS

Mahendra Gupta

Rich Ryffel

Anjan Thakor

PROGRAM MANAGER

Marcianne Gagliardi

“Our WFA-CFAR board is composed of high-caliber corporate partners who challenge us to stretch our minds and create value for both themselves and Olin Business School. We are very appreciative that they have elected to generously give their time and expertise.”

Dorothy Kittner
Assistant Dean and Director
Office of Corporate Relations
Olin Business School
First Row:
Spencer Burke
Tom Anderson
Rich Ryffel
Michael Crews

Second Row:
Vikram Jaipuria
Walt Galvin
Atul Kamra
Ohad Kadan

Third Row:
Jimmie Lenz
Kim Walker
Anjan Thakor
Dorothy Kittner

Fourth Row:
Chris Varvares
Vivek Bedi
Wes Jones
Marcianne Gagliardi
FINANCE BSBA COMMITTEE
Pursuing a career in business today means preparing students for an ever-changing world, reaching into new markets, adopting new technologies, and crossing the boundaries among traditional disciplines. Olin’s BSBA program lays the foundation for students to build successful academic and professional careers. During the first year, a required freshman course features senior faculty members who lead discussions on current and cutting-edge business topics. Themes include case analysis, effective communication, and ethical decision making. In addition, freshman year focuses on resources and tools students will need to succeed in the workplace.

APPLIED LEARNING
Hands-on courses and projects encourage the exploration of career options and help students gain industry and functional expertise, increasing their value to prospective employers. Opportunities include consulting team projects for corporations and nonprofit agencies, participation in managing a portion of the school’s endowment fund, and multiple entrepreneurship experiences ranging from business plan development to working with startups in the St. Louis community.

BUSINESSWEEK RANKING

Olin’s rank is due to superior student satisfaction and top marks from students in both teaching and academic services. Other criteria that contributed to Olin’s rise to the ranks of top five best undergraduate business schools include:

- #1 feeder school to top MBA programs
- Highest average SAT scores of all schools in survey
- #8 in the nation in terms of median starting salary
- “A+” grade for teaching, facilities, and services from student survey

“During freshmen fall, students learn from senior faculty and directly apply their knowledge by creating a startup product or service, writing a business plan, and making a pitch. They also spend time focused on team development and solving complex, unstructured business problems—ultimately presenting recommendations to faculty and corporate partners.”

Steve Malter
Associate Dean and Director of Undergraduate Programs

KEY TAKEAWAYS
- Required freshman course taught by senior faculty focuses on current and cutting-edge business topics with themes including case analysis, effective communication, and ethical decision making.
- Hands-on courses and projects encourage the exploration of career options and help students gain industry and functional expertise.
- Business courses in all the major disciplines—with their emphasis on rigorous critical thinking—teach students to approach management problems analytically and strategically.
MBA students can pursue a career in finance through many paths. Finance professionals are needed in institutions and firms that provide capital to financial markets. They are also needed within the companies and businesses that use capital. Finance professionals are necessary to mediate between the providers and users of capital. The Corporate Finance and Investments platform has been designed to effectively steer MBA students toward careers such as financial manager in a nonfinancial firm, investment banker–corporate finance, private equity or venture capital positions, investment banker–capital markets and trading, and asset or portfolio manager.

**FALL 2014 GUEST SPEAKER LIST**

Sarah Colton, *Bloomberg*

Eric Kalinowski, *Keefe, Bruyette & Woods*

Ben Kline, *Amerinet*

David Levy, *Exxon Mobile*

David Myers, *Express Scripts*

Martha Richey, *Kimberly-Clark*

David Sherman, *Cohanzick Management, LLC*

“My pre-MBA experience in public accounting/auditing helped sharpen my analytical skills, but it was limited to historical financial information for compliance purposes. By pursuing the unique combination of advanced courses and experiential learning opportunities that the MBA Finance and Investments platform offers, I’ve been able to appreciate how efficient financial management can help corporations solve strategic challenges and enhance shareholder value.”

Ajay Shah

MBA ’16

**KEY TAKEAWAYS**

- With the Corporate Finance and Investments Platform, students can laser focus on their chosen career paths.
- Career-focused concentration classes begin during second semester, after which students can identify the applied-learning courses and types of summer internships that will give them targeted, on-the-job experience.
- Nearly a dozen working professionals served as Corporate Finance and Investments platform speakers to impart real-world knowledge and expertise to our students.
Both the Corporate Finance and Quantitative Finance tracks fuse mathematical tools with a strategic understanding of business decision making. The rigor of Washington University’s Master of Science in Finance (MSF) program attracts applicants with excellent quantitative skills and a broad range of academic experience in finance, economics, engineering, and mathematics. Prior work experience is recommended, though not required, for admission to the program. For students who do not have any prior experience or training in finance, the program offers concentrated “foundation” courses in finance.

**FINANCIAL TIMES RANKING**
Olin was third in the United States in the 2015 Financial Times ranking of Master in Finance (pre-experience) programs. Only eight American schools are included in this survey dominated by European schools. Olin ranked #27 when matched with 50 schools worldwide.

**KEY TAKEAWAYS**
- MSFC is a finishing school in finance that trains nonfinance majors for careers in finance.
- The MSF program integrates cutting-edge finance curriculum with real-world project experience to make students ready to deliver from day one.

“"The small program and class size makes for a collaborative classroom experience and close interaction between students and faculty.”

Radhakrishnan Gopalan
Associate Professor of Finance
GLOBAL MASTER OF FINANCE

To meet the demand for next-generation financial expertise, Olin Business School at Washington University in St. Louis has partnered with Lee Kong Chian School of Business at Singapore Management University (SMU), Yonsei University Graduate School of Business (YSB) in South Korea, and IDC Herzliya to develop a singular educational paradigm: the Global Master of Finance (GMF) program for high-reaching students. Graduates of this program receive two degrees: a Master of Science in Finance (MSF) degree from Washington University as well as a Master of Science in Applied Finance (MAF) from Singapore Management University, a Global MBA from Yonsei University, or a Certificate in Innovation and Entrepreneurship from IDC Herzliya.

Program distinctions include cross-continent exposure to a variety of cultures and financial markets, which will equip you with the knowledge and skills required to make an impact on businesses—globally and culturally. Upon completion of the 14-month program, you earn either 45 credits for the Olin-Singapore Management University option, 54 credits for the Olin-Yonsei University option, or 40 credits for the IDC option. Additionally, our program offers you the best of both academic worlds:

- Top-tier education from Olin Business School, a leading US management institution
- World-class instruction from Olin faculty and faculty at one of our partner institutions
- Training targeted to your specific marketplace
- Access to both domestic and international professional networks
- Immersion courses in New York City and at the Brookings Institution in Washington, DC, that familiarize you with US financial markets, policy making, and financial rules and regulations.

“...The Global Master of Finance program gives students unique access to Washington, DC, policy makers responsible for major regulations. They also visit with leading New York financial market participants to see firsthand how businesses are adapting and finding opportunities in an ever-changing regulatory and competitive environment.”

Rich Ryffel
Senior Lecturer in Finance

KEY TAKEAWAYS

- Partnership between Olin and other high-caliber universities allows students greater opportunity to enhance international vision and broaden networks.
- New partnership with IDC Herzliya in Israel focuses on innovation and entrepreneurship.
Olin’s Master of Accounting (MACC) program was designed with two goals in mind. First, to provide students from a wide range of backgrounds the opportunity to complete relevant coursework necessary to become eligible to sit for the CPA exam. Second, to develop skills that will foster career success, regardless of whether a student pursues a career in public accounting or if their career path takes a different trajectory.

In addition to traditional accounting coursework in financial reporting, assurance, and taxation, students may take elective coursework in other business disciplines such as finance and supply chain management, or even in other schools on campus such as the School of Law.

A distinctive feature of Olin’s MACC curriculum is our capstone course “Accounting Policy and Research.” Students acquire a big-picture understanding of accounting trends and regulatory issues, along with the critical-thinking skills to evaluate and debate them. Students review a number of academic studies and learn research methodologies that are also applicable in nonacademic settings.

Employers consistently emphasize the importance of communication skills and experience, and the MACC program helps cultivate these through the Professional Communications Forum, experiential learning opportunities, and student organizations such as Beta Alpha Psi.

**VITA PROGRAM**

Nearly 50 Olin students contributed more than 830 hours during the spring semester to the Volunteer Income Tax Assistance (VITA) program, preparing tax returns for local, low-income individuals. Through Olin’s network of corporate business partners and campus resources, students have many opportunities to turn what is learned in the classroom into real-world, practical experience.

**BETA ALPHA PSI**

Every semester Beta Alpha Psi hosts a large number of speakers and professional events covering a wide variety of topics in the area of accounting. Topics include tax code challenges, business ethics, nonprofit accounting, and corporate accounting.

“In 2014, 325 GECC volunteers prepared nearly 8,000 federal tax returns for low- and moderate-income families in the St. Louis region as part of the VITA program. Those families received more than $9.5 million in federal refunds, a return on investment of more than $70 for each dollar spent.”

Russ Signorino
Gateway EITC Community Coalition (GECC)
DOCTORAL PROGRAMS

DOCTOR OF BUSINESS ADMINISTRATION
The Olin Doctor of Business Administration (DBA) degree program is a 72-credit-hour doctoral degree designed for individuals with a serious interest in research who want to pursue graduate study on a part-time or full-time basis. A doctor in business administration is an advanced graduate degree that extends beyond the fundamental foundation of a master’s degree to develop the necessary skills to conduct applied research. The DBA differs from a master’s degree and a PhD in a number of ways, including the scope of study, the approach to research and, essentially, the definitive outcome.

The Olin DBA offers a collaborative atmosphere centered on pursuing industry-relevant applied research. The program crosses traditional boundaries and provides opportunities, under the guidance of Washington University faculty, for structured coursework along with focused, independent scholarly reading and research on important issues relating to business. A practitioner’s doctoral degree, it is designed to meet the needs of the researching professional, rather than the professional researcher. While a PhD is intended for those who wish to pursue research careers in academia, the DBA is extended graduate study for those who wish to pursue careers in corporations, consulting firms, or government agencies that can benefit from advanced research skills in analyzing business problems. The research capabilities developed in the DBA program offer more immediate real-world applicability than typical research pursued in the PhD program.

"Through the DBA program, I can combine my various professional experiences with the advanced research skills and abundant research resources that Olin provides. In doing so, I believe I can build a solid foundation on which I create new ideas that will contribute to the real world as well as academia."

Yong Kyu “Kevin” Gam
DBA ’14

"I am certain that obtaining a DBA in Finance from Olin will take my career to the next level. The level of learning I have and will continue to experience at Olin will allow me to fulfill all short-term and long-term goals in the area of finance and corporate strategy, and approach them with more acuity and confidence."

Danielle McPherson
DBA ’15

DBA IN FINANCE STUDENTS*

Muna Alsheikh, 2014
Chitsun Chen, 2012
Juan Pablo Espinosa, 2015
Yong Kyu "Kevin" Gam, 2014
James Horn, 2013
Jimmie Lenz, 2013
Xuan Li, 2015
Kai Lu, 2014
Francisco Marcet, 2012
Danielle McPherson, 2015
Jorge Sabat, 2015
Weibai Zhao, 2012
Feng Zhou, 2015

* Years listed reference when each student began in his or her Doctor of Business Administration program.
**DOCTOR OF PHILOSOPHY**

Olin currently offers Doctor of Philosophy (PhD) degrees in accounting, business economics, finance, marketing, operations and manufacturing management, organizational behavior, and strategy. Olin PhD students make up a diverse and interesting group. They come from many different parts of the world with widely different backgrounds. Some have enrolled directly from undergraduate programs; others hold advanced degrees or have worked for several years. Some are new to business, coming from academic majors ranging from engineering to biology. This diversity enhances the learning experience for all.

**FINANCE PHD**

Olin’s PhD program in finance emphasizes rigorous analytical training and prepares students to pursue careers in research and teaching at leading academic institutions across the globe. Our students have a strong quantitative background; most typically they have undergraduate training in economics, mathematics, engineering, or other quantitative disciplines.

Our research-active faculty members are easily accessible to students. Collaboration is encouraged early in the program. Faculty and student joint research results in coauthored papers published in important journals. Much of the research is based on economic models to address problems such as the allocation of capital, risk, and rewards in the economy.

**ACCOUNTING PHD**

Olin’s PhD program in accounting focuses on infusing students with a broad base of knowledge as well as the research skills necessary to enjoy a robust career as a university educator and researcher. Training is rigorous, as competition for faculty positions at top research universities is intense. Students study issues in two areas: the role of financial information in facilitating the operations of capital markets and assistance for managers planning and controlling the way institutions operate. WFA-CFAR provides accounting doctoral students with the opportunity to work on groundbreaking research for Center members’ company-specific challenges and projects.

**PHD CANDIDATES IN FINANCE**

Swaminathan Balasubramanium, 2015
Peter Haslag, 2011
Ankit Kalda, 2013
Fang Liu, Graduated 2015
Suying Liu, Graduated 2015
Xinye (Karen) Liu, 2010
Johan Maharjan, Graduated 2015
Rodrigo Moser, 2015
Luca Pezzo, 2012
Landon Ross, 2015
David Sovich, 2013
Kandarp Srinivasan, 2012
Xiaoxiao Tang, 2013
Nitin Toopran, 2015
Diego Vega San Martin, 2011
Thao Vuong, 2014

**PHD CANDIDATES IN ACCOUNTING**

Seong Jin Ahn, 2013
James Bosnick, 2014
John Donovan, 2011
Yadav Gopalan, 2013
Bryan Graden, Graduated 2015
Chase Potter, 2014
Hojun Seo, 2011
Aadhaar Verma, 2015
Yifang Xie, 2015
Yingnan Yi, 2012

* Years listed reference when each student began his or her Doctor of Philosophy program.
The Olin Business School/Wells Fargo Advisors Center for Finance and Accounting Research Consulting Practice brings together some of America’s most distinguished finance research faculty and gifted graduate students to collaborate with industry to solve highly complex business problems using a variety of analytic tools and client-provided data.

A typical project spans seven to 15 weeks, and culminates with a formal presentation, written summary and, often, a model, which the client firm retains as its own intellectual property.

“Our project team was very passionate about our assignment. We were always accountable and hardworking with lots of creative ideas. Our client, WUIMC, was highly engaged and spent time helping us understand the full picture of private market investment process. I enjoyed working with WUIMC so much I decided to join them after graduation. The project offered me a unique opportunity to closely work with the people there and understand the culture, which was critical in making my career decision.”

John Zhang
MBA/MSF ’15
“I have sponsored a number of practicums with Olin students, seeking solutions on a wide range of issues, and am constantly astonished at the creativity, knowledge, and energy that they bring to bear.”

Jimmie Lenz
Wells Fargo Advisors

VALUE PROPOSITION

Client engagements are led by a member of our PhD research faculty and include a separate client liaison faculty member who assists with scoping the project, maintaining a high level of client service, and ensuring the student teams communicate effectively and meet all project deadlines. In addition to senior Olin staff members, our teams are typically staffed by five to seven students who are selected for each assignment based on their prior professional experience, undergraduate degree, and graduate coursework. All student teams receive specialized training on consulting project management by Olin’s consulting business mentors.
CORPORATE FINANCE CONFERENCE

Each autumn, the finance faculty at Olin Business School host a conference during which industry guests and academics gather to discuss and debate issues related to corporate finance. Below find the agenda for the 11th Annual Corporate Finance Conference, held November 7–8, 2014.

SESSION 1: EMPIRICAL CORPORATE FINANCE
Chair: PHILIP STRAHAN, BOSTON COLLEGE

“Taxation and Dividend Policy: The Muting Effect of Diverse Ownership Structure”
by Roni Michaely (Cornell University), Annette Alstadsaeter (University of Oslo), and Martin Jacob (WHU Otto Beisheim School of Management)
Discussant: Kristine Hankins, University of Kentucky

“The Real Effects of Credit Ratings: The Sovereign Ceiling Channel”
by Igor Cunha (Universidade Nova de Lisboa), Miguel Ferreira (Universidade Nova de Lisboa), and Felipe Restrepo (Boston College)
Discussant: Sergey Chernenko, Ohio State University

SESSION 2: ORGANIZATIONAL DESIGN
Chair: GREGORY UDELL, INDIANA UNIVERSITY

“The Value of Informativeness for Contracting”
by Pierre Chaigneau (HEC Montréal), Alex Edmans (London Business School), and Daniel Gottlieb (University of Pennsylvania)
Discussant: Lin William Cong, University of Chicago

“How Organizational Hierarchy Affects Information Production”
by Janis Skrastins (London Business School) and Vikrant Vig (London Business School)
Discussant: Philip Strahan, Boston College

SESSION 3: FINANCING CHOICE AND PRODUCT MARKET EFFECTS
Chair: ANDREW WINTON, UNIVERSITY OF MINNESOTA

“Captive Finance and the Coase Conjecture”
by Justin Murfin (Yale University) and Ryan Pratt (Brigham Young University)
Discussant: Ralf Meisenzahl, Federal Reserve Board

“Leverage and Strategic Preemption: Lessons from Entry Plans and Incumbent Investments”
by J. Anthony Cookson (University of Colorado)
Discussant: Naveen Khanna, Michigan State University

SESSION 4: SHORT PAPER SESSION
SHORT PRESENTATIONS OF EARLY IDEAS
SESSION 5: ACQUISITIONS
Chair: NAVEEN KHANNA, MICHIGAN STATE UNIVERSITY

“Extending Comparative Advantage through Cross-Border Acquisitions”
by Gordon Phillips (University of Southern California),
Laurent Fresard (University of Maryland), and Ulrich Hege (HEC Paris)
Discussant: Cesare Fracassi, University of Texas, Austin

“Selling Failed Banks”
by Gregor Matvos (University of Chicago), Joao Granja (Massachusetts
Institute of Technology), and Amit Seru (University of Chicago)
Discussant: Mark Flannery, University of Florida

SESSION 6: CORPORATE THEORY
Chair: RONI MICHAELY, CORNELL UNIVERSITY

“Timing Decisions in Organizations: Communication and Authority in a Dynamic Environment”
by Andrey Malenko (Massachusetts Institute of Technology),
Steven Grenadier (Stanford University), and Nadya Malenko (Boston College)
Discussant: Zhiguo He, University of Chicago

“Household Risk Management”
by Adriano Rampini (Duke University) and S. “Vish” Viswanathan (Duke University)
Discussant: Alp Simsek, Massachusetts Institute of Technology

SESSION 7: CORPORATE GOVERNANCE
Chair: GORDON PHILLIPS, USC MARSHALL

“Executive Gatekeepers: Useful and Divertible Governance”
by Wei Wang (Queen’s University), Adair Morse (University of California/Berkeley),
and Serena Wu (Queen’s University)
Discussant: Andres Almazan, University of Texas, Austin

“Product Market Competition in a World of Cross-Ownership: Evidence from Institutional Blockholdings”
by Jie “Jack” He (University of Georgia)
Discussant: Nickolay Gantchev, University of North Carolina at Chapel Hill

“Textual Analysis and International Financial Reporting: Large Sample Evidence”
Presented by Mark Lang, University of North Carolina
Discussant: K. Ramesh, Rice University

“A Tale of Two Regulators: Risk Disclosure, Liquidity, and Enforcement in the Banking Sector”
Presented by Luzi Hall, University of Pennsylvania
Discussant: Elizabeth Chuk, University of Southern California

“Are Tax Avoidance Costs and Benefits Easily Quantified? Evidence from Credit Rating Agencies”
Presented by Kevin Koharki, Washington University
Discussant: Brian Miller, Indiana University

“Optimal Relative Performance Evaluation”
Presented by Thomas Hemmer, Rice University
Discussant: Mirko Heinle, University of Pennsylvania

“Does Earnings Lockout Make US Multinationals Attractive to Foreign Acquirers?”
Presented by Terry Shevlin, University of California–Irvine
Discussant: Jake Thornock, University of Washington

“Internal Information Asymmetry, Internal Capital Markets, and Firm Value”
Presented by Xiumin Martin, Washington University
Discussant: Mark Maffett, University of Chicago
2014–15 FINANCE SEMINARS

Financial scholars from within and outside the Olin community take part in this recurring seminar series. Topics covered include the housing debt crisis, asset pricing, liquidity risk, and retail short selling. Participating speakers come to the event from respected institutions, including Duke, MIT, New York University, Northwestern University, University of California/Berkeley, Stanford University, University of Chicago, and Yale. Below find a list of Finance Seminars hosted at Olin Business School during the 2014–15 academic year.

9/12/14
Philipp Schnabl, New York University
“Central Bank Funding and Bank Lending”

9/19/14
Annette Vissing-Jorgensen
University of California/Berkeley
“Stock Returns over the FOMC Cycle”

9/26/14
Hui Chen, MIT
“Measuring the ‘Dark Matter’ in Asset Pricing Models”

10/3/14
Brett Green, University of California/Berkeley
“Adverse Selection, Slow Moving Capital and Misallocation”

10/17/14
Arvind Krishnamurthy, Stanford University
“Efficient Credit Policies in a Housing Debt Crisis”

10/24/14
Gary Gorton, Yale University
“Banks as Secret Keepers”
10/31/13
Alex Edmans, London Business School
“The Real Costs of Financial Efficiency When Some Information Is Soft”

11/14/14
Martin Eichenbaum, Northwestern University
“Valuation Risk and Asset Pricing”

11/21/14
Nittai Bergman, MIT
“Financial Accelerator at Work: Evidence from Corn Fields”

12/9/14
Jonathan Berk, Stanford University
“Assessing Asset Pricing Models Using Revealed Preference”

12/12/14
Paul Tetlock, Columbia University
“Retail Short Selling and Stock Prices”

4/3/15
Ken Singleton, Stanford University
“Learning, Dispersion of Beliefs, and Risk Premiums in an Arbitrage-Free Term Structure Model”

4/17/15
Ernst-Ludwig von Thadden, University Mannheim
“A Corporate Governance Asset Pricing Model: Theory and Evidence”

4/24/15
Alon P. Brav, Duke University
“Shareholder Power and Corporate Innovation: Evidence from Hedge Fund Activism”

5/1/15
Dimitri Vayanos, London School of Economics
“Liquidity Risk and the Dynamics of Arbitrage Capital”

“Doctor of Business Administration
• Earn a practitioner’s doctoral degree
• Create new knowledge
• Impact the direction of an organization
• Develop advanced skills analyzing real-world business problems

“This invaluable experience has provided me with a comprehensive foundation in finance.”
—Francisco Marcet
2016 DBA Candidate

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2014–15 ACCOUNTING SEMINARS

This recurring series brings the latest academic accounting thinking and theories to Olin. The series allows the field’s premier academics to examine topics such as bank transparency, private equity, fair value accounting, and trade credit policy. Upcoming and past speakers include faculty from Columbia Business School, New York University, University of Colorado, Rice University, MIT, University of Chicago, and University of Michigan. Below find a list of Accounting Seminars hosted at Olin Business School during the 2014–15 academic year.

9/12/14
Sarah Zechman, University of Chicago
“Do Managers Tacitly Collude to Withhold Industry-Wide Bad News?”

9/19/14
Chandra Kanodia, University of Minnesota
“Who Benefits from Fair Value Accounting?”

10/31/14
Anna Costello, Massachusetts Institute of Technology
“Trade Credit Policy in Long-Term Supply Contracts”

3/20/15
Ryan Ball, University of Michigan
“Can We Automate Earnings Forecast and Beat Analysts at Short Horizons?”

4/10/15
Pepa Kraft, New York University
“Qualitative Corporate Disclosure and Credit Analysts’ Soft Rating Adjustments”

4/17/15
Joao Granja, Massachusetts Institute of Technology
“Do Strict Regulators Increase the Transparency of the Banking System?”

5/1/15
Brian Rountree, Rice University
“Private Equity Net Asset Values and Future Cash Flows”

5/22/15
Jonathan Rogers, University of Colorado
“Run EDGAR Run: SEC Dissemination in a High-Frequency World”

5/29/15
Sharon Katz, Columbia Business School
“Private Ownership and the Cost of Debt: Evidence from the Bond Market”
This year, WFA-CFAR introduced SEE FAR, a collection of executive summaries of financial and accounting research produced at Washington University’s Olin Business School. The publication name not only capitalizes on the center name, but it also captures the essence of our research: looking to the future rather than concentrating exclusively on current events and thinking, and focusing on big-picture issues that have far-reaching consequences.

All the articles in SEE FAR are based on research that has been previously published in an academic journal, or as a monograph, or is currently a working paper that will be published in the future. The executive summaries are written so they are accessible to a broad audience, rather than solely to those in academia. The goals are twofold. We want to build a bridge between the research of Olin Business School faculty and those in the world of practice. Additionally, we believe this research will add to the knowledge people use on a daily basis.

The Dark Side of Performance
Goal Setting in Executive Compensation
“Costs of Including Accounting Performance Goals in Executive Compensation”
Radhakrishnan Gopalan, Associate Professor of Finance, and Todd Milbourn, Senior Associate Dean of Faculty and Research and Hubert C. and Dorothy R. Moog Professor of Finance

Recent research shines a light on the dark side of the popular trend of linking rewards to targeted performance goals. These incentives can provide powerful motivation to managers and align their interests with investors. It can also invite accounting subterfuge and manipulation. Researchers at Washington University in St. Louis and Arizona State University investigated the prevalence of this trend.
Corporate Socialism Fuels the Design of Managerial Compensation Contracts at Multi-Division Firms

“Managerial Compensation in Multi-Division Firms”
Radhakrishnan Gopalan, Associate Professor of Finance, and Alok Shashwat, India School of Business

The efficiency of capital allocation within a conglomerate as compared to a focused firm is interesting to those in the corporate and academic worlds. Much is known about how compensation contracts help align the interests of CEOs toward value maximization or improving capital allocation in focused firms. Less is known about how incentive contracts for divisional managers in a conglomerate can mitigate possible distortions in capital allocation. Using a unique, hand-collected data set, researchers at Washington University’s Olin Business School explored how divisional managers’ compensation contracts are designed in large US conglomerates.

Interconnected and Diverse Markets Drive US Competitiveness and Facilitate Economic Growth

“Sources of Capital and Economic Growth: Interconnected and Diverse Markets Driving US Competitiveness”
Anjan Thakor, Director of WFA-CFAR and John E. Simon, Professor of Finance

A well-developed financial system is critical to promoting economic growth. Before considering any regulation, it is important to understand that the system is highly interconnected. Much like the legendary butterfly effect, reforming one financial component creates changes that can reverberate through the entire system in ways that are difficult to predict. The impact of regulation of the US financial system over the past decade is therefore worthy of our study and understanding.
A New Anomaly: The Cross-Sectional Profitability of Technical Analysis

“A New Anomaly: The Cross-Sectional Profitability of Technical Analysis”
Guofu Zhou, Frederick Bierman and James E. Spears
Professor of Finance

Technical analysis uses past prices to identify tradeable patterns in order to predict future market movements. In research published in the Journal of Financial and Quantitative Analysis (2013), researchers used the moving average timing investment strategy on portfolios and showed that it substantially outperforms the buy-and-hold strategy.

Debunking the Accusations of Short Sellers’ Impact on the Market

Matthew Ringgenberg, Assistant Professor of Finance

During the 2008 financial crisis, some regulators and journalists accused short sellers of illegitimate trading practices. In fact, the Securities and Exchange Commission (SEC) suggested that short sellers spread “false rumors” in an effort to manipulate firms “uniquely vulnerable to panic.” In contrast to this manipulation hypothesis, recent academic research suggests that short sellers tend to be informed traders skilled at processing information. Researchers at Washington University in St. Louis, UC San Diego, and the University of North Carolina investigated the source of short sellers’ trading profits and found that, on average, short sellers don’t manipulate price; they help inform and possibly correct overpricing.
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