

BUSINESS MATTERS

Fall 2014

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Fredonia State University of New York

Department of Business Administration

Notes from the Chair

• Welcome to the first issue of the Department of Business Administration Newsletter with its new name, "Business Matters," which was adopted by the Chair's Student Advisory Council at its September 16th, 2014 meeting. I am pleased to introduce the Fall 2014 Council members: Marc Braghirol (Management senior) President of Fredonia Chapter of American Society for Quality, Lyndsey Townsend (Finance senior) President of Accounting Society, Jessica Tamol (Finance senior) President of Business Club, Shauna McGuay (Marketing senior) President of Delta Mu Delta National Honor Society in Business Administration, Louis Hills (Finance senior) President of Financial Management Association, and Karl Deck (Marketing senior) President of American Marketing Association.



• In the Business Administration Department we take your academic advising very seriously. Our aim has always been to graduate you on time while taking interesting and informative courses. To that end, we now have a new comprehensive advising resource on our department's website titled, Advising Corner: <http://www.fredonia.edu/business/BusinessAdministration/advisingcorner.asp> Please make sure to visit this site often. It has a list of graduation requirements, advising checklists, recommended courses per semester until graduation, and other important information.

• As you may know the department now has formal 4 + 1 BS/MBA agreements with several universities within New York State. Through these agreements,

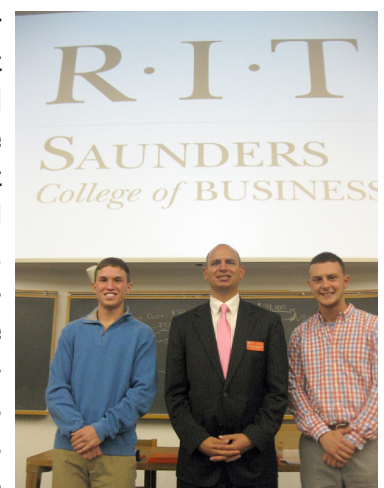
you can finish an MBA in the year after completing your Fredonia degree. You can find the admissions requirements of all our 4 + 1 partners at: <http://www.fredonia.edu/business/BusinessAdministration/masters.asp>

• I am happy to announce that we now have one more scholarship, Alumni Sophomore Achievement. This new scholarship became possible through the generous donations of our department alumni. Sophomore standing plus outstanding academic and extra-curricular achievements are the criteria for this award. You may want to check out the list of all our scholarships and their criteria at: <http://www.fredonia.edu/business/BusinessAdministration/awards.asp>

-Dr. Moj Seyedian

4+1 with RIT

On Thursday, October 16, Financial Management Association(FMA) hosted the Rochester Institute of Technology's Assistant Director of Marketing and Graduate Recruitment, Charles Ackley, in McEwen 209. Charles spoke to over 45 Fredonia Students about the various outstanding programs Saunders School of Business at RIT has to offer, including its exceptional 4+1 agreement they have with Fredonia in programs such as Accounting or Finance. Charles explained, "You can waive up to 18 credits with the classes you've taken in your major here at Fredonia. With those 18



From left to right: Louis Hills(FMA President), Charles Ackley(RIT Recruiter), and Ryan Creamer(FMA Secretary)

credits waived, it brings the total number of credits left to take down to 30.” This is huge because in this day and age, the last thing a student wants to do is take out another student loan. With the tuition being about \$38,000 per year, RIT makes it much more affordable by waiving these credits. Also, a strong point is that you are receiving a Master’s from a university that is noted as one of the top schools in the country each year.

-Louis Hills

Alumni Spotlight



I have been in the Banking Industry for the last 10 years. I began my career Sept 2004 at HSBC as a basic Commercial Customer Service Representative answering calls on the Business hotline, informing clients of their Balance, trying to up sell them to new products & rates. I was fortunate enough to experience a lot during my 2 ½ years there – not necessarily all positive. My last position there was as an Underwriter for New Construction Loans in early 2007. At this time the company began to see a

sharp decline in the number of new mortgage applications, which affected the daily pipelines we were required to work.

With my eye on the markets, and what we were experiencing daily, it was clear that underwriting was not the best career to have at the time- later confirmed by the eventual collapse of the housing market. I was fortunate enough to get a job at Citi in early 2007, and have worked there for the last 7 ½ years. My current role is that of Assistant Vice President of the Client on Boarding & Entitlements Team (COB). The COB Team – which basically coordinates between clients & the Citi Sales Team the documentation that is necessary for clients to open accounts with Citi – began migrating jobs over to the Buffalo area in 2009.

Since 2009 the COB Team has grown from three members to a current staff of 20. In that time, the COB Team has also taken on other functions including Entitlements, Tax Documentation Review, FxPro Trading and EGUS Agreements. With Buffalo being a mid- cost center, there certainly is the potential for further growth within the COB Team. Citi has recently sent me to Chicago to work with the team at the Chicago Board of Trade to bring the EGUS function back to Buffalo, as well as to New York to bring all the Entitlements process to Buffalo. Once we get those processes in house, we review the entire process front to back. If necessary, we re-write the procedures so that

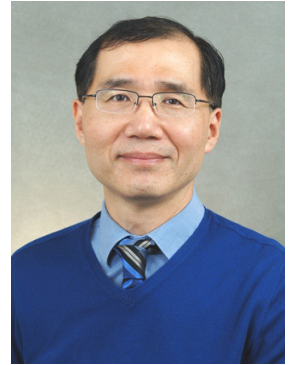
they are compliant per government regulations, train the staff, and then conduct our own Audit Checks monthly.

-Josh Markham, '07

Meet Professor Yi

1. What courses do you teach?

I have taught BUAD 320 (Managerial Finance), BUAD 372 (Financial Investments), BUAD 416 (Portfolio Management), BUAD 472 (International Finance), and ACCT 201 (Principles of Financial Accounting) at Fredonia. I currently teach BUAD 320 and BUAD 372 in fall and BUAD 320 and BUAD 472 in spring.



2. If you could teach a new course, what would it be?

I would like to teach equity valuation in which students estimate a company’s share price based on its business, industry summary, investments, financials, and risks. In other words, the students have opportunities to do an in-depth analysis of pricing, using concepts and models they have learned in finance as well as accounting, economics, and statistics courses.

3. Tell me a little about your teaching style.

Students need a solid education to be influential leaders in the world where they manage people and analyze economic problems. The goal of my teaching is to enable students to learn and discover the world of finance, to help them become competitive in the job market, and to encourage them to be prepared for leadership.

To meet these goals, first of all, I teach students with up-to-date teaching content and material that are consistent with finance course objectives and outcomes. I have participated in international and regional finance meetings to learn current issues in finance. I deliver properly organized lectures, allocating class time to an introduction, the main body of a lecture, and a summary. Over the last two decades of teaching, I have found students’ performance to be highly associated with their attendance. To minimize student absenteeism, I call on students in class and give them a quiz on a weekly basis. The quiz has helped minimize students’ absenteeism and improve their performance. I have got positive responses from students on the quizzes.

Management of a classroom environment is another important factor that influences student learning. In order for students to experience a supportive environment, I have more interactions with students. Moreover, a stu-

dent and teacher relationship is another component that affects students' learning and their career development. I communicate with students using many different channels in order to be more accessible to them.

4. What suggestions do you have for students to be successful in your courses?

I always recommend students to read, solve, and memorize. In other words, they must read the chapter material, solve practice questions, and memorize terms and concepts.

5. What are some of the extra-curricular activities that you are involved in?

I have participated in the annual meetings of Financial Management Association International, Eastern Finance Association, and Midwest Finance Association as a presenter, discussant, and/or chair of sessions since 1999. Those meetings helped develop my teaching and research. As a faculty adviser, I have also been involved in the Chartered Financial Analyst (CFA) Institute Research Challenge of Western New York since the 2011-2012 academic year. The competition consists of a written report on the subject company and a presentation to a panel of judges. The report includes business description, industry overview and competitive positioning, investment summary, valuation, financial analysis, and investment risks. Each team estimates the company's share price given its accounting and financial data along with the economic data, and to provide the recommendation (buy/sell/hold) of the share.

This year's subject company is Sovran Self Storage, Inc. that is headquartered in Buffalo, New York. To prepare the report, we have met every week since the start of fall semester, understanding Sovran's business, organization, investments, financials, risks based on its annual report, learning stock pricing models, and estimating the share price. Because the report's deadline is January 11, Fredonia team will work very hard during the winter break to complete the written report. After submitting the report, the team will prepare the presentation scheduled on February 16. The presentation is limited to ten minutes, followed by the ten-minute Q&A session. The team will commit relentless efforts to making professional presentation slides and practicing mock presentations.

6. Where did you do your undergraduate and graduate studies?

I have got the Bachelor of Arts in Accounting at Yonsei University in Seoul, S.Korea, the Master of Accountancy at Bowling Green State University in Bowling Green, Ohio, and the Ph.D. in Finance at Temple University in Philadelphia, Pennsylvania.

7. Where were you before joining Fredonia?

I worked at the University of Sioux Falls in Sioux Falls, South Dakota as an assistant professor from 2000 to 2007. I taught undergraduate courses in personal finance, managerial finance, investments, advanced finance, and financial markets and institutions, and MBA courses in financial planning and control at the university.

8. Why did you decide to come to Fredonia?

I was expected to use a considerable amount of time, probably about 70% on teaching at the University of Sioux Falls. But as a scholar I would like to conduct research as well as teach. Fredonia has provided me with opportunities to do both in a balance.



Fredonia's 2014 CFA Challenge participants show off the trophy they won (from left): Nicole Sparks, Aaron Valesca, Mathew Sullivan, Victoria Wessel, and Dr. Taihyeup Yi.

9. Who has been your biggest influence in life?

Definitely my parents have. My mom came from North Korea and met my dad during the Korean War, 1950-1953. As blue-collar workers my parents worked very hard to raise me and my siblings, emphasizing education as the first priority.

10. What kind of research are you working on?

I am currently working on research on the asset pricing and uncovered equity parity models. I investigate the determinants of nominal stock return risk using disaggregate industry data. In other words, I test if nominal stock return risk is influenced by the covariance between financial distress and expected inflation, and examine how this covariance is related to the interactions between expected inflation and firm-specific variables of leverage, market to book ratio and cash to asset ratio. My overall results show that while the interaction between a firm's market to book ratio and expected inflation reduces the nominal stock risk premium, the interactions of each of the firm's leverage and the cash to asset ratio with expected inflation increase the nominal risk premium.

I also examine the validity of the uncovered equity parity where the home currency with a higher equity return is ex-

pected to depreciate against the foreign currency with a lower equity return. Using the risk premium framework and the G-7 countries over the sample period of January 1971 to December 2013, I identify the risk premiums, which to some degree does not support the parity for the G-7 over the period.

11. What advice do you have for graduating finance seniors?

Career development is one of the most important things to do in their lives. I strongly recommend the seniors to do their best in finding full-time positions if they have not found them yet. The positions the students have got could be less desirable ones than they expected. However, they need know that most of people start small, which could be a stepping stone for the development.

Another advice I would like to give is to look forward, not regretting the past. We are living in an uncertain world with limited information, where making a good decision is oftentimes difficult. So when the decision turns out bad, we ought to minimize the negative outcome based on the available information at that time.

Lastly I recommend the seniors to always work together, learning from each other and developing a network.

12. What advice do you have for investing in the stock market?

I believe it would be very difficult to beat the market over the longer period. So I recommend students to contribute to 401(k) by spreading out money into different asset groups. In other words, they need to consider investing in equity and bond index funds, alternative assets, or a combination of those assets, depending on the student's risk tolerance. However given the investment horizon of at least fifty years, most of students are expected at this stage to invest in risky assets regardless of the risk tolerance. Further, the students again see importance of the power of compounding, where they need to contribute money to the retirement plan as early as possible.

-Shauna McGuay

AMA's New Twist on Halloween

The American Marketing Association is a professional association for individuals and organizations leading the practice, teaching, and development of marketing knowledge worldwide. On Thursday, October 16th the Fredonia AMA hosted the first annual event called *Spooktacular Marketing*. This event was a creative, competition based activity that required participants to break into teams and "mummify" one of their team members using toilet paper. After all teams completed the "mummification" of their team member, each

team had to give the judges a 5-minute sales pitch of why their mummy creation was the best. After a very tight race of excellent pitches and very creative mummy concepts, the judges ultimately decided the winner was Team 2 (pictured right).



Spooktacular Marketing winners, from left to right: Tom Threadgill, Lacey Dickerson, and Adam Ciccarello.

International Accounting Day



The Accounting Society celebrated its first International Accounting Day by hosting an Accounting Jeopardy Tournament in the Williams Center on Sunday evening, November 9th. International Accounting Day marks the publication of a mathematics textbook by Franciscan monk, Luca Pacioli, in 1494. A chapter in the book described for the first time double-entry bookkeeping system. Twenty-two competitors buzzed in and answered (in the form of a question) the "Accounting Jeopardy" answers. The brothers Christopher and Michael Querrieo were the Final Jeopardy winners and took home the \$50 grand prize.

Business Matters is a student-run online publication of the Department of Business Administration Chair's Student Advisory Council, established in Spring 2007. For story ideas and comments, contact the Editor:

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