

Department of Finance - College of Business - Florida State University

Our Mission

- ***To Provide High Quality, State of the Art Instruction to all Students that we Teach***
- ***To Prepare Our Majors for Successful Careers in Business and Academia***
- ***To Produce Quality Scholarly Research and Publish it in Top Tier Journals***
- ***To Establish and Foster Relationships with the Business and Financial Community***
- ***To Play a Major Role in Helping the College of Business Fulfill its Mission and Achieve its Vision***

Our Vision

- ***To Be a Preeminent Finance Department***

Strategic Plan for the Finance Department at Florida State University

The Finance Department at Florida State University is dedicated to providing a high quality education to students at the Undergraduate, Masters, and Doctoral levels. The department takes considerable pride in the quality of the instruction that it provides as evidenced by the numerous university wide teaching awards won by members of the department over the years.

The Finance Department is equally dedicated to producing high quality scholarly research that is ultimately published in top-tier Finance Journals. The department has been very productive in this area as well over the years. At present several members of the faculty rank near the top in terms of total publications in well-respected finance journals.

The strategic plan for the department delineated next illustrates how we plan to build on the successes of the past to provide an even better education for our students and an environment for faculty that is more conducive for producing quality scholarly research. The plan addresses Instruction at the Undergraduate, Masters, and Doctoral levels, with emphasis on how already strong programs can be improved further. We then focus on the current research environment and improvements that could be made to enhance faculty productivity in the future. This is followed by a discussion of the Masters of Science Program in Finance currently under consideration. We conclude with a brief summary of our primary objectives and our Operational Plan to accomplish those objectives.

Undergraduate Program

Finance has had the most majors within the College of Business for several years. This is in no small part due to the quality of education that finance students receive at Florida State. The department has had a disproportionate number of excellent instructors over the last two decades, which has resulted in high expectations being the norm for everyone. The high degree of interaction between faculty and students is one of the primary factors accounting for this success, and is also what separates us from a lot of our peers. Though the Finance Undergraduate Program is strong at present, there are a number of things that can be done to make it stronger.

First, a committee will be formed shortly to undertake a review of the curriculum for finance majors. The committee will consider all aspects of the curriculum, offering specific recommendations with supporting arguments to departmental faculty for consideration. Changes in both required courses and in the diversity of electives offered that are deemed beneficial to our majors will be implemented in a timely fashion.

Second, the department plans to consider ways of developing closer relationships with the business community, especially with our alumni. Better ties with the business community could potentially generate several benefits to undergraduate finance majors including better placements, increased internship availability, more scholarships, and additional funding that could be used as deemed appropriate. Since the department has traditionally not engaged in this effort to a large degree, the intention is to start by identifying and evaluating possible approaches that might produce the desired outcomes. We plan to use the Harris Data Base extensively, as soon as it is available. This will greatly enhance our ability to communicate the accomplishments of the department and our students to past graduates, as well as keeping them abreast of departmental activities and aspirations. It will also enable us to direct the attention of our alumni to other valuable sources of information such as the departmental web site.

Third, the department hopes to increase participation in student finance organizations that help round out an education, increase student visibility and provide interaction between business professionals and students. The Financial Management Association (FMA) presently in place at Florida State provides a good forum for this purpose. The department plans to promote membership in the FMA by increasing student awareness of the potential benefits of being involved. More effort will be devoted to finding dynamic guest speakers to interact with the students, and to identifying and implementing other activities that generate student interest. Trips to Wall Street, the CBOE, etc. are some of the activities that will be given consideration. Faculty interaction will also be encouraged wherever appropriate. The development of an investment portfolio managed by students with faculty guidance is yet another possibility for increasing faculty-student interaction while simultaneously providing valuable practical experience for students.

MBA Program - On Campus

The Finance Department is heavily involved in the MBA Program. We cover the required courses in Macroeconomics, Managerial Economics, and Financial Management, in addition to offering a “Finance Track” to MBAs interested in finance. The Managerial Economics course is currently undergoing a major revision to make it a more rewarding experience for the students by emphasizing more practical applications of economic principles in a financial services environment. The student response to this change is expected to be quite favorable.

The finance track of the MBA consists of three finance courses: Investments, Computer Modeling, and Multinational Finance. These courses were chosen for convenience reasons at the time the department was asked to offer the track several years ago, as they were the only Masters’ electives that had been taught recently. The intent was to alter the finance track shortly thereafter, but due to faculty departures and other resource constraints, this was never done. Clearly, some beneficial changes can be made. For example, though there is a huge diversity in the finance background of the students, they all take the same three courses. Undergraduate finance majors pursuing the MBA often have had two undergraduate investments courses, while most MBAs have had none. Yet, they all take the same Investments course. How best to modify the finance track to improve its overall quality will be considered in conjunction with the development of the MS Program in Finance (discussed below). The MS Finance Program could greatly enhance the finance track of the MBA Program since many more graduate finance courses are likely to be offered and the expectations are that these will generally be open to MBAs.

Since the MBA Program is a college-wide program, we offer no thoughts on the MBA Program as a whole in this plan. To the extent a plan for the MBA Program is to be developed, we look forward to participating in the process.

MBA Program - Online

The Finance Department is heavily involved in the Online MBA Program as well as in other online graduate programs offered by the College of Business. At present, we provide online courses for multiple sections in Financial Management, Investments, Macroeconomics, and Managerial Economics. The department will continue to support the online graduate programs as requested within the limits of our resources. At this point, we have no plans to offer an online graduate degree in finance.

Doctoral Program

The Finance Department is dedicated to providing its doctoral students with a quality education that prepares them for careers at institutions that emphasize high-level scholarly research and quality teaching. The Doctoral Program has been a strong component of the Finance Department for many years. The rigorous, well-structured four-year program includes six finance seminars, and numerous other courses in economics, math, and statistics. It has been the most stable and

largest doctoral program in the College over the years, and arguably, the best. The strengths of the program include heavy faculty commitment, quality students, and high expectations.

An example of faculty commitment is that all seminars meet at least four full hours per week though they are all 3-credit courses. The very high average entrance exam scores and grade points of our students, as well as the disproportionate number of university-wide fellowships received evidence the quality of our students. Strong as it is, there are numerous ways that the program can be strengthened, and some of these are considered next.

First and foremost, the program's visibility needs to be improved so that our national reputation more adequately reflects the high quality of the program. As this document is being written, major improvements are being made in the departmental website with this goal in mind. Up to date vitas are now available on all of the current students, and links are provided to nearly all of our former students so that interested parties can readily learn about the impressive accomplishments of our past graduates. Links to the accomplishments of our former students will also be included in the portion of the site that addresses the Doctoral Program to help in the recruitment of doctoral students.

In the future, faculty, and especially dissertation chairs, will be asked to put forth extra effort in promoting students and helping them to secure job interviews with strong, research-oriented, Universities. Our placement record over the years is quite admirable with students securing positions at such schools as Georgia, Notre Dame, Brigham Young, and Connecticut in the past. Equally impressive is that we have placed one hundred percent of our graduates. With that said, there have been times when placements have not been commensurate with the quality of our students. We attach considerable importance to placing our students at quality institutions and plan to give further thought to how we might upgrade future placements.

The current structure of the doctoral program has been in place for a long time because it has worked very well for us. Periodic evaluations of the program have resulted in minimal changes in the past. Since instructors have recently changed in four of the six finance seminars, now is viewed as a good time to conduct an overall assessment of our program to determine if changes are in order, and to make sure that there is the proper amount of coordination across seminars.

Additional resources could benefit the doctoral program on several fronts. First, the stipends we currently pay are well below the average paid by our peer institutions. Obviously, this has a major impact on the ability to recruit quality students.

Second, our standard financial package requires students to teach one course in each of the first two years, and then five courses in years three and four of the program. This is considerably more teaching than required at most institutions with quality finance doctoral programs. Reducing the time students spend teaching leaves them more time for conducting scholarly research either on an individual basis or jointly with fellow doctor students and/or faculty. An established research record, in turn, leads to better placements and greater visibility for the department.

The availability of databases and software packages is critical to doctoral students as it is to faculty. We were recently fortunate enough to acquire the Wharton Research Data Services

(WRDS) after years of trying, which was a huge step in the right direction. Still, our peers often have greater access to databases than we do, giving them a competitive advantage. The department understands that reasonableness is required when requesting databases, but feels that our deficiency warrants being addressed.

An active visiting lecturer series is one of the hallmarks of nearly every highly ranked doctoral program. Bringing in highly regarded scholars to interact with faculty and doctoral students enhances our visibility in several ways, and ultimately may lead to joint research efforts as well as better placements for doctoral students. With the support of the Dean and the generosity of Sun Trust, the Sun Trust Visiting Lecturer Series was established in the fall of 2006. The series is off to a great start with several prominent scholars in finance scheduled to visit Florida State during the current academic year.

Several of the items discussed above impact on doctoral student recruitment. In the past we have been fortunate to recruit highly qualified individuals despite funding and other constraints we had to overcome. The recruitment of high quality students is absolutely essential to have a high quality program, and it will always be given high priority in the department. As in the past, additional efforts will be devoted to attracting high quality minority students to our program.

Summarizing, the reputation of a department's Ph.D. Program is an important determinant of the overall reputation of the department. We have a strong program now, and with the appropriate changes and resources, it can become an even stronger program.

Masters of Science Program in Finance

In the late spring of 2006 the Finance Department formed a committee to explore the desirability and feasibility of developing an MS Program in Finance. There are several perceived benefits associated with such a program that are consistent with the goals of the College and the University, and our national visibility would also be enhanced if a quality program is established. Specifics as to what the program would ultimately look like have not yet been developed, but presently we visualize it as a one-year (three semester) program with somewhere between twenty and thirty students initially. Students would likely be drawn primarily from our own pool of undergraduate majors at first, and to a lesser extent from FSU graduates in Economics, Math, Statistics and Accounting.

We have surveyed the finance faculty to ascertain the support for such a program and the willingness to participate. In general, the results indicate that the faculty is enthusiastic and supportive of the program as long as the resources necessary to develop and maintain a quality program are made available.

Current finance majors were also surveyed this summer to gain a better feel for student interest in such a program assuming they could enter it immediately upon obtaining their undergraduate degree. The results of this survey suggest strong student interest is likely, especially among students with relatively high grade point averages.

At present, we are studying successful programs already in existence as a prelude to developing the program specifics that will ultimately be proposed to the Dean and the College. The department estimates that it will need three additional full-time, tenure track faculty to establish and maintain a quality program. We are operating under the premise that both the Dean and the Associate Graduate Dean strongly support our efforts to develop a quality MS Program and stand ready to support it with the necessary resources. Given this is true, we will proceed to develop the proposal with the intention of completing it during the spring of 2007. The actual start date for the program would be dependent upon when we are allocated the necessary faculty positions.

Though specific courses to be offered in the program have not yet been determined, several new graduate finance courses will be among the offerings. As mentioned above, the new courses will result in added flexibility for MBAs choosing the finance track.

Research Productivity and the Research Environment

The Finance Department recognizes the importance of publishing high-level scholarly research on a regular basis if we are to develop and sustain the strong national reputation that we seek. The department's track record in this area over the years is quite good, with a few individuals having developed exceptional research records. The accomplishments of the department are even more impressive considering the limited resources devoted to facilitating research productivity in the past. And the future on this front looks very promising for multiple reasons.

With three new assistant professors joining our faculty in the fall, we now have what we believe are eight quality assistant professors. The leadership provided by our three eminent scholars, the department chairman, and other senior members of the faculty combined with the enthusiasm, energy, and new insights of the assistants constitute an ideal setting for enhancing research productivity in the future. To help new assistants develop a research agenda at an early stage of their career, their teaching load the first two years is limited to three courses (one preparation), all taught during the same semester. As this frees them up to focus totally on research for eight months out of the year, it is an ideal time for them to fill the pipeline with quality research.

The type of advancements that we seek in our research productivity requires both quality researchers and adequate supporting resources. The researchers are largely in place, and progress has been and is being made in securing the necessary resources. Subscribing to the WRDS recently was a major step in the right direction as it can greatly facilitate empirical research in finance.

Efforts are presently being directed towards increasing other resources that facilitate research productivity. Traditionally, we have lagged considerably behind our peers in terms of reduced teaching loads, summer research grant availability, data base availability, research assistants, funding of journal submission fees, funds for inviting in prominent scholars, entry level salaries, summer support for new faculty, salaries and summer support for tenured faculty, among other things. Disparities between our department and our peers with respect to some of the above resource categories are further documented in the proposed Center for Banking and Financial Studies.

The establishing of a well funded Center for Banking and Financial Studies could do much to remedy some of the shortcomings associated with the current research environment while also improving the educational experience for students. The department, with support and guidance from the Dean's office, has recently developed a proposal for such a Center, and the Dean is in the process of implementing a plan to secure the required funding. Specifics as to the potential benefits that could result from such a center are delineated in the proposal.

Summarizing, the finance department clearly understands the importance of producing quality research that is published in top tier journals to establish the reputation that we desire. We also understand the great importance that the College and the University attach to scholarly research. Though successful in the past, the department is devoted to increasing its research productivity in the future. Many of the essential ingredients for doing so are already in place, and efforts are underway to secure those resources that are presently in short supply.

Summary and Overview

The Finance Department is committed to (1) providing a quality education at all levels, (2) producing high quality scholarly research on a continuing basis, (3) increasing the visibility of the department both in the business and academic communities, and (4) improving an already solid national reputation. The department expects to take an active role in pursuing the broader goals of the College and the University, as well.

Above, we have discussed many actions that the department plans to take to achieve our objectives. In the short term each program we offer will be subjected to a comprehensive review, and changes deemed beneficial and feasible will be implemented. Major improvements are in process in the departmental website that should improve our national visibility considerably. With the support coming from the Dean's office, it is likely that we may have a well-funded Center for Banking and Financial Services in the not to distant future that could help the department in nearly all respects. Given adequate resources, we could be welcoming our initial class to our new MS Program in Finance in the not to distant future. Other endeavors we plan to pursue such as establishing more interaction with the business community, which could have fund-raising implications, are in the initial planning stage.

The future for the Finance Department at Florida State looks especially bright right now. It all starts with a strong faculty, and we have never had a more talented and motivated group of individuals than what we have at present. The cohesiveness among faculty is at an all time high, as is the desire to make great strides in improving our national reputation. We are committed to being the "best" department in the College and to playing a major role in helping the College achieve the type of national reputation that it desires. An Operational Plan for fulfilling our Mission and Pursuing our Vision follows.

Operational Plan

Undergraduate Program

<u>Action</u>	<u>Time Frame</u>
<u>Review Undergraduate Curriculum</u>	
Chair: Appoint undergraduate committee	Spring 2007
Committee reports to departmental faculty with recommendations	Fall 2007
Implementation of approved changes	Dependent on feasibility and resource availability
<u>Promote Participation in Student Finance Organizations</u>	
Gary Smith & Doug Smith – FMA Directors	
Create more awareness among students	In progress
Bring in more dynamic outside speakers	In progress
Promote more faculty involvement	In progress
Generate new activities that will stimulate student interest	In progress
Develop improved FMA website	In progress
Develop finance major website	In progress
<u>Establishing Closer Ties to the Business Community and Alumni</u>	
Brainstorming among departmental faculty	Address next faculty meeting
Chair: Appoint departmental committee to study approaches followed at other Institutions that have been successful in this area and to make suggestion.	Spring 2007
Utilize the Harris Data Base System for sending emails that include updates and accomplishments of the department to our alumni	Spring 2007

Masters Program

<u>Action</u>	<u>Time Frame</u>
<u>Review MBA Offerings Including Finance Track</u>	
Chair: Appoint Masters committee	Spring 2007
Committee reports to departmental faculty with recommendations	Fall 2007
Implementation of approved changes	Dependent on feasibility and Resource Availability
Participate in review of MBA programs - on campus, online, and part time	As Requested

Doctoral Program

<u>Action</u>	<u>Time Frame</u>
<u>Review PhD Offerings</u>	
Ph.D. policy committee and 4 th Year doctoral students	Spring 2007
Committee reports to departmental faculty with recommendations	Fall 2007
Implementation of approved changes	Dependent on feasibility and resource availability
<u>Increase Visibility of our PhD Program</u>	
Upgrade the department website to include placements and successes of past graduates	Near Completion
Promote current students in the job market more vigorously – especially dissertation chairs	In progress now for this year's candidates
Initiate a visiting lecture series where prominent (Bruce Haslem - Coordinator)	Sun Trust visiting lecturer series scholars are brought in on a regular basis already established – twelve outside scholars scheduled for this academic year
Emphasize high quality joint research projects	Several joint projects with faculty in progress at present.
<u>Increase Resources Committed to the PhD Program</u>	
Increase Financial Packages to \$20,000/year	Funding dependent
Increase Data Base Availability	Funding dependent

Listed below is a priority list and approximate cost:

Database Name	Typical Application	Annual Cost
DataStream	International studies of investment and corporate finance	\$20,000 yearly
COMPUSTAT / Global	International corporate finance	\$6,000 yearly
OptionMetrics	Prices and volatility of US equity and index options	\$12,000 yearly
First Call Analyst Recommendations	Stock recommendations by the equity analysts	\$7,000 yearly
Insider Trading	Trading of company stocks by the managers	\$10,000 yearly
Institutional (13f) Holdings	Stock transaction and holdings of institutional investors	\$6,000 yearly
NYSE Trade and Quote© (TAQ)	Market microstructure	\$8,000 yearly
Bloomberg	Stock and performance, corporate events, currency exchanges, etc.	\$7,000 yearly
Worldscope	World's market value data	\$25,000 yearly

Reduce Teaching Loads

Funding dependent

Increase Research Assistantships

Funding dependent

Masters of Science Program in Finance

<u>Action</u>	<u>Time Frame</u>
Departmental committee formed to study the desirability and feasibility of initiating a Masters of Science Program in Finance - Chair: Gary Benesh	Summer 2006
Surveyed faculty regarding their enthusiasm for introducing such a program	Summer 2006
Surveyed finance majors at FSU as to their interest level in such a program	Summer 2006
Study existing MS Programs in Finance to help in developing our proposal	Ongoing
Present proposal to the Dean of Graduate Studies and the Dean	Summer 2007
Implement MS Program in Finance	Dependent upon receiving and filling the positions required to implement the program

Enhancing the Research Environment and Increasing Research Productivity

<u>Action</u>	<u>Time Frame</u>
Strongly encourage paper presentations at National Meetings - Chair and Faculty	Ongoing
Encourage faculty to aim for top tier journals in their research efforts - Chair and Faculty	Ongoing
Reward faculty for publications in premier journals	Funding Dependent
Recruit faculty with proven research skills	Whenever we have a position
Reduce teaching loads for productive researchers	Funding Dependent
Encourage the submission of research proposals for competitive research grants offered by the University - Chair and Faculty	Funding Dependent
Increase summer research support in the College for both existing faculty and new faculty	Funding Dependent
Increase data base availability	Funding Dependent
Fund submission fees to journals	Funding Dependent
Increase the availability of research assistants	Funding Dependent
Increase salaries of existing faculty	Funding Dependent
Increase entry level salaries for faculty	Funding Dependent
Submit proposal for a Center for Banking and Financial Studies - Chair: Dave Humphrey	Summer 2006
Create and Fund a Center for Banking and Financial Studies	Funding Dependent