

May 9, 2021

TO: Members of the University Senate

RE: Nomination of **William McCumber** for the University Senate Chair Award

I am honored – and humbled – to have been nominated for the University Senate Chair award. I am grateful for the opportunity to reflect upon my time at Louisiana Tech University. Let me first clearly state that much of what has transpired, whether it be the launch of the Student Managed Investment Fund, the addition of two supercomputers to the College of Business to support our research, or the development of undergraduate and graduate level certificates in data analytics, would have been possible without the selfless effort and dedication of many others. Faculty, students, donors, and the administration have made possible what I hope to briefly explain, below. I will beg your patience with my rather informal rambling explanations; I hope to give some color to the details such that you are more likely to see what the students have seen over the past several years.

My patient and supportive wife and family tell me that the college professor gig is my last career change. I couldn't be happier with that declaration. I began my career in education as a teacher and administrator. I left education to become an institutional money manager (hedge funds and wealth management) and learned a great deal about managing not only wealth, but expectations, in a fiduciary capacity. I managed funds through at least three statistically impossible events, during which two things were abundantly clear: 1. The theory and models upon which trillions of dollars are managed and relied upon are, if not completely wrong, then at least only a very partial picture, and 2. I was having no fun. Education is *fun*. I returned to education to earn a PhD in finance, and Louisiana Tech gave me the opportunity to combine my experiences and passion in a new career. The feeling of homecoming is palpable. It has been a wonderful experience thus far, and we're only just beginning.

Whether teaching, research, or service, the goal and expectation should be that our efforts are geared toward making Louisiana Tech an outstanding institution, one where students have life-changing and rewarding experiences, and one that welcomes, attracts, and retains world-class talent.

Teaching

I teach at the undergraduate, masters, and doctoral levels. Regardless of the topic or level, there are a few guiding principles that shape my students' experience. Briefly,

- To understand finance, you need to be literate in financial vocabulary. It's easy to be lost in important-sounding jargon. Cut through "financu-tainment" industry jargon to build a vocabulary based upon common sense and first principles. The concepts are not difficult, but they are inaccessible if you don't understand the words.
- The death of student interest is found in a slide deck. NO SLIDES. Derive concepts, formulae, and models "live" with student participation. Active participation makes difficult concepts "stick."
- You are a facilitator of intellectual growth, and as such there is no room for ego. Our students are young adults. Some have gone to war. Some have children of their own. Many of them have jobs. Treat them that way.
- Be available and use tools that students want to use and are already using. Students can and do contact me at all hours. Communication is key. Students will ignore emails for weeks, but if I post something to our class Discord server you can see how many of them immediately come

online to see what's up. If find this both satisfying and amusing. Finally, all my upper-level students have my cell phone number. I tell them to use this power wisely. In eight years, this "power" has never been abused.

- Allow and use humor (carefully). If I'm not at least mildly entertained, even when discussing something as boring as the time value of money, I assume the students are not really present.
- Remember that trust and personal connections are developed experientially. I am sure that few students five years removed from my classroom will remember or care how to use historical financial statements to forecast pro formas, but they will remember and value a positive experience.

Before listing courses, ratings, and comments, I'll point out a few highlights of the past several years.

After years of planning with administrators, donors, and faculty we launched the **Student Managed Investment Fund** in 2017. Undergraduate students manage donor funds, learn how to be professional institutional money managers, and report to an Investment Committee comprised of industry leaders and donors. This is a heady experience, one that is unlike any "classroom" instruction. These students also have 24-7 access to Ray's Trading Room, a state-of-the-art facility with professional tools and data.

At all levels in the College of Business we have created or re-tooled how we teach finance (and other disciplines) to develop real-world and highly sought skills and experience. One such example is an increased focus on viable data analytics and financial modeling. We moved from working with financial calculators to programming statistical code. We are in the final stages of launching **certification programs in data analytics** at both the undergraduate and graduate levels.

Doctoral students and faculty now have access to two supercomputers housed in the College to support their research (more on this below). The collaboration between students and faculty and across disciplines has fostered numerous projects, presentations, journal articles, and continued work with faculty at other institutions around the globe.

A positive result of the COVID pandemic and our need to teach remotely has made it clear that students value the ability to review difficult material on demand. In addition to recording and posting recorded class meetings I am developing a library of "explainer" videos and walk-throughs such that students can VoD various topics. I will admit that this is a considerable time commitment and the learning curve (at least for me) was daunting. That said, the students seem to truly value the videos, and there have been more "views" than I had expected. One such example can be found [here](#).

Courses, instructor ratings, and a few comments from students in the past five years include:

Course	Level	Rating
Theory of Corporate Finance	Doctoral	4
Seminar in Corporate Finance	Doctoral	4
Financial Management	Graduate	3.8-4.0
Foundations in Business Finance	Graduate	3.8-4.0
Student Managed Investment Fund	Undergraduate	4
Financial Modeling	Undergraduate	3.7-4.0
Business Finance	Undergraduate	3.6-4.0

“He is a great professor that will make you grasp the material in a relevant way. The examples and class exercises give you a sense of ‘I can do this.’”

“Excellent professor. Class was always fun to come to, and I always learned something going there.”

“Definitely made this new form of hybrid class less stressful!”

“An amazing and fun teacher. I loved this class! The instructor explained all the material in an engaging way that was very interesting.”

“I really enjoyed the recorded lectures. They were entertaining and make it way easier to understand over just reading the textbook!”

“Absolutely loved the videos. Second one of chapter 4 was hilarious. Outstanding!”

“Dr. McCumber was pretty great. First class with him, and my first master’s class. I appreciate the Excel sheets he made and went over, and not having to read pointless slides with tons of info. Love the real-life examples and working through them. The projects were awesome, very interesting to look into and to do real life job stuff. Accessibility to teacher through Discord is nice, too!”

“You’re a dog! Really enjoyed the class and the conversations.”

“He is the HEAT! PAY HIM MORE MONEY!”

Research

The bulk of my research considers the role of financial networks in firm and market outcomes. For example, do more “connected” mutual fund managers make better investment decisions? What is the network structure that makes a bank or financial institution “too big to fail?” What informational or reputational advantages do CEOs have if their networks are large and/or well-positioned? Do more powerful (in terms of network connections) CEOs make better decisions, or do they use this power to shield themselves from discipline (the answer is “yes” to both)? A brief introduction in lay terms to my research interests and financial networks can be viewed [here](#).

There’s good news and bad news in networks research. The good news is that it’s highly complex, requires enormous computing power, and is both relevant and cutting-edge. Everyone has heard and intuitively knows that networks are important – “It’s not what you know, but who you know, that matters.” However, the ability to empirically document this intuition is only recently possible. The bad news is that, well, the field is highly complex and requires enormous computing power. There are computing resources that can hold enormous databases in memory, flip the matrices, and do some calculations, e.g. LONI, the Louisiana Online Network Infrastructure, but these shared resources have computing time limits of an hour, perhaps up to a week of calculations for special-permission projects. The variables we construct in our research require *months* of time to calculate.

A few years ago, through the vision, dedication, and generosity of our administrators and donors we were able to construct a **dedicated supercomputer** in the College of Business to support these research efforts. Lovingly nicknamed “the BEAST,” the first computer allowed us to finally calculate and use various network metrics in our research. The research enabled by these resources has blossomed to

include basic research and discovery across disciplines in the College, resulting in many journal articles and paper presentations by doctoral students and faculty. We have since added a second supercomputer to allow one to run calculations – constantly – while the other allows doctoral students and faculty to access these resources for their own projects without having to wait for beast downtime. The College of Business is one of a small handful of institutions around the globe with the capability of doing this research.

A sampling of publications and works in progress include:

Egginton and McCumber, “Executive Network Centrality and Stock Liquidity,” *Financial Management*, Fall 2019.

McCumber and Walters, “Network Centrality and Firm Performance in Separate Board Leadership Structures,” *Journal of Managerial Issues*, 2019.

Duanmu, Malakhov, and McCumber, “Beta Active Hedge Fund Management,” *Journal of Financial and Quantitative Analysis*, 2018.

Fogel, Jandik, and McCumber, “CFO Social Capital and Private Debt,” *Journal of Corporate Finance*, 2018.

Egginton and McCumber, “Executive Networks and Price Efficiency,” 2020

McCumber and Sun, “CEO Networks and Shareholder Litigation,” 2020

Duanmu, McCumber, and Yang, “Manager Networks and Hedge Fund Performance,” 2020

McCumber and Qiu, “CEO Networks and Earnings Management,” 2020

Chien, Duanmu, and McCumber, “The Quality of Your Network Matters: Professional Connections and Mutual Fund Performance,” 2021

Farrah, Islam, McCumber, and Qiu, “CEO Network Connections and Audit Timeliness,” 2021

Service

A very brief mention of service to the College, University, and Profession include:

College

- Human Resources Committee
- Information Technology Committee
- Undergraduate Policy and Assessment Committee
- Faculty Search Committee (several, including chairing the committee)
- Dissertation Committee (several, including chair positions)
- Mentor – Center for Entrepreneurial Information Technology (CEnIT)
- Mentor and Judge – Top Dawg Startup Competition
- Admissions and Recruitment support

University

- University Senate
- Intellectual Property Committee

Profession

- Manuscript referee, various journals
- Conference program committee, various professional association meetings
- Conference session chair, numerous association meetings
- Conference session discussant, numerous association meetings
- Academic Client Advisory Board member, Standard and Poor's Capital IQ
- Venture Capital Mentor, Louisiana Startup Prize

Thank you again for your consideration of my nomination for the University Senate Chair Award. If you have any questions, feel free to contact me directly at mccumber@latech.edu or 318-257-2389.