

Statement of Teaching Philosophy

By Niso Abuaf

After a long career with the bulge-bracket firms on Wall Street, I have been blessed to have the opportunity to teach at Pace over the last five academic years. Sharing my academic and business experiences with young minds is truly exhilarating and I look forward to continue on sharing this joy with my students.

My teaching philosophy is centered on preparing students for a successful business career, while at the same time remaining loyal to core academic truths and values. In my opinion the main paradigm of business has not changed over the years, regardless how new or sophisticated the business might be.

And this paradigm is the old “vacuum cleaner and salesman” story. If the vacuum cleaner is superb, it will sell itself and does not need a salesman. On the other hand, if the vacuum cleaner is no good, a superb salesman will be able to sell it, no matter what. In reality of course neither the vacuum cleaner, nor the salesman are superb. They each have their own strengths and shortcomings (i.e. a balance sheet).

In this story the vacuum cleaner analogizes technical skills, while the salesman or salesmanship analogizes soft skills. Though an academic environment typically emphasizes hard technical skills, recent research suggests that emotional intelligence, i.e. soft skills, is a better predictor of future business success. As such, my teaching philosophy entails the teaching of both hard technical skills and soft business skills. This being a university, I would say that about 85% of my teaching is centered around technical skills and 15% on soft skills. These allocations may vary depending on the level of the course, with lower-level courses having a higher bias toward technical skills and higher-level courses having a higher bias toward soft skills.

This write up summarizes my teaching philosophy first towards developing technical skills, and second towards developing soft skills.

Developing and assessing technical skills

I accomplish this objective by concentrating on the following activities:

1. ***The lecture and the groundwork.*** Covering the material in the assigned textbook. Depending on the difficulty of the textbook, I cover typically one to two chapters per week. For difficult textbooks such as Berk and DeMarzo’s Corporate Finance, and Bodie and Marcus’s Investments, my velocity is about one chapter per week. For easier textbooks such as Eiteman, Stonehill and Moffett’s International Corporate Finance, my velocity is about two chapters per week. I use the power points prepared by the publishers to cover the textual material. Moreover, I selectively supplement those power points with my own examples and interpretations that I outline on the whiteboards during class time. I frequently use outside commercial and academic publications, including my own papers, to supplement and enhance the ideas covered in the textbook and its

accompanying power point slides. For students ease, I upload these materials onto the electronic blackboard.

2. **The practice.** Because practice makes perfect, my philosophy is to assign homework problems for every chapter that I cover. Most of the courses that I teach have online homework software packages such as myfinancelab, myeconlab, connectone, etc. I expect students to spend a couple of hours per week on these homework assignments. I urge students to use excel when working on these homework problems, thereby gifting them with a skill that is very critical in today's workplace: proficiency in excel. For courses such as entrepreneurial finance and financial policy where there may be fewer online homework options, I assign case studies to be submitted to me or to be discussed in class.
3. **The discussion.** I try to conduct my class more like a workshop than a one-way teacher-to-student lecture. That is, I value having conversations with students by asking them questions and trying to get them to come up with the answers themselves. I selectively solve, or ask students to come up to the board to solve homework problems. This technique helps me pinpoint conceptual weaknesses that I attempt to remedy.
4. **The assessment.** My grading relies on the midterm (30%), homeworks (30%), final (30%), and class participation (10%). Some courses such as valuation, financial policy, and international corporate finance have no final, in which case an individual project substitutes the final grade. My exams are largely based on the homework assignments. Because my objective is to make sure that the students learn the course material as opposed to punishing them, I assign practice exams and up to three chances to take the midterm, whereby the highest of the three scores is the final midterm grade. When a project presentation is a requirement, I grade the project based on four criteria: (a) relevance or literature survey; (b) originality; (c) quantitative methods used; and (d) presentation quality. The class participation grade is based on the student's contribution to the learning atmosphere in the classroom and his/her attendance record.

Developing the soft skills

I attempt to accomplish this objective by stressing the following activities or approaches, while stressing to the students that they should treat me as a jungle guide to deal with the tough world out there:

1. **Attendance.** As Thomas Edison once stated, life is 99% perspiration and 1% inspiration. As such, attendance in my classes is mandatory as showing up is 99% of the job. The above requirement does not mean that I expect student to be present 100% of the time; nonetheless, it does mean that if they miss more than 15% of their classes, I reserve the right to lower their grade.
2. **Fluency with the vernacular.** Because a good deal of business activity revolves around schmoozing about market developments, in addition to the proverbial Sunday football game, I attempt to have conversations with students about market developments and life in the business world in general. I typically use audio clips from Bloomberg radio, video clips from the Charlie Rose show and the Council on Foreign Relations presentations to stimulate discussions about finance and economics.

3. ***Differentiating between policy biases versus scientific facts.*** I stress that everybody is entitled to their policy and interpretation bias. Nonetheless, in an academic environment we need to differentiate what the scientific models and statistical evidence say versus what is a policy bias. For example, in macroeconomics it is very difficult to definitively conclude whether policy intervention works or not (it may sometimes, and it may not at other times in addition to imposing additional costs such as moral hazard). The student is entitled to vote for whichever party is closer to his policy bias. Nonetheless, the student should be able to understand and explain all the arguments for and against intervention, regardless of his or her policy bias. Similarly the answer to whether the markets are efficient (Fama – the random walk), or not (Shiller – mean reversion) maybe more a function of one’s own personal bias rather than academic modeling or the econometric evidence. Witness, the Nobel committee awarding the 2013 Economics prize to both Fama and Shiller. The bottom line is that if we are objective scientists, it is our duty to tell help the students identify what are scientific facts versus individual biases.
4. ***Holistic approach.*** I try to teach to my students the importance of a holistic approach towards financial decision making: namely, the interrelationships among basic economics, financial markets, corporate finance, accounting (i.e. the measurement of economic activity), the feedback loops from accounting to financial decision making, the implications of behavioral finance and the relevance of the psycho-social aspects of financial decision making in addition to mathematical concepts such as net present value and internal rate of return. For example, executives typically repurchase shares of their companies when they feel good about their companies and not necessarily when a share buyback is a net present value decision.
5. ***Evidence-based finance and management.*** Just like modern medicine is evidence-based, so is modern finance and financial management. As such, I try to teach to .my students the importance of objective analysis and evidence-based decision making
6. ***Long-term approach.*** Sometimes I make my students work hard as opposed to allowing them to take the easy way out. I do that because I believe that this approach will help them in the long run.
7. ***A value-added approach to life.*** I try to teach my students that in a free-market, capitalistic economy business executives only value-added. Credentials, etc. are peripheral. As such, I try to instill in my students that as opposed to whining about stuff, they should try to bring in value-added no matter where they may find themselves.
8. ***Interview tips.*** I frequently give my students interview-type analytical questions during class. What I try to teach them is that the interviewer is looking for a rational, analytical framework to answer the question, as opposed to the right answer. In fact, a few of my students have gotten good job offers because of this training.
9. ***Living and decision making with uncertainty.*** I try to teach my students that the business world is full of uncertainties and decision making under uncertainty is a critical skill.
10. ***Ten habits of highly effective analysts.*** I try to teach my students survival skills in the business world, as outlined in the attachment named as above.