D. Brian Blank

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ACADEMIC APPOINTMENT

Mississippi State University, *Starkville, MS*

Visiting Assistant Professor of Finance — August 2016–*Present*

EDUCATION

University of Tennessee, *Knoxville, TN*

Ph.D.	Finance	Minor: Economics	August 2016

University of Alabama, *Tuscaloosa, AL*

M.S.	Applied Statistics	Concentration: Actuarial Science	December 2010
M.S.	Finance	Concentration: Financial Policy	May 2010
B.S.	Business Administration	Majors: Mathematics, Finance	May 2010

WORKING PAPERS

Operating Leverage and Credit Ratings (with Doug Ayers)

- Second round submission requested at ***Contemporary Accounting Research***
- Best Paper Award – 2016 American Accounting Association Ohio Region Meeting
- Presented at the 2016 American Accounting Association Ohio Region Meeting,* University of Tennessee

Do Political Contributions Impact Shareholder Wealth? Evidence from State Campaign Finance Reforms

- Presented at the 2016 Financial Management Association Consortium, University of Tennessee, Samford University, University of Alabama, Cleveland State University, Mississippi State University, Miami University

Exempt Solicitation Campaigns (with Laura Seery Cole, Kathryn Schumann and Tracie Woidtke)

- Presented at the 2015 Financial Management Association Annual Meeting,* Mississippi State University, University of Tennessee, UT/UK's Jim and Jack Finance Conference

Horse Race or Heir Apparent: The Role of Internal Competition on New CEOs' Compensation (with Brandy Hadley, Kristina Minnick and Mia Rivolta)

- Presented at the 2016 Eastern Finance Association Meeting,* 2016 Financial Management Association Annual Meeting,* University of Tennessee*

Insider Herding (with Dallin Alldredge)

- Presented at the 2016 Financial Management Association Annual Meeting,* Washington State University*

When CEOs Adapt: How Managerial Recession Experience Impacts Firm Strategy and Value

- Presented at 2014 Financial Management Association Annual Meeting, University of Tennessee

** Indicates presentation by co-author*

TEACHING EXPERIENCE

Mississippi State University

Financial Management (FIN 3123) Fall 2016, Spring 2017

Intermediate Financial Management (FIN 4223) Fall 2016, Spring 2017

University of Tennessee

Financial Management (FIN 301) Fall 2013

PROFESSIONAL EXPERIENCE

Accounting, Economics & Appraisal Group, *Birmingham, AL*

Consultant May 2010–June 2012

SERVICE

Reviewer, *American Accounting Association Annual Meeting*, 2015
Graduate Student Senate, *University of Tennessee*, 2014-2015
Discussant, *Financial Management Association*, 2013, 2014

HONORS AND ACHEIVEMENTS

Inaugural University of Tennessee Graduate Teaching Certification Program Member
ESPN Haslam College of Business Scholarship, 2012 – 2016
Passed Level I of CFA Program
Passed Association of Certified Fraud Examiners Exam

REFERENCES

Dr. Tracie Woidtke
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University of Tennessee
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University of Tennessee
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ABSTRACTS

Operating Leverage and Credit Ratings (with Doug Ayers)

We estimate operating leverage using time-series fluctuations in recent operating earnings and revenues, postulating an inverse relation between operating leverage and credit ratings. We find firms with high operating leverage have lower credit ratings and are less likely to be upgraded, even after controlling for the effects of financial leverage. We show that a one standard deviation increase in operating leverage decreases the likelihood of investment grade ratings by 7%. Further, we document a 100 basis point difference in long-term corporate bond spreads between firms with high and low operating leverage. While we also observe a positive relation between operating leverage and the cost of equity, the magnitude of the relation between operating leverage and the cost of debt is approximately twice as large as that of equity. Additionally, we show operating leverage is of similar importance to financial leverage. Our results apply to both long- and short-term ratings. Additionally, we show operating leverage mutes the effects of positive traits like profitability and growth, while exacerbating risks from revenue variability. Finally, we observe additional empirical evidence in the form of cross-sectional relations, including a multiplicative effect from revenue variability. On the other hand, the effect of operating leverage on credit ratings is muted for firms under financial distress or in a loss position. Overall, our results suggest operating leverage plays a meaningful role on credit ratings and in capital markets.

Political Contributions & Firm Value: Evidence from State Campaign Finance Law Changes

Political contributions associated with corporations are a contested topic. One line of research suggests corporate contributions influence politicians and benefit the contributing corporations. Another outlook indicates contributions represent an agency problem, where benefits from contributions accrue to firm managers. Several studies document a significant correlation between shareholder wealth and corporate political contributions to federal candidates but have done little to establish causality. I use an innovative database of both federal and state political contributions from corporations to evaluate the causal link with shareholder wealth. Specifically, I exploit changes in state campaign finance laws as an exogenous shock to political contributions. Using the staggered adoption of laws limiting political contributions across U.S. states, I find shareholder wealth declines following legally imposed reductions in political contributions. My results suggest corporate political contributions have a positive impact on shareholder wealth, which speaks to the broader role of firms in politics. My study informs the debate over campaign finance reforms, suggesting reforms reduce corporate political participation.

Exempt Solicitation Campaigns (with Laura Seery Cole, Kathryn Schumann and Tracie Woidtke)

We examine outcomes at firms targeted by shareholder solicitations that are exempt from proxy filing requirements to see whether low-cost communication among shareholders enhances shareholder voting effectiveness. We observe significantly greater votes cast against management and firm responsiveness to shareholders on solicited proxy issues. The results indicate exempt solicitations influence each category of proxy issues: proposals, director nominations, and proposed mergers or sales. The results indicate exempt solicitations influence outcomes in each category. Shareholder proposals with exempt solicitations are associated with a greater likelihood of both receiving majority shareholder support and being implemented by the firm. Director elections with dissenting exempt solicitations following poor performance are more likely to be followed by CEO turnover. Finally, nearly half of proposed mergers with exempt solicitations either fail or are restructured to include terms that are more favorable. Moreover, exempt solicitations exhibit positive valuation effects when pressure increases from media coverage and a majority of votes cast against management. Taken together, these findings suggest that exempt solicitations enhance shareholder voting effectiveness and increase firm responsiveness to low cost shareholder activism.

Horse Race or Heir Apparent: The Role of Internal Competition on New CEOs' Compensation (with Brandy Hadley, Kristina Minnick and Mia Rivolta)

Using a comprehensive, hand collected dataset of CEO turnover events, we evaluate CEO compensation theory by investigating how internal competition for the CEO position influences new CEOs' compensation. Contrary to the prediction of tournament theory, we find that winning the internal competition for the CEO position does not lead to a pay raise for newly appointed CEOs. In addition, CEOs hired through more competitive selection processes are associated with worse performance and shorter tenure. Our findings suggest CEO succession method influences compensation. These findings have important implications for CEO succession planning, compensation setting processes, and CEO labor market.

When CEOs Adapt: How Managerial Recession Experience Impacts Firm Strategy and Value

This study examines CEO learning, related to subsequent changes in corporate policies and firm value. Following a recession, CEOs make persistent, substantive shifts in corporate policies, which are associated with higher firm value during subsequent economic contractions. Recession CEOs reduce leverage during economic growth, enabling firms to allocate more capital to investments during successive recessions, consistent with recognizing value-enhancing projects. Shareholders receive direct benefits from CEO learning, in the form of relatively higher firm market value during recessions. These results contribute to the literature on within-manager variation in corporate policy, which largely ignores permanent shifts associated with direct managerial experience.

Insider Herding (with Dallin Alldredge)

In an effort to understand the information content and trading behavior of informed corporate insiders, we explore similarities in insiders' trading behavior as evidence of herding and a proxy for information flows. Traditional economic theory documents that herding takes place through social connections, influencing the behavior of both managers and investors. We observe that corporate insiders cluster trades around those of other insiders at their firm. We also document that trades are more profitable when insiders cluster trades together, especially when following those of CEOs and CFOs. Our results are consistent with intentional insider herding resulting from information sharing. Overall, we offer empirical evidence of daily herding among equity traders and provide insight into how information flows within the firm as insiders trade collectively.