

A Strong and Focused Community Presence

An Interview with Harold McGraw III, Chairman, President, and Chief Executive Officer, The McGraw-Hill Companies, New York

EDITORS' NOTE With a B.A. from Tufts University and an M.B.A. from the University of Pennsylvania's Wharton School of Business, Terry McGraw joined The McGraw-Hill Companies in 1980, and has since held a number of senior managerial and executive positions, including Vice President of Corporate Planning, President of McGraw-Hill Publications Company, and President of McGraw-Hill Financial Services Company. He was elected President and COO of The McGraw-Hill Companies in 1993, CEO in 1998, and Chairman of the Board in December 1999.



Harold McGraw III

COMPANY BRIEF The McGraw-Hill Companies (NYSE: MHP; www.mcgraw-hill.com) is a global information services provider, operating in the education, media, and financial services markets through more than 280 offices in 40 countries. Its leading brands include Standard & Poor's, the world's leading provider of independent equity research, market indices, and credit ratings; BusinessWeek, the number-one global business magazine in print and online; and McGraw-Hill Education, one of the world's largest publishers covering virtually every aspect of the education market, from pre-kindergarten to professional learning.

How important is social responsibility and community involvement to the culture of McGraw-Hill?

Community involvement and corporate citizenship are intrinsic to how we define ourselves, how we express our vision, and how we demonstrate what we stand for as a corporation. Our commitment to philanthropy is a natural extension of our principles and values.

What are the key focus areas of community involvement for McGraw-Hill, and how do these efforts align with McGraw-Hill's business strategy?

As part of our philanthropic efforts, we primarily support initiatives that enhance economic empowerment and financial literacy skills. This addresses a crucial need for children as well as adults, throughout their lives – an understanding of basic financial concepts and economic principles. Many of the groups we support provide professional development to teachers, to assist them in incorporating financial literacy into their

daily lives and classroom instruction.

Financial literacy and, more broadly, economic empowerment are well suited as a giving focus for The McGraw-Hill Companies, given that it is a leading global information services provider meeting needs in the financial services, education, and business information markets. Financial literacy provides maximum alignment with our corporation's core competencies and, therefore, opportunities to leverage resources across all business operations, which ultimately enhances the impact of our community investment.

A key component of our community involvement is our employee volunteerism. We conduct a comprehensive employee volunteer program that encompasses recognition of employee volunteerism, support for both individual and team volunteer projects, promotion of leadership development through volunteerism, and leveraging of employee skill sets to address community needs.

Highlights of the corporation's employee volunteer projects include an annual Global Volunteer Day initiative and Writers to the Rescue, a unique skills-based volunteer program that matches employees who have editing, writing, Web, and graphic-design skills with nonprofits in need of this assistance. We have also cultivated a strong network of community service teams across the corporation and around the globe.

Are your efforts focused on a global basis? And how do you communicate your social responsibility focus to your people worldwide?

As a global corporation, our community efforts are global as well. We support a range of programs internationally and have strong grant-making and volunteer partnerships. For example, in the U.K. we have a Community Team that spearheads employee activity year-round, including reading to children at a local school where we partner, taking part in the annual Dragon Boat race benefiting the Docklands community, and leveraging employee and business skills to assist at-risk youth.

We emphasize the importance of our community activities and employee volunteerism in all of our communications. To be most effective, this requires consistency, and utilizing a combination of communication vehicles. Whether it's delivering a speech at a management meeting or corporate-wide gathering, or sharing examples of community achievement and accomplishment in our corporate newsletter or online through our intranet, we are constantly reinforcing the importance of these activities, and disseminating information on an ongoing basis across the corporation.

How do you measure the success of your efforts?

We use a variety of approaches to ensure a return on our community investment and maximum impact. There are quantifiable metrics, which include but are not limited to the amount donated, programs served, and number of employee participants. And then there are the less tangible but no less important factors, including employee satisfaction, which is gauged through soliciting feedback from our program participants.

To what extent do you collaborate with partners in your social responsibility programs?

Collaboration can be very effective in bringing together a cross section of resources and expertise to address community needs. For example, with the Jump\$tart Coalition for Personal Financial Literacy, we've conducted an ongoing series of financial literacy workshops for teachers, which has leveraged the combined resources of several of our nonprofit partners, including the National Council on Economic Education. This has provided teachers with access to a range of materials and tools that have helped to enhance their comprehension of personal finance, and which encourage the integration of personal finance into their classroom instruction. In another example, we are exploring providing professional development through podcasts, which would bring together the content of one nonprofit partner and the technical capacity of another.

How do you engage employees in McGraw-Hill's social responsibility and corporate citizenship efforts?

Employees help clean up the Thames as part of The McGraw-Hill Companies' annual Global Volunteer Day.





More than 300 employees from McGraw-Hill Education take part in a day-long project to overhaul classrooms and playgrounds at a hurricane-damaged school in New Orleans.

Employee engagement is a top priority for us. It is critical to enhancing our community impact, and to making our broader corporate responsibility efforts an operational part of our business. As I mentioned earlier, we use a variety of communication tools and messages to raise awareness and engage our employees. In addition, initiatives such as Global Volunteer Day, which offers employees the opportunity to take part in a shared experience of giving back to our communities, play an invaluable role in encouraging and heightening employee participation.

How do you define your leadership role in setting the agenda and outlining the importance of community involvement and corporate citizenship for the firm?

Leadership defines success in all aspects of business. To this end, a successful Chief Executive in today's corporate world recognizes that a healthy, growing company requires a strong and focused community presence. Each of us at The McGraw-Hill Companies has a leadership role to play in setting the agenda and reaffirming the importance of community involvement. While top-down support is critical for the success of our community objectives, to sustain these activities it is necessary that there be buy-in throughout the corporation. Corporate citizenship cannot be an add-on; it must be an embedded part of our business practices.

You are the Chairman of the Committee Encouraging Corporate Philanthropy [CECP]. What does CECP do, and why do you choose to devote your time to this organization?

The Committee Encouraging Corporate Philanthropy has a vital mission: to lead the busi-

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ness community in raising the level and quality of corporate philanthropy. With a membership of more than 150 CEOs and Chairpersons, CECP provides a unique platform to advance the role played by the business community in improving our communities and the quality of life through our giving, volunteerism, and expertise. The members of CECP have chosen to lead by serving as corporate-giving advocates and practitioners – to advance the case for philanthropy and inspire other business leaders to make a lasting commitment to community giving.

CECP has made important strides. Last year alone through our Corporate Giving Standard measurement initiative we tracked more than \$10.5 billion in corporate giving by more than 100 companies, including 40 of the *Fortune* 100. We bring together CEOs and Chief Giving Officers to explore key philanthropic issues, recognize excellence through our annual awards, and serve as a leading resource on best practices and emerging trends.

In your view, is the public well enough aware of the good work that business leaders and companies do with regard to investing in society?

The public generally understands the role of business in philanthropy. This recognition has grown as businesses have moved from so-called "checkbook" philanthropy to a more strategic model. This has created more sustainable partnerships and maximized long-term opportunities for business alignment, collaboration, and employee engagement. More can be done, however, to raise awareness about the breadth and depth of these activities. Publications like *LEADERS* magazine can play an important role in this process. ●