

Making a Difference

Moody's Mega Math Challenge

An Interview with Raymond W. McDaniel Jr.,
Chairman and Chief Executive Officer, Moody's Corporation

EDITORS' NOTE In his role of Chairman and CEO, Raymond McDaniel is responsible for all activities of the Moody's Corporation and its two operating divisions, Moody's Investors Service and Moody's Analytics. He has held a variety of positions since joining the firm in 1987, and he was appointed to his current position in 2005. McDaniel holds a JD from the Emory University School of Law and a BA from Colgate University. He is a member of the boards of directors of John Wiley and Sons, Inc., and the National Council on Economic Education.



Raymond W. McDaniel Jr.

COMPANY BRIEF Moody's Corporation (www.moody.com) is the parent company of Moody's Investors Service, which provides credit ratings and research covering debt instruments and securities; Moody's KMV, a provider of quantitative credit analysis tools; Moody's Economy.com, which provides economic research and data services; and Moody's Wall Street Analytics, a provider of software tools and analysis for the structured finance industry. The corporation employs approximately 3,400 people worldwide and maintains a presence in 27 countries.

How critical are corporate responsibility and the community involvement efforts at Moody's to the overall culture of the brand? How do you engage your employees in the efforts?

The company's position in the market and in the community is important to the brand and to Moody's employees. So our involvement in the community has been aligned very closely with the attributes people associate with Moody's, such as promoting education and making sure that students have the specialized skills that are necessary to function in an increasingly complex world. That is also aligned with our employees' interests.

Can you give a brief overview of specific programs within education on which you're most focused?

Our signature project, The Moody's Mega Math Challenge, is an opportunity for students working in teams to participate in a very short but intensive competition where they create modeling solutions to real-world issues. The mathematical analysis and application of what

they're learning in school have a very direct bearing on the solutions that they come up with. The M³ Challenge is in its third year, and participation has increased dramatically over the three years. The pilot program was launched in the metropolitan New York area; in 2008 we've expanded to schools from southern New Hampshire through Pennsylvania. The problems are diverse: developing solutions for the Social Security system, portfolio management, and U.S. energy independence. It has been very well received.

You also have the Moody's Credit Markets Research Fund. Can you give a brief overview of the fund and the role that it plays?

The Credit Markets Research Fund is a Moody's Corporation program that supports academic research in the financial markets. It provides resources to researchers engaged in innovative research projects of interest to the academic and professional finance communities. The fund provides monetary stipends of \$25,000 to researchers at universities and other academic organizations for specific projects. The goal is to facilitate the implementation of new research and, in doing so, to extend the knowledge and the literature available to the broader financial community. It's really about trying to find academic leaders and thought leaders whom we can encourage to look into some under explored areas, particularly within the credit markets.

There has been much discussion about our young people's losing interest in math and science and the effect that's going to have on U.S. competitiveness in the future. Do you feel enough is being done to encourage young people to pursue math and science?

No, I don't think enough is being done. There is more focus on this than there has been in past years, and I think that's very encouraging. But the acknowledgment that we have challenges in the sciences and in math with our young people and with our educational system is really just the first step in the process. We have a lot to do to make sure that we are as competitively positioned in the global economy in the future as we have been in the past.



To be successful with your programs, do you need to partner with nonprofits and other experts in these areas? Has partnering been a key for you in the way you roll out programs?

Yes, and it's fairly program specific. There are some areas where we do more on our own, and there are some areas where it's very helpful to have third-party expertise contribute to a program that might be a little bit outside of our core competency. For instance, the Moody's Mega Math Challenge's partner is the Society for Industrial and Applied Mathematics [SIAM]. We designed the program together, but SIAM had the network and the staff to implement it. We partner with the Federal Reserve Bank of New York and the delegation of the European Commission on two other educational programs. We provide the scholarships; our partners run the competitions.

In leading Moody's, you have to be results oriented and have metrics in place to measure the impact for the business. When it comes to some of the programs in the CSR space, do you need to have metrics around them to evaluate and see results, or do you look at it somewhat differently?

It's nice to have metrics. Ours is a building full of financial analysts, and they like to look to metrics. But if we only do things that we can measure, we're probably missing opportunities where common sense and intuition say we can make a contribution.

How critical is it for top leadership to lead the CSR efforts and push them down through the organization?

The apparatus that we have here for creating visibility around our programs, and that encourages employees to participate in the programs, works very well. Our employees know that Moody's is involved in it and that it's a good thing to do. The participation levels are strong. So I very much support what we're doing, but I don't think I need to drive momentum behind this. We've already got momentum behind this. ●

Students cheer as the winners of Moody's Math Challenge are announced