

LEADERS & SUCCESS

Rick McVey Sees Crisis As Opportunity

Envision: The founder and CEO of MarketAxess promotes calm innovation

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Business success means keeping your cool and doing what it takes to survive a crisis. Just ask MarketAxess CEO Rick McVey.

When the 2008 financial crisis engulfed **MarketAxess**(MKTX), the electronic bond-trading firm he founded eight years earlier, McVey didn't just see peril. He saw opportunity. And his lessons can help anyone looking to survive today's coronavirus crisis.

With corporate bond trading frozen in 2008, his company's stock sinking and the business outlook bleak, McVey calmly went into crisis-fighting mode. "The financial crisis was both our biggest challenge and our biggest business opportunity," the 60-year-old MarketAxess CEO told Investor's Business Daily.

With employees worried about the company's future and their jobs, McVey knew leadership was critical. Together, he told them, they'd overcome the challenges and emerge stronger, even though electronic trading volume was drying up.

That was an understatement.

Twenty years after its birth, MarketAxess, which went public at \$11 a share in November 2004, is very much alive. Its fixed-income electronic-trading network — which links more than 1,700 firms around the world — has posted 11 straight years of record trading volume, revenue and earnings.

MarketAxess' market capitalization reached nearly \$19 billion in mid-May. Its shares are up nearly 3,000% in 10 years, outpacing better-known S&P 500 favorites like **Netflix**(NFLX) and



McVey, 60, built a massive bond-trading business despite adversity. (Brendan McDermid/Reuters)

Amazon.com(AMZN). Shares closed at roughly \$500 on May 11, up 2,788% since its first-day closing price, vs. a gain of 151% for the S&P 500.

The company's revenue soared nearly 80,000% in the past 20 years to more than \$550 million. And this year while the economy struggles, MarketAxess' profit is seen jumping 30% to roughly \$270 million.

● **Adopt a "never say die" attitude.** McVey's key is looking forward not backward. He figures out how to make the electronic institutional bond-trading business stronger and more resilient. His message, even in the financial crisis: We can't fail.

"I said, 'Look, this has nothing to do with us, it has everything to do with the financial markets in a state of crisis. So, why don't we figure out what this means

for bond trading going forward,'" McVey said.

His fix? Bolster the electronic bond-trading market with more liquidity and many more market makers. That helps avoid the types of trading freeze-ups that plagued the bond market during the 2008 financial crisis.

"It was one of many examples of our 'never say die' attitude around here," McVey said.

● **Never give up, and know the market.** McVey's perseverance carries to other parts of his life. He dreamed of playing NCAA golf in college. But he wasn't good enough arriving as a student at Miami University in Ohio. "I didn't make the team my freshman year. But I kept working at it and I made the team as a sophomore." In his senior year, McVey was named co-captain.

Growing up in Ohio, McVey learned about the market from his dad. McVey's father ran his own energy business. But he also was one of a few people in his Midwest town that had a passion for markets.

"We talked a lot in my high school days about the markets — math was my thing — and that led me into finance," McVey said. He had once dreamed of being a portfolio manager but ended up as an entrepreneur in his area of expertise: markets.

● **Spot an opportunity to improve a business.** The idea for MarketAxess was born in the late 1990s when McVey headed up North American fixed-income sales for **JPMorgan Chase**(JPM).

Corporate bonds traded via faxes and phone calls. As a result, buying and selling bonds wasn't

easy. McVey got a stack of paper with the day's trades. Nearly 80% were small deals under \$1 million. Five or six people on the trading floor were manually involved in all the trades no matter what the size.

"I just said to myself, 'There has to be a better way,'" McVey said. JPMorgan backed his idea of a central digital bond marketplace and was his first investor.

Other firms, investors and broker dealers joined, too. "That told me I was on the right track," McVey said.

● **Build a career, one job at a time.** Nobody is born a CEO. The climb up the corporate ladder builds needed skills and confidence, McVey says.

His first job working with futures and swaps at a bank in his hometown of Cleveland led to a job as an institutional futures broker. That landed him a job running the futures business for JPMorgan in Chicago. The job offer that brought him to New York to run JPMorgan's fixed-income sales business followed.

Success at these jobs gave McVey the confidence to forgo playing it safe, and instead take a big career chance to start MarketAxess.

"These were very early days to think about taking this type of career risk," said McVey. "But part of my confidence was I felt that I had the perfect experi-

ence to go off and build a company like this successfully."

● **Keep calm when crisis strikes.** Mary Sedarat, chief marketing officer at MarketAxess, says employees still cite McVey's leadership as the reason MarketAxess survived the financial crisis.

"When we asked them, 'How did you get through it?' everyone said, 'Rick. You always saw his face. It was always the same no matter what was happening,'" Sedarat said. Employees said amid turmoil, McVey's face "was determined. It was calm," Sedarat said.

It's important for business executives who dream of being CEO or starting their own business to know others are competing for the same thing. He knew if he didn't start MarketAxess, someone else would. "I'm pretty confident this is going to work, and I'm not going to create this new business model and let somebody else go do it."

● **Properly prepare to make tough decisions.** Making tough decisions is part of a CEO's job, McVey says. "You're never going to get 100% consensus" before making a decision. But you need to get input from all involved parties.

In the nine months before launching MarketAxess, for example, he gathered feedback from all corners of the bond business.

"It's important to be inclusive in getting all viewpoints on the table to form your view," McVey said. "But at some point, you have to pull the trigger. As long as you have done your homework ... then you have built the confidence to move forward and make a decision."

● **Know big career jumps are worth the risk.** Never pass up a job promotion or job offer just because you don't have the needed knowledge on your start date, McVey says. Stretch opportunities are key.

What's a "stretch opportunity?" To McVey, "It's taking a job where you don't have all the skills on Day 1 to be successful." Ultimately, you need to rely on other people, such as mentors and new co-workers, to help you.

McVey went from the futures trading business to running fixed-income sales for JPMorgan before starting MarketAxess. He was learning on the go and leaning on others all along.

"I had the big job, but I had to acknowledge that I didn't know a lot about it for the first year," McVey said. "I was working with everyone around the trading floor to figure it out."

● **Staying fit to stay ahead of the pack.** Keeping fit gives McVey the stamina to push through challenges at work. He's an avid golfer, skier and ex-runner who now does aero-

McVey's Keys

■ **Founded the leading electronic bond trading platform, MarketAxess, in 2000.** The company's stock is the top performer in the S&P 500 the past decade.

■ **Overcame:** The severe downturn in bond trading during the 2008 financial crisis that stressed the young company's business for years.

■ **Lesson:** "Trying to motivate the team to keep looking ahead and moving forward was a real challenge."

bic workouts regularly.

"Getting those breaks for exercise is critically important," McVey said. "It not only clears your mind, but also gives you the endurance you need to run the business in stressful times. Keeping yourself fit and not letting yourself get into bad habits is essential to long-term career success."