

Stronach awarded "Key to Aurora"



By Mark Pavilons

Hindsight is very valuable. And foresight even more so.

Canada's economy is far from perfect, but there's a simple fix in the eyes of one of Canada's top entrepreneurs.

Frank Stronach, founder of Magna International, gave the keynote address last week at the Leadership Through Innovation event in Aurora, part of the Business Innovation in Changing Times Conference Series.

Stronach shared his personal rags to riches story with the full house, who listened intently to his genuine and honest insights.

There's a fairly simple formula to assist the faltering world economies and it all starts with some very basic, yet important concepts.

A percentage of wealth should flow back to society. The knowledge we all gain, through post-secondary studies and life experiences, should also be shared with society.

A strong proponent of "fair enterprise," Stronach said a human charter of rights needs to be fortified by an economic charter of rights. The basic problem in many advanced countries is they're importing more and exporting (manufacturing) less, which inevitably leads to a breakdown. Western economies are moving more toward a "financial economy" than a real one that actually produces physical products.

If this continues, the next recession will be far worse than the one experienced in 2008, he warned.

For this self-made billionaire, the solution is straightforward - just apply a few basic formulas.

The key, he said, is changing the tax system to reward Canadian companies that invest their profits in Canada. It's "crazy" that Canadian companies are investing overseas, which does nothing for our country and its workers.

The bottom line is people need jobs. Employees pay the bulk of taxes and by comparison companies pay relatively little. As employees earn more they consume (spend) more. This is a simple concept to Stronach, who's created an empire on the power of his employees.

Without taking a socialistic approach, the needs of employees have to be taken into account. As well, we should all be concerned

about the standard of living and eliminating poverty.

Following on the European example, such as that in his native Austria, we need more technical programs and trade schools. We're neglecting our young students and ignoring the trades, creating a 'soft society', he said.

More emphasis should be placed on professions that are in demand. Students taking courses in high-demand jobs should have their tuition subsidized, and those pursuing professions that are over-saturated, should pay the full costs.

As well, Stronach said he believes there's nothing wrong with young people going out to work for a while, discovering what appeals to them and learning something about the real world.

Those in their early 20s should experiment and money should be a by-product of their journey.

In keeping with the idea of 'paying it forward,' Stronach believes each school day in Canada should start with a reflective time each morning, where students contemplate what they can do to make our country a better place.

'Everyone can make a contribution,' he stressed.

People should have the right to be economically free, he said, noting productive citizens should be self-sustaining. There's no reason that a person who works for 25 years can't have a home, savings in the bank, and the freedom to pursue anything they want in their retirement. If that's not the case, and some would argue that it isn't in today's climate, then we need to change our thinking.

Stronach practises what he preaches.

Magna has always been a good corporate citizen, supporting numerous charities and causes. The newest project is a 70-acre eco-park on Bayview in Aurora, something welcomed by Mayor Geoffrey Dawe.

Stronach, Dawe said, has left an 'indelible mark' on the community. To reward Stronach's contributions and model of equity and fairness, Dawe presented him with the first-ever 'key to the city.'

Stronach said he will place it among his prized horse racing trophies.

Mayor Dawe said he found Stronach's life story is constantly challenging the status quo as 'inspiring.'

In relaying his early years in Canada, Stronach said much of his success was due to circumstances, being in the right place at the right time. Luck also played a role. Fate and circumstances combine to determine our direction.

He recalls vividly applying for visas for a handful of countries and Canada was the first to respond. He arrived in Quebec City in 1954 with a suitcase and \$200 in his pocket. One of his first jobs was working in the kitchen of a hospital, working six days a week, 12 hours a day. 'The average wage in those days was \$120 per month.

He began his work as a machinist for a company that worked on the ill-fated Avro Arrow. He also applied for a job at the Ford factory in Oakville, only to be told he was too inexperienced. In dining with Ford's brass in recent years, he said had he been hired, he would be the president of Ford today!

After learning the ropes at a tool and die shop in Toronto, he quickly moved up, learned and saved every penny. He started his own shop in 1957, which grew from a handful of employees to more than 50 in the first two years.

He avoided debt, kept expanding and opened factory after factory, until Magna rose in the late 1960s.

Not only did he place a great deal of faith in his employees, but he created a landmark 'corporate constitution' with a few main principles. They included having a predetermined purpose for the profits; implementing employee profit-sharing and creating a 'labour charter of rights.'

He built a global empire on these principles, which are as valid today as when they were first established. Stronach may be considered a visionary, but in his eyes, those very formulas were 'simple.' Solutions often are.