

# BELINDA STRONACH

## Acceptance Remarks, Honourary Doctor of Laws Degree Presentation Convocation at the DeGroote School of Business, McMaster University

*McMaster University  
Tuesday June 3, 2003*

Thank you Dr. George.

Mr. Chancellor, Mr. President, Mr. David Braley, honoured guests, graduates, your proud families, Mona Campbell, who is also being honoured today and who stands as a remarkable role model for us all. Staff and faculty of the University. Friends of the School. Ladies and gentlemen.

I am truly honoured to be here today, to celebrate graduation with you and receive this Doctor of Laws degree. It means a great deal to me. However, does this prevent me now from telling some of my favourite lawyer jokes?

I sometimes find it hard to believe, but I've been in business nearly 20 years now — more than half my life.

My industry — the car industry — is one of the most dynamic and exciting in the world.

And business in general is a great foundation on which to build a career.

Business is about meeting people and connecting with them and partnering with them — it's about relationships and character.

In regards to my own career, I've been fortunate to have had many great experiences.

I've met some of the most fascinating people in the world — not only business people, but also artists, volunteers and politicians.

Before the Berlin Wall came down, I travelled to the former Soviet Union to help prepare for the establishment of the first Canadian manufacturing facility to operate behind the Iron Curtain.

I've worked with scientists and engineers who are pioneering new ways to power the automobile and who are developing new technologies to make cars safer and smarter.

And I've met some of the brightest young students all across Canada through a program I've chaired for 8 years now —

The As Prime Minister Awards, which challenges college and university students to come up with innovative ideas to improve Canadian living standards.

I've also had the extremely good fortune of working alongside a pretty sharp guy — Frank Stronach, the founder and Chairman of Magna International.

What I would like to leave you with today are a few of the lessons I've learned at Magna.

They are what I like to call "principles of success", and they are as valid today as they were when they were first implemented.

Principle number one is to share your success.

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At Magna, we believe that all of our stakeholders have a right to share in the Company's success.

We've enshrined that commitment in our Corporate Constitution, which has governed the way we do business for more than 30 years now.

It is a public document, with simple, clear-cut and transparent principles, and it tells the world exactly how we run our business.

And the heart of our Corporate Constitution is a formula for sharing profits with our key stakeholders. The Constitution basically spells out how Magna shares its annual profits with employees, management, investors and society.

Approximately twenty percent of our annual profit goes to our investors in the form of dividends.

Ten percent goes to our employees in the form of cash, stock and pension contributions.

They are a big reason why we've grown at a compound average rate of more than 20% per year.

This year we shared nearly \$100 million US in profits with our employees.

Six percent of our pre-tax profits goes to senior management.

And two percent goes to society in the form of donations to charitable, educational, cultural and political groups in the communities where our employees live and work.

Seven percent goes to research and development, which is the foundation for our future.

A Harvard School of Business case study called this profit-sharing formula Magna's "success formula."

I believe it can be any company's success formula.

Principle number two is to give your employees a piece of the action.

If you want to truly motivate employees, truly win their hearts and their minds and engage them in the daily challenge of meeting the needs of your customer, then make them part-owners.

At Magna, our employees are part-owners through our Equity Participation Plan.

Employees are given ownership in the Company each year in the form of stock or as part of a pension plan.

This is over and above competitive wages and benefits.

As part-owners, our employees have a tangible stake in the company's future.

And that makes for a powerful competitive advantage.

Principle number three is to be entrepreneurial in your attitude and in your structure.

Work for - or manage - businesses that have a decentralized operating structure, where business units are Stand-alone profit centers and where decision-making is pushed down to the lowest possible level — to the front lines of business.

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Encourage individual initiative and innovation — and be sure to recognize and reward individual effort.

Get close to your customer. Find out what they need. Then set about solving their problems.

If you do that well and make a better product for a better price, no matter what line of business you're in, the profits will surely follow.

These principles - sharing profits, sharing ownership, and being entrepreneurial- have guided Magna's success for over four decades.

I hope you will find them a source of inspiration in your own careers.

As you prepare to set forth and enter the world of business, I wish you all the very best.

Your education has given you the tools to think strategically, to solve problems and seek out opportunity.

At the end of the day, those are the only real tools we can count on in business.

Business theories come and go. And the hardware changes all the time.

But the software - the intellectual human capital that resides within you — that's your greatest asset.

And that's what companies and organizations today need.

I think it is important though for the graduates today and indeed all people, to look beyond what companies or businesses may need, to even look beyond their own personal needs and ask themselves from time to time, what does my community need, how can I enrich it.

Regrettably, a lot of people today have a singular focus on merely enriching themselves. What they overlook is that life's greatest rewards often come from what we give back to society, not what we take.

We are fortunate to live in this great country — in a free and democratic society. I look upon this honour as a reminder of not only my good fortune, but my duty to contribute to the communities, schools, hospitals, charities, museums and many other organizations that comprise the backbone of a strong, well functioning society.

To quote George Bernard Shaw, "Life is no brief candle for me. It is a sort of splendid torch which I have got hold of for a moment and I want to make it burn as brightly as possible before handing it on to future generations."