

Magna's magnanimity makes for more auto parts

Frank Stronach is the Austrian-born chief executive officer and chairman of the board of Magna International Inc., with its headquarters in Markham, Ontario. It is a publicly-owned company and one of the most profitable manufacturers of auto parts in Ontario, more than doubling its shareholders' earnings in the past year.

Mr. Stronach, who has been with Magna since the late 1950s, has earned the rewards of success.

"You need three things to be successful," he says. "First, you have to make a better product for a better price. Next, you need responsible management. And finally, you must always consider the needs of your human capital."

This last concern was incorporated into Magna's management philosophy in 1971, the year Mr. Stronach became chairman. To judge the impact of his ideas, perhaps it is best to reflect on the results.

Since that pivotal year of 1971, sales have grown from \$12 million to \$302 million in 1983, 70 per cent of which represented exports to the United States.

Magna produces 59 different auto parts, under the categories of reaction injection moldings, electromechanical devices, electronic devices, latch assemblies, accessory drive systems, stampings, mechanical assemblies and trim.

According to Magna's annual report, sales were forecast to increase by 33 per cent in the next year to \$400 million. But in a recent news release Mr. Stronach revised the numbers, estimating sales to scale upwards of \$490 million for 1984.

Recipe for success

His philosophy is an odd and seemingly impossible mixture of ideas on industrial competitiveness and human compassion. In part, it borrows from the Europeans with its emphasis on in-house training and company-sponsored apprenticeship programs.

Magna is opening a trade school this autumn, to be located in Toronto, furthering efforts in the field of employee development. About 40 students will be trained for skilled labour and, upon graduation, they will be absorbed by the company.

Japanese models

Magna's philosophy also borrows from Japanese management models, with its view to developing a Magna family. The firm's 5 000 employees work in 55 plants across Ontario and in the United States. Each plant keeps fewer than 100 on the payroll to

ensure that direct communication links between management and line workers remain strong and efficient.

In the future, factories will be located in a planned industrial campus offering recreational facilities, educational programs and day-care services, shared within a clustering of ten to 20 small, autonomous plants. The first, to be located in Newmarket, Ontario, is slated for full occupancy within the next few years.

Mr. Stronach's style harkens back to the Robin Hood school of business management.

"Employees have a moral right to share in the profits," he says, adding "society's a bit out of whack."

There's too much capital held by too few, he suggests. "We have to spread it around."

As a result, Magna employees enjoy a high quality of work life. Through their equity participation plan, they share 7 per cent of the company's pretax earnings. Almost all own stock and they are non-unionized. Next year they will be able to join the Magna country club and have access to 100 acres of recreational parkland on a private lake near Toronto.

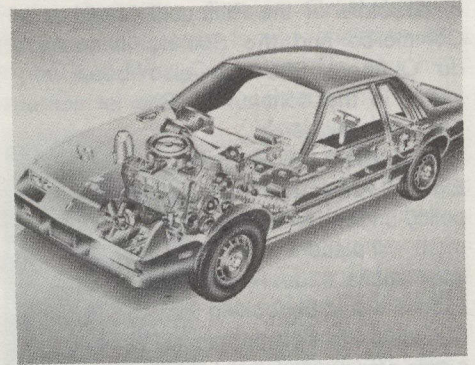
Community activities

The company also supports a number of community and social activities by sponsoring youth soccer teams or staging charity fund-raisers for artistic centres, such as the Stratford Shakespearean Festival.

How can they afford to be so giving and still ride the crest of one of the most competitive industries in North America?



Magna chairman Frank Stronach.



Magna International produces a wide range of auto parts at its 55 plants in Ontario and the United States.

According to Mr. Stronach, "We calculate the day-care and fitness centres will cost us 50 cents per man-hour. But we'll get \$1.50 back in productivity and goodwill."

There is even more progress in store. The company's target is to average \$100 content in each North American car and truck by 1988 and they are heading toward a goal of \$1 billion in sales by 1987.

Questioned on his personal aspirations for the company's future, Mr. Stronach's reply is to the point. "There's no magic to running a business. We just want to be one of the largest auto parts manufacturers in the world."

(Article from Ontario Business News)

Refugee immigrants

Two programs have been extended to assist individuals seeking special compassionate treatment under Canada's immigration law.

The first, the Long-term Illegal Migrant Review Program, has been extended to January 3, 1985. The Review Committee established under the program considers applications for permanent residence from illegal migrants who have been in Canada undetected for five years or more. Other program criteria, such as absence of convictions for serious criminal offences, family work ties in Canada, and humanitarian considerations, are applied by the committee in its case-by-case review.

The second program, involving hearings for refugee claimants in Montreal and Toronto, will continue to provide some individual claimants with an opportunity to appear before a member of the Refugee Status Advisory Committee to answer questions regarding their refugee claim. These hearings, which began in May 1983, have helped ease the uncertainty of individual claimants as the time it takes for them to receive a determination of their claim has been reduced.