



Lawrence National Centre
for Policy and Management

2014 THOMAS D'AQUINO LECTURE ON LEADERSHIP



Address by Linda Hasenfratz
CEO, Linamar Corporation

BIOGRAPHY

LINDA HASENFRATZ

CHIEF EXECUTIVE OFFICER

Linda Hasenfratz was named Chief Executive Officer of Linamar Corporation on August 12, 2002. Ms. Hasenfratz joined Linamar Corporation in 1990 and embarked on an extensive training program to gain familiarity with all aspects of the business. Positions held in the Corporation ranged from Machine Operator all the way up to General Manager of the company's Vehcom Manufacturing and Comtech Manufacturing Ltd. Divisions. From 1999 until 2002, Linda served as President of Linamar Corporation.

Since assuming corporate level responsibilities, Linamar sales have grown from \$800 million to more than \$3.6 billion. The corporation has undergone significant change in terms of formalization, development, communication and execution of a vision and strategy for future growth as well as development of communication, performance management and operating systems utilized throughout the company. Linamar Corporation (TSX:LNR) is a diversified global manufacturing company of highly engineered products powering vehicles, motion, work and lives. The Company is made up of 2 operating segments – the Powertrain/Driveline segment and the Industrial segments which are further divided into 4 key divisions – Manufacturing, Driveline, Industrial Commercial Energy ("ICE") and Skyjack, all world leaders in the design, development and production of highly engineered products.

The Company's Manufacturing and Driveline divisions focus on precision metallic components, modules and systems for engine, transmission and driveline systems designed for passenger vehicle markets.

The ICE group concentrates on similar products for on and off highway vehicle, energy and other industrial markets. The Company's Skyjack division is noted for its innovative, high quality mobile industrial equipment, notably its class-leading aerial work platforms and

telehandlers. With more than 19,000 employees in 45 manufacturing locations, 5 R&D centres and 15 sales offices in 12 countries in North America, Europe and Asia, Linamar generated sales of more than \$3.5 Billion in 2013. For more information about Linamar Corporation and its industry leading products and services, visit www.linamar.com

Ms. Hasenfratz completed an Executive MBA from the Ivey School of Business at the University of Western Ontario in June 1997. In addition, Ms. Hasenfratz holds an Honours Bachelor of Science degree from the same institution. The analytical and strategic planning skills gained during the MBA program in combination with practical skills gained at Linamar are key factors in Ms. Hasenfratz' executive development.

BOARD AND COUNCIL MEMBERSHIPS:

- Vice Chairman, Board of Governors, Royal Ontario Museum – appointed Spring 2002
- Catalyst Canadian Board of Advisors – appointed Fall 2003
- CIBC Board of Directors – appointed June 2004
- Original Equipment Manufacturers Association Board of Directors – appointed November 2005
- Canadian Council of Chief Executives Board of Directors – appointed October 2010 – appointed Vice Chair of the Board of Directors in January 2013
- Faurecia, Board of Directors – appointed May 2011
- Member of the Women On Boards Advisory Council – April 2013





I'D LIKE TO TALK TO YOU ABOUT LINAMAR AND WHAT HAS MADE US SO SUCCESSFUL. I WOULD ALSO LIKE TO SHARE IDEAS ABOUT HOW TO RUN A SUCCESSFUL BUSINESS AND THE IMPORTANCE OF CULTURE AND LEADERSHIP TO THAT SUCCESS.

WHO WE ARE

Linamar is a diversified manufacturing company, primarily focused on the vehicle market. This includes both on-highway and off-highway commercial vehicles and of course passenger cars. We also focus on global industrial markets, for example we make scissor lifts, boom lifts and telehandlers under the brand name Skyjack. You may have seen this name around Canada.

We are a diverse company, representing roughly 65 percent automotive, 20 percent commercial vehicle and 15 percent industrial business, such as Skyjack. Sales for 2013, not yet released, are expected to be around \$3.5 billion. We're making great progress towards our goal of \$10 billion within the next 10 years or so. Our goal is to grow at a minimum in double digits, top line and bottom line. We feel that is a level of growth we can cash flow and, importantly, one that we can manage from a people perspective because we are only as successful as the bench strength of the people who make up our organization.

To achieve high levels of growth requires that many more people, leaders and technical staff, in order to grow capably.

It is important that your company is balanced in terms of delivering growth to your shareholders and opportunity to your people, as well as maintaining your ability to manage growth financially and in terms of the people generated to drive the growth.

Linamar was started by my father, Frank Hasenfratz, in the mid-1960s, in one of those 'home basement' stories. He came to Canada with nothing in his pockets but with one very important thing: a skill. My father is a machinist. He learned his trade in Hungary before leaving in the 1950s, just after the Hungarian Revolution in 1956. He used that skill, along with an entrepreneurial spirit and a drive for success, to build a company from nothing.

I mentioned culture as an important element of our success at Linamar. I believe that's true for many companies. We have spent a lot of time over the last several years trying to better articulate that culture — talking about who we are as a company and what has made us successful — in order to instill those values and ways of doing business for future generations at Linamar

SIX CORE VALUES

YOU HAVE TO USE TERMS THAT WILL HELP PEOPLE UNDERSTAND WHO YOU ARE AND WHERE YOU ARE TRYING TO GO AS A COMPANY. WE HAVE SIX CORE VALUES AT LINAMAR.

1. BALANCE

You will hear the word balance a lot from me today. Linamar values balance in decision-making. We consider customers, employees and shareholders in every decision. We reiterate this with our people. It is how we articulate our short- and long-term strategies and our focus on customers, employees and shareholders. Balance is also how we measure our success. We measure the success of every plant and group in the corporation through a balanced scorecard approach that looks at customer, employee and financial indicators of success.

We symbolize the idea of balance with a three-legged stool. The legs represent our customers, employees and shareholders. If we neglect any one of those stakeholders, then our business will collapse. It has proven to be a very effective symbol. We call our balanced scorecard our Stepping-Stool system. We use it to measure performance across the company and reward employees for successfully achieving objectives with a bonus system for every employee from the shop floor to the senior leaders, including myself.

We have an awards ceremony each year to recognize the best performing plants so that people know who is the best in each of the different areas and where they can go to gather some ideas about success. In this way, balance is key to who we are.

2. ENTREPRENEURSHIP

Of course, Linamar is very entrepreneurial; we were founded by an entrepreneur. As our Executive Chairman, Frank Hasenfratz is still very much a part of our company. He is present every day and is always looking for cost-saving opportunities and ways for us to grow and improve.

When I took over as CEO in 2002, my father came to me and said, "I think it's time for you to become CEO." I said, "That sounds like a good idea but what are you going to do?" and he said, "Oh, the same thing I'm doing now." I said, "Well that's not going to work. If I'm going to be CEO I want to have the responsibility, not just the title. So you need to decide what you're going to do." It took a while to button him down into the areas he was going to focus on.

I finally cornered him on an airplane and we wrote down the four primary issues he would focus on, which involved a lot of cost-saving activities — working with our plants on a variety of continuous improvement activities around process, tooling and purchasing. This activity gives him a chance to apply 50 years of manufacturing knowledge to our business and, in addition to saving us money, is a huge learning opportunity for our people. Of course he also plays a role as Chair of our Board. And finally, he likes to be involved with the capital equipment purchases and disposals because he knows more about that than anyone else in the company.

We agreed on those four areas of focus. I wrote them down on a piece of paper and asked him to sign it. That paper is still in my desk drawer in case I need to pull that out at any time. I think clarifying leadership roles is an important step in any succession.



3. RESPECT

Being respectful is another important value. We care about our people — they are a key component that we constantly consider. Having respect and creating an environment of opportunity for our people is extremely important. Listen, acknowledge, take action on concerns, and involve people in decision making - basic principles, but key in creating a healthy work environment.

4. RESPONSIVENESS

We are known as a very responsive company when our employees have an issue or our customers need assistance. One of our customers called us the 911 of the automotive industry. They know that if they have a problem they can call us to help solve the problem quickly and efficiently.

For example, there was a situation about five years ago in which Caterpillar, a major customer of ours, had one of their plants destroyed by a tornado. Happily, no one was hurt, but the building was totally destroyed and unusable. As it turned out, they were making some parts in that plant that went into every piece of Caterpillar equipment built around the world. If they couldn't find a way to quickly replicate what they manufactured in that plant then it was going to bring a global multinational company to its knees.

The plant called us and within 48 hours we had produced our first samples. Within five or six days we were at full production. Not one Caterpillar plant had to shut down because we were able to mobilize quickly, access equipment and put the right people in place to get the job done.

5. HARD WORK

Hard work is clearly a key part of who we are. We have a fast paced, dynamic, demanding work environment. It isn't for everybody, but for people who thrive on challenge and change, it is an exhilarating place to work where the sky is the limit for your career. The work ethic of Linamar's employees is outstanding. I know it can be counted on at any time.

6. INNOVATION

Lastly and quite importantly, innovation is essential to Linamar's success — innovation alongside ingenuity because you have to do both and they are not exactly the same thing. We are strong believers in innovation as a key to competitiveness, both in terms of the products we design and the processes we develop to make those products. Our ability to continuously improve both, on an ongoing basis, is absolutely key to our success.

Maintain Balance to Support Entrepreneurship

I want to talk a little more about balance in the context of innovation. Another thing we try to balance in addition to customer, employee and shareholder needs is the right balance between consistency and the innovative spirit we believe is so important. I mention this because something you will face in your careers is the constant pressure for conformity and consistency because it mitigates risk, or the pressure to create more rules and regulations to try to avoid the pitfalls and errors of the past.

Our job as leaders is to fight that pressure to make everything the same. You can experience that pressure from everyone — from your customers who want every plant to conform to exactly the same standard, using the same processes that function predictably and consistently, to shareholders who want consistent performance, and bankers who want everything lined up and controlled in exactly the same way.



THE PROBLEM IS THAT ALTHOUGH CONSISTENCY, CONFORMITY AND CONTROL MAY ALL MITIGATE RISK, THEY CAN ALSO STIFLE INNOVATION AND INGENUITY AND CONSTRAIN A COMPANY FROM COMPETING, THEREBY PARALYZING DECISION-MAKING.

As an example, someone who was the global head of communications for a large multinational European company recently told me that somebody within the company had called her to ask whether they were allowed to have a Christmas tree in their plant because it was their understanding that they were not allowed green plants in their facility.

How could that consideration possibly matter to the customer, employee or financial institution? Who cares whether you have green plants in your facility or not? Why would the corporate head office care about that? Why would that ever be a decision that had to go up the ladder for approval? That facility knows their people and their culture, and whether a Christmas tree is a good idea or not. Why would we ever want to dictate to someone whether they can or cannot have a green plant within their organization? You would be shocked at the kind of nonsensical rules that you'll encounter in companies around the world. The bigger they are, the worse it is.

We have to fight that kind of thinking. There is always someone who is going to say, "We need to put a rule in place to deal with this situation and mitigate this risk." We, as leaders, need to think about what really matters.

What are the things that are critical to the way we perform and to the performance we can deliver to our customers, our employees and our shareholders? We need to mandate those concerns but leave all other decision-making up to the appropriate individuals. Otherwise, how can we formulate new ideas if we're always focused on conformity?

In striking the right balance, it is crucial to minimize risk but leave discretion to encourage ingenuity. We need to have a few rules to work by because we don't want to have cowboys out there doing whatever they want at any time. At Linamar, we have developed a Global Operating System (GOS) for this purpose. We have roughly 30 to 40 procedures — about 10 or 12 each for the customer, employee and shareholder — that dictate how we want to run our business.

We have, for instance, a procedure for estimating and a procedure for launching a program. The stakes are too high if you make a mistake on a quote and even higher if you mess up a launch. You must have a few systems in place. Personally, I believe we should whittle down those 40 procedures. I would like to see them well under that number. It's something I'm grappling with: how do we scale down and give the plants more autonomy to keep that entrepreneurial spirit alive? You can crush an entrepreneur if the rulebook is too big but they can also erupt in flames without a few guidelines to go by.



I believe that our entrepreneurial spirit has been a real key to our success. At Linamar we have people who are not afraid of taking risks. We offer encouragement to think about those actions and offer balance to ensure that they understand the risks being taken. We have managers and leaders who are excited about growing our business both on the top line and the bottom line. They see opportunity everywhere and are encouraged to go after it. Whenever my father and I see a sales person we ask them, "Did you get an order today?" You have to ask that question. If you are not encouraging them to actively pursue opportunity then it's probably not going to happen.

Entrepreneurship Breeds Great Leaders

Entrepreneurs are often thought of as people who have started businesses — people like my father for instance, who started something from nothing; however, we have many other entrepreneurs at Linamar as well, who are just as excited and driven as he was. A great learning opportunity that my father had, which is not dissimilar to the path that we laid out for me when I joined Linamar, is the opportunity to see a business from a lot of different perspectives and work in many different areas of the company. As an entrepreneur, you initially have to do everything. You are the sales person, the person running the machine, the delivery person, etc; as a consequence you become very familiar with the company.

When I started with Linamar my goal was to learn every aspect of our organization. I started out on the shop floor running a machine in order to understand the basics of our business and what we do.

That understanding was critical when I later moved into production, quality, engineering, estimating and accounting, and really every area of the company. It has been invaluable to my development as a leader to have spent time in all those different areas and really understand the business from numerous perspectives, as well as the challenges faced by most employees. I know what is realistic and not realistic for them to achieve. I would highly encourage you to gain a similar viewpoint in your careers from a number of different areas. Take a lateral move to see the company from a different perspective because it will give you a well-rounded approach towards leadership.

We have built a leadership training program around that concept. We call it the Linamar Entrepreneurial Advancement Program, or LEAP. Its goal is to take young, enthusiastic employees in our company and put them through exactly that kind of program to experience the shop floor and each area of the company, as well as different plants and hopefully different countries. In this way, they can really develop a feel for the company from a variety of perspectives.

LEAP is a five-year program. Trainees spend two years travelling between the different departments and then enter into middle-level management positions for about three years, addressing areas such as materials management, accounting management and quality management.



We launched LEAP a couple of years ago and it's going well. I am so happy to see these enthusiastic young people who are getting a truly comprehensive education. They are out there learning so much about our company and meeting people from all over the organization, and I think they are going to be fantastic leaders when they finish the program. It takes time to select these candidates. We want to make sure that they have the capabilities to be good leaders so we put them through a fairly rigorous screening process, including a simulation exercise in which we create an environment where the person acts as the General Manager and is bombarded with issues. We try to see how they react because in many ways, leadership is instinctual.

I believe that leadership is partly genetic and partly learned. Some people think leaders are born and that you cannot develop them. I think it is a combination of both aspects but you do have to have good reactions and good instincts. I learned a lot about leadership from some great leaders in our company. Obviously, my father has been a real mentor and I have learned an immense amount from him about moving quickly, focusing on small costs as well as larger issues, the importance of cash and managing from a cash perspective, relationship building, fighting bureaucracy — he's the biggest bureaucracy fighter you'll ever find — and the autonomy of our plants to maintain the entrepreneurial spirit.

We have some other outstanding leaders at Linamar. Our Chief Operating Officer and President, Jim Jarrell, is a fantastic leader. He works for me but I used to work for him. I have learned a lot from him about balance, about messaging and communication and about inspiring people. Each of these things has been important in forming my own leadership personality.

I also spent a lot of time reading about other leaders and listening to other leaders as I tried to figure out how I wanted to develop my own form of leadership. I would encourage you to find those kinds of mentors and leaders, and learn from a variety of people as you build your own leadership style.

At Linamar we have given a lot of thought to what we think makes a successful leader. We have identified six leadership behaviours that we think are critical; they are what we look for in people that we are hiring or promoting and they guide a lot of the leadership training and work that we do.

We offer encouragement to think about those actions and offer balance to ensure that they understand the risks being taken.

LINDA HASENFRATZ

CEO, Linamar Corporation

SIX LEADERSHIP BEHAVIOURS

1. PASSION

We're looking for people who are excited about what they are doing and who have the ability to motivate others towards their vision. A leader must have the ability to motivate their people and help them towards a vision and strategy that they have created.

Passion can come across in a variety of ways. It does not have to be big and showy and firebrand. You can have effective leaders who are quiet but intense and who care deeply about what they are doing. People recognize and sense that commitment, and it can be just as motivational and inspiring as fiery leadership.

2. PLANNING

Planning is key to successful leadership. You need the ability not only to create a vision of where you want to go in the future, but to map out a strategy of how to arrive there as a team. You're not necessarily formulating that plan by yourself but you know the importance of a plan to achieve that vision of the future.

3. EXECUTION

Of course you can't just conceptualize a plan. You have to execute the plan. We have had people in our organization who were great planners but simply could not take things across the finish line, which is why execution is critical. You have to have a track record of accomplishment and success.

4. ACUMEN

Edge and acumen are important in terms of decision-making and the ability to manage through a difficult situation. In manufacturing you are constantly challenged. There are always things that go wrong and you have to be able to manage unemotionally in those situations and be someone that people will come to and listen to when there is a crisis.

There may not be a crisis every day but there may be times when you will have to face a serious crisis. That is when you need a leader who is able to manage calmly and rally the troops. You also need someone who has the ability to make decisions — good decisions, insightful decisions, sometimes tough decisions — and edge and acumen are absolutely key to that.

5. COMMUNICATION

As a leader, you have to be able to communicate a vision and strategy of where you are trying to go. You have to be able to interact with a variety of people — with your own people, with the customers and with your bankers — both verbally and in written form. Communication is key to getting alignment, communicating plans and getting them accomplished, celebrating successes and deep diving on lessons learned. Great leaders must be great communicators.

6. CARE

The last leadership behaviour we look for is somebody who shows that they care about people. Some of you may be thinking, "Care — really, that is one of your leadership behaviours?" However, if you want people to follow you, you need to be able to show them that you care about them.

A great example of this principle is in military leadership: if you're going to follow someone into battle, you want to know that they care about what happens to you. If you believe this is true, then you'll follow them anywhere. The same thing is true in business.

You might not be a star in every one of these six areas. Very few people are. The important thing is being able to assemble a team that has something in each one of those areas. Great leaders will build on their basic characteristics and put a team together who will learn and grow their knowledge to improve the capability of the organization, and encourage others as well.

In my opinion the greatest sign of a good leader is not what you do, but what the person after you does. The success of your successor is the best test of your leadership because you are responsible for developing somebody to take your job. If you have not done a good job at that, at teaching and developing the people that come behind you, then you are not as good a leader as you should be. Training a successor is your most important job.

FOUR KEY ELEMENTS

ANOTHER KEY ELEMENT TO SUCCESSFUL LEADERSHIP THAT I WOULD LIKE TO TOUCH ON IS AROUND DECISION-MAKING — EFFECTIVE DECISION-MAKING. THERE ARE FOUR KEY ELEMENTS TO THINK ABOUT HERE.

1. TIMEFRAME

Good leaders know how long to spend on a decision, depending on the consequence of that decision. Some decisions — operational issues, something going on in the plant or a machine malfunctioning — you make quickly. You do this, you do that, you do not spend a lot of unnecessary time evaluating options.

When decisions have longer consequences, however, you must spend more time analyzing them. It's important to know when to do each. At Linamar, we are fantastic at quick decision-making. We move fast and, as I mentioned, we are very responsive. We have to check ourselves when it comes to more strategic decisions and ensure that we think a little more about them. If you are entering into a joint venture or making an acquisition, these kinds of decisions have long-term consequences on your success as a company. It is therefore critical to spend enough time thinking about them.

2. BALANCE

I have referred to balancing the needs of customers, employees and shareholders, as well as balancing consistency and innovation, but balance is an equally important element in decision-making in terms of how your decisions affect others. The decisions that you make will not only affect you, they will also affect the plant next door and potentially the overall organization. If you decide to shut down GM, that might be a good decision for you because they are not paying you, or they are not agreeing to your price, or you have some commercial issue with them; therefore, shutting them down might make a lot of sense for you. But you know what? That brings a whole lot of bricks down on the rest of the organization. It may still be the right decision but you need to think about it. You need to evaluate that decision from a broader perspective.

I tell our people that balanced decision-making is like a farmer sowing seeds. He can take great care of his farm, perfectly fertilize and use the best seed, but if the field next door is doing a poor job, that seed blows into his field as well. What happens next door impacts you significantly and you need to think about that as well.

Our Canadian plants are incredible, the most productive of any of our plants globally with an incredible skill base and fantastic work ethic.

LINDA HASENFRATZ

CEO, Linamar Corporation



3. CHALLENGE

Good leaders challenge decisions and recommendations. We tell our leaders, “You are not a rubber stamp.” If somebody comes to you for an approval, don’t just approve it — challenge them. Ask them, “What alternatives did you look at? How did you think about this?” Your job is to teach. You are the leader because presumably you have more experience and knowledge than the people that are working for you. If someone comes to you with an idea, challenge it, probe it, make sure that they have thought it through and take it from there.

As an example, we have a central Purchasing Department that helps to negotiate pricing using corporate leverage but ultimately the decision as to the supplier and price resides with the plant. The plant has to agree and be comfortable, after all it is their bottom line that they are accountable for and no one else! In this particular situation, a purchasing person came to the General Manager of one of our plants and said, “For this 10-pound part, I negotiated a price of \$15 or roughly \$1.50 per pound.” In fact, the right price was around \$10 or \$1 per pound. Purchasing had not done a very good job, but this General Manager just took that price and said, “Okay great. Let’s get started.” No, no, no. Challenge. Know your pricing. Don’t just accept a quote!

The plant is responsible for its top line and bottom line, not purchasing. If you do not think the price is right, you need to challenge purchasing. That is what we tell our people. It is your job and your bottom line. You need to be successful. You own that business. You make the right decision. You should know as a General Manager how much something should cost. If you do not know, you should know where to find the information to help you reach that solution and own that decision.

4. OWNERSHIP

The last key element in decision-making is owning your decision. The buck stops here. There is nobody behind you for you to point to and say, “Oh, that wasn’t my decision. I didn’t do that. So and so told me to do that.” No. It is your plant. It is your business. It is your decision. Own that decision.

Strong leaders show accountability and a willingness to accept consequences, good or bad. If there is a mistake, a leader should be willing to stand up and say, “I made a mistake” — then learn from that mistake and move on. Don’t be afraid to take accountability for mistakes. That accountability and willingness to stand up and own those decisions and the consequences of such is great leadership. Good leaders fight for what they think is right and openly admit when they are wrong.



Do not let anybody tell you that Canada is not competitive. Canada is as competitive as any manufacturing country.

LINDA HASENFRATZ
CEO, Linamar Corporation

KEYS TO RUNNING A SUCCESSFUL BUSINESS

FINALLY, ASIDE FROM ISSUES OF LEADERSHIP, RUNNING A BUSINESS — REGARDLESS OF WHAT IT IS, MANUFACTURING OR ANY KIND OF BUSINESS — REALLY TAKES THREE THINGS: YOU HAVE TO MAINTAIN COMPETITIVENESS, YOU MUST HAVE OPPORTUNITY IN THE MARKET THAT YOU ARE GOING AFTER AND YOU MUST HAVE A STRONG CULTURE.

1. COMPETITIVENESS

If you are not competitive, you are not going to succeed in business. Competitiveness drives from a balance of innovation and efficiency. Innovation means designing great products. You must have products that people want, that solve their problems and that are better than your competitors'. You must also have innovative processes that can produce those products for the best cost, quality and repeatability. If you can do this, it will be a key element of your competitiveness.

Equally balanced with your ability to be competitive is the ability to run an efficient organization. Efficiency in terms of planning, purchasing and managing your labour costs is also critical. Innovation coupled with efficiency is how you create competitiveness.

2. OPPORTUNITY

You have to have great opportunity to have a successful business. That means you need a good strategy of what you want to do for whom, as well as where and how you are going to compete, and what makes you different from your competitors. At the same time, you must do a good job of quoting to really understand your costs and of selling to maximize your selling price. Strategy, quoting and selling builds opportunity.

3. CULTURE

Finally, you must have a strong culture that people really understand in your organization. You do that by doing a good job of communicating, reiterating and building that culture into the basics of who you are as a company and how you promote people and evaluate their performance. You have to demonstrate a strong culture because it's no good for me to tell people that I want them to be entrepreneurial and respectful if I am not entrepreneurial and respectful. They have to see me behaving that way, as well as everyone else in the organization.

And of course you need to reward the behaviour and culture that you are looking for through promotions, bonuses and other incentives. Communication, demonstration and reward are how you build a solid culture. These actions are key to a successful company.

LOOKING TO THE FUTURE

AS WE LOOK TOWARDS THE FUTURE AT LINAMAR, OUR TARGET IS TO CONTINUE TO GROW. WE'RE LOOKING FOR DOUBLE-DIGIT GROWTH AT A MINIMUM, TARGETING \$10 BILLION IN SALES WITHIN THE NEXT DECADE. WE ARE CERTAIN THAT WE HAVE A MARKET OF OPPORTUNITY TO BUILD OFF OF WHAT I HAVE JUST TALKED ABOUT. WE HAVE A VERY EXCITING MARKET.

If I look at the engine, transmission and driveline business, which is our key focus from the vehicle perspective, it's a \$450 billion market — a massive market today. Inside of the next six or seven years it is set to grow to \$600 billion. I wouldn't mind a little slice of that and I don't think that should be too difficult to do. In fact, 70 to 80 percent of the \$450 billion market is still manufactured in-house by our customers, the automotive companies, but is being outsourced on an escalating basis. With every new engine or transmission launched, more content is sourced to the supply base. This is a long term process which will likely take 20 years or more to manifest. What is exciting about that is we have a sustained opportunity for above-market growth by focusing on the these areas of the vehicle.

Certainly international growth will continue to be a key for us. At the moment, of our 44 plants, 23 are in Canada and 21 are outside of Canada. We will continue to grow both in Canada as well as internationally, both in Europe and in Asia. We have two plants in China. We are just starting a plant in India. We have eight plants in Europe and are looking to take advantage of some exciting markets there.

If you look at just the automotive market, the passenger car market, last year we made just over 16 million vehicles in North America. Asia made 42 million, triple the market size of North America today. In addition, the growth in Asia is at a much higher rate than it is here, meaning an even more massive market will develop in the future. Europe, even in the weak economic state it is in, managed to crank out over 18 million vehicles last year. Clearly the markets outside of North America are much larger than the markets within it, so of course international growth is compelling and a key part of our strategy.

What is interesting is that because outsourcing of the powertrain is really just getting started, we still have an opportunity to grow our business substantially here in North America, as well as abroad. We are really excited about that. We had a fantastic year in new business wins last year. We won \$1.3 billion worth of annualized business. Once it is ramped up that is an extra \$1.3 billion every year. I think it is noteworthy to mention that almost \$1 billion of that is for our Canadian plants.

Why do I mention that? Because I want you to never let anybody tell you that Canada is not competitive. Canada is as competitive as any manufacturing country. We just won that substantial amount of new business for our Canadian plants because we focus on innovation in our products and in our processes and are devoted to efficiency in our business. Our Canadian plants are incredible, the most productive of any of our plants globally with an incredible skill base and fantastic work ethic.

We are excited about our growth, both here in North America and abroad, and look forward to some exciting opportunities in the future.

To conclude, starting off in your career can be incredibly exciting but also a little intimidating. I encourage you to try to get a variety of types of experience to ensure you are well rounded and understand all areas of the business. I recommend not switching companies every 5 years; employers don't like to see that on a resume. I encourage you to be entrepreneurs, to be leaders, to own what you do no matter what you are doing. Above all, don't be afraid to try to make it work. Also, find the time for balance in your life, work, family, friends, yourself. If you think you don't have time to do all the things you would like to, you do. Squeeze it in. Live every moment of your life. It is too short not to and in the end you run out of time!

I want to wish you every success. I hope that some of what I talked about today in terms of leadership, decision-making and running a business might be helpful for you as you continue to build your careers.



The decisions that you make will affect you but they will also affect the plant next door and potentially the overall organization.

LINDA HASENFRATZ
CEO, Linamar Corporation



A NOTE FROM THOMAS D'AQUINO

At a tribute dinner in Toronto, in 2006, attended by a thousand well-wishers honouring Tom d'Aquino, one prominent Canadian leader said, "No Canadian has done more over the past thirty years to shepherd Canadians in the way of wiser public policy."

The achievements of Tom as a lawyer, entrepreneur, author, educator and strategist are well known. He is perhaps best known for his leadership of the Canadian Council of Chief Executives, our country's premier business association composed of 150 chief executives and entrepreneurs. Tom assumed leadership of the Council in its formative stages. Upon his retirement from the CCCE as of December 31, 2009, member companies accounted for \$850 billion in annual revenues and \$4.5 trillion in assets. With a combined Canadian stock market value of \$675 billion, the companies are responsible for the majority of Canada's private sector exports, investment and training. In recognition of his exemplary leadership, he was named by the Canadian Council of Chief Executives Board of Directors, a Distinguished Lifetime Member. Under Tom's leadership, the Council has played a highly influential role in the shaping of fiscal, taxation, trade, energy, environmental, competitiveness and corporate

governance policies in Canada. He is acknowledged as one of the private sector architects of the Canada-United States Free Trade Agreement. He is active in policy circles throughout the world and has been referred to as "Canada's most effective global business ambassador."

Tom is very proud of his roots in Western Canada. A native of British Columbia, he was educated at the universities of British Columbia, Queen's and London (University College and the London School of Economics). He holds B.A., J.D and LL.M. degrees and an Honourary Degree of Doctor of Laws from Queen's University and from Wilfrid Laurier University.

Described as "a master of multidisciplinary skills," Tom honed his experience in government, business and law. He has served as a Special Assistant to the Prime Minister of Canada, as an international management consultant in London and Paris, as Special Counsel and Senior Counsel to two of Canada's largest law firms, and as an Adjunct Professor of Law lecturing on the law of international business transactions, trade and the regulation of multinational enterprise.

Tom is Chairman and Chief Executive of Intercounsel Ltd., a company he founded in the 1970s. He currently serves on numerous boards, including CGI



Group Inc. and Coril Holdings Ltd. He chairs the National Gallery of Canada Foundation and is a member of the Advisory Council of the Lawrence National Centre at the Richard Ivey School of Business. He also serves as the Chair of the Canada B20/G20 Committee, and as Co-Chair of the North American Forum and the Australia-Canada Economic Leadership Forum.

He is associated with two of Canada's leading academic institutions: as Distinguished Visiting Professor, Global Business and Public Policy Strategies at Carleton University's Norman Paterson School of International Affairs, and as Honorary Professor at the Richard Ivey School of Business.

A prolific writer and speaker, Tom is the co-author of *Northern Edge: How Canadians Can Triumph in the Global Economy* and he has addressed audiences in forty countries and in over one hundred cities worldwide. For thirty years, Tom has practiced leadership. For thirty years, he has been a close observer of leadership in others. Few Canadians are as well positioned as Tom to speak on the meaning of leadership.

THOMAS D'AQUINO
Professor and Director,
Lawrence Centre



A NOTE FROM ROBERT KENNEDY

One of the privileges for Ivey students is to be surrounded by a global community of business leaders who exemplify the leadership qualities they learn in the classroom. The Annual Thomas d'Aquino Lecture on Leadership is an excellent example of that privilege.

First, students have the privilege of hearing from some exceptional Canadians. This year, students also gained further insight from Linda Hasenfratz, CEO of Linamar Corporation. Linda combines entrepreneurship skills in helping grow essentially a family business to \$3.5 billion in sales, and the leadership ability to engage employees across seven countries and 42 facilities. She is also an excellent example of a woman in leadership — a powerful model for our female students.

The vision for this event comes from Tom d'Aquino, for whom the Lecture is named. His impact in policy, business strategy, entrepreneurship and philanthropy is — again — a shining example to our students as they develop their own careers. I'm sure the d'Aquino Lecture will be a milestone on the varying paths to leadership that all of our students will take.

ROBERT (BOB) KENNEDY
Dean, Ivey Business School
Lawrence G. Tapp Chair
in Leadership

A portrait of Paul Boothe, a middle-aged man with short grey hair and glasses, wearing a dark suit, white shirt, and blue striped tie. He is looking slightly to the right of the camera with a neutral expression. The background is a bright, out-of-focus window.

A NOTE FROM PAUL BOOTHE

On behalf of the Lawrence National Centre for Policy and Management at Western University's, Ivey Business School, I would like to thank Linda Hasenfratz for delivering the 2014 Thomas d'Aquino Lecture on Leadership. Her lecture, entitled Leadership and Culture, Key Drivers of Business Prosperity, provided some of the most practical lessons of business leadership that I have heard.

Her address was inspiring for our students and for us as teachers, in demonstrating what is possible when you are passionate, hard working, innovative and have a disciplined approach to your work and your business. As a researcher and someone who cares about manufacturing, it shows what is possible for Canadian manufacturers. Canadian companies can be successful global competitors and Linamar is leading the way.

We hope that the students who attended Linda Hasenfratz' lecture will take her message of passion and commitment to excellence to heart as they leave to become the next generation of business leaders.

PAUL BOOTHE
Professor and Director,
Lawrence Centre

