



August 5, 2009

Roger Martin on Nortel: Business hardball as she is played, or not

I'm surprised Roger Martin's [piece on Nortel and RIM and the Harper government and, well, Sweden for that matter](#), from yesterday's *Globe* didn't get more attention. But then, it was yesterday's *Globe* and it was a day off for most of us and maybe you were grilling. But here's the dean of Canada's largest business school — well, I'm guessing; I'm pretty sure it's the University of Toronto's largest business school — Mr. Productivity himself, making quite an impassioned argument about the largest non-wafer-related chip-related public-policy issue currently facing this sleepy land.

And if he's right then this whole should-Ottawa-let-Ericsson-have-Nortel thing is an open-and-shut No. But I'm not sure he's right. Perhaps you can help?

Martin's is quite a blunt argument. Basically, he says, it's a tough old world, and you need to look out for your own, and the grownups in other countries sure know that, and if they had a Nortel they would block its sale to any but their own. So smarten up, Canadian federal government, and take Canada out of the global market for this round. Martin's nut grafs:

...Had crucial Swedish telecom intellectual property been up for sale instead, there would be no chance that any foreign company would have even have had a sniff at it, let alone get \$300-million in financing for it (as Export Development Canada offered to Nokia Siemens Systems in its failed bid for the Nortel assets). And that's because the Swedish economic policy leaders aren't boy scouts.

The time is now – right now – for the Canadian government to step up to the plate and use the Investment Canada Act review provisions to demonstrate that, like the leaders of Canada's great global companies, it has graduated from scout status to being a full partner in global competitiveness...

I am used to working on complicated policy issues that have many legitimate points of view. This one isn't complicated. It is simple. The Canadian people who financed the R&D behind the intellectual property won by Ericsson must be assured that it will not be used to the detriment of their own Canadian companies. The Swedish government would not dream of allowing that to happen if the shoe were on the other foot.

Now here's the thing. I got my BA at Western, mostly at University College and the dreary Social Sciences building up at the top of the hill, not at the Ivey School of Business, which anyway didn't have that name yet, halfway down, so I don't know from

business cases. But if Martin's op-ed were a student essay in Political Science, I'd note that it's awfully thin on empirical evidence and awfully heavy on ex cathedra arguments. He's got a lot of what Sweden *would do* and not much — OK, none — of what Sweden *has done* in similar circumstances. (Martin properly acknowledges his interest — he's a RIM director — but I don't think he's the kind of guy who'd peddle baloney just to please his CEO.)

I did a little poking around this morning and I confirmed, as I'd suspected, that Sweden is a pretty handy place to go shopping for assets if you're a foreign investor. In fact the openness of their economy is rather a point of pride with them. So I'm worried that Martin offers no evidence because there's not much on offer. Does anyone know about large faltering firms whose intellectual property was the product of R&D financed by the Swedish people, but whose sale to non-Swedes the Kingdom tolerated? Or better yet: can anyone demonstrate that Martin's assertion is grounded in historical fact? Does anyone know of a large faltering firm whose intellectual blah blah blah and whose sale to non-Swedes the Swedish government *actively blocked*?