

Ann Dowsett Johnston



Battling the brain drain

Andrew Karolyi has decided to leave Canada—again. For the second time in less than a decade, the Vancouver native has packed his bags and headed to the States. Never mind that he was being compensated to the tune of \$120,000 a year at the University of Western Ontario's Richard Ivey School of Business, or that he and his young family were well ensconced in London, Ont. Last month, the 36-year-old finance professor moved into an office on the top floor of Fisher Hall, the brand-new \$100-million home of the Fisher College of Business in Columbus, Ohio. His salary: \$160,000 (U.S.), plus a research budget of \$40,000. Small potatoes, when you consider that many of his colleagues have jumped to Wall Street for \$250,000 plus.

But according to Karolyi, money wasn't the only reason he headed south. "Here, there is a cluster of excellent, like-minded colleagues who are pursuing research at the very highest levels, of immediate relevance to the Wall Street community," says Karolyi, who studied under Nobel laureate Merton Miller at the University of Chicago. "And that's what you're looking for. How are you ever going to build a cluster like that in Canada? You can't entice great people to come to Canadian schools because, in terms of compensation, the chasm is as wide as the Grand Canyon." Will he ever come home? "What's the expression—'once burned, twice shy'? I'll let some brilliant person fix the situation first."

Fixing the situation has become urgent business at several top Canadian universities. This is no job for the fuzzy-sweatered, or the faint of heart. Take Larry Tapp, dean of the Ivey School—arguably Canada's premier business school—and Karolyi's former boss. Tapp is a let's-call-a-spade-a-spade kind of guy, with a keen eye on the bottom line and a passion for his school. A seasoned entrepreneur, Tapp ran Lawson Mardon Group, the packaging giant, for 10 years before selling it to an Italian firm in 1992. Three years later, at 57, he accepted a seven-year term as dean. "Larry was an unorthodox choice, but a great one," says one university insider. "He's aggressive, entrepre-

neurial, and he doesn't kowtow to anyone."

From Day 1, the burr under Tapp's saddle has been money—or lack thereof, especially compared with the wealthy American business schools. Eighty-five per cent of Ivey applicants who enrol elsewhere are heading south of the border, opting for the likes of Stanford, Wharton or the Harvard Business School. This year, the number of Canadians applying to Wharton alone jumped by 13 per cent—190 individuals, or, as Tapp sees it, "More or less the size of my



Martin: mobilizing resources to lure smart Canadians home

first year MBA class." Says Tapp, "This is a brain drain in the making. They get hired by Wall Street firms, get used to the tax system—and they don't come back."

And those who do are determined to carry on the tradition. Last year, Canadian alumni of the Harvard Business School concluded a capital campaign, raising \$20 million to subsidize Harvard-bound students. "I figured that a huge piece of that was mine," says Tapp, "but we had done a pretty poor job of branding our school."

Determined to break that tradition, Tapp is jackhammering his way through a resource-focused agenda. "First, I had to get the God-damned caps off tuition," he says. "At \$12,000 a year, our MBA is still a hell of a buy." Next, he hired Grenzbech Glier, Chicago consultants in fund-raising, to improve upon what he calls "the United Appeal approach: hold out

your hand and hope you'll get something." So far, he has raised \$44 million of a targeted \$75 million for the school. Faculty remains a huge challenge. Still, he is sanguine about Karolyi's departure. "Why wouldn't he go?" asks Tapp, ever the businessman. "If we want to be competitive, we have to have more revenue coming in. It's like the Dallas Cowboys—you need the talent."

If talent is what it takes, University of Toronto president Rob Prichard has scored in luring Roger Martin—Harvard Business School, class of '81—back to Canada. Last week, the 42-year-old native of Wallenstein, Ont., rolled up his monogrammed cuffs and took the helm at Toronto's Rotman School of Management. For this, he gave up his position as director of Monitor Co., the Cambridge, Mass.-based management consulting firm founded by Harvard strategy guru Michael Porter. For this, he also accepted a 90-per-cent cut in compensation—although he will continue his consulting work, which currently includes helping Procter & Gamble Inc. implement a major shift in its global strategy. When Tina Brown—former editor of *The New Yorker*, now launching a media company with Miramax Films—needs management advice, it's Martin she turns to.

Now, the man who has made a career as a fixer has given himself seven years to turn the Rotman School into one of the top 10 business schools in the world. Disarmingly gap-toothed and articulate, Martin is totally at ease saying that he has no desire to out-Harvard Harvard—a school he feels is too ossified to change. "Catching up to a Wal-Mart or a Disney or an Intel would be awfully hard, but there is no such beast in the business-school business." Martin believes that when the comic strip *Dilbert* parodies MBAs as narrow, theoretical thinkers, it's not far off the mark. "Problems come in messy

packages," he says. "My dream is to produce graduates who are integrated thinkers, who see business in a more holistic way."

All this in seven years? "It may take 10," concedes Martin. "But the timing is right. Canada has a huge competitiveness challenge. Investing in knowledge assets is critical—and you can't outsource that to another country. We need to mobilize a lot of resources to get the great Canadians back."

Skeptical, Andrew Karolyi? Think about this: when Martin established Monitor's Toronto office in 1987, he discovered that other international consulting firms were paying Canadian employees 60 per cent of what their peers were getting in Boston and New York City. His reaction: "This is bullshit." Today, all four leaders in the business pay their Toronto staff global rates. It's worth remembering.