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Millionaire says innovators need 'the guts to quit and do new things'

By Eleanor Boyle Toronto Star

There's an expression that goes: "Don't work harder. Work smarter." Laszlo Szabo did both.

An archetypally rags-to-riches entrepreneur who came to Canada from his native Hungary with — so the story goes — 15 cents, he worked harder at becoming financially independent than most people bother to do.

And he now controls so many varied enterprises, he's past the point where he has to talk about it. But Szabo knows what he did right.

"I suppose it was having the guts to quit and do new things, to work very hard and try to be inventive," Szabo said as he told the story in his deceptively quiet Bloor St. offices.

He did something else, too. "I stole every brain on this continent," he admits with a smile. For Szabo, having a team of good executives is one key to his continuing success story.

Latest chapter

In the latest chapter of that story, Szabo heads The Omega Gamma Group, a consulting concern, and Omega Food Franchisors Ltd., which has the Canadian franchise for Convenient Food Marts with close to 300 stores. He heads Tropik Sun International, with fruit and nut shops that are doubling in number every year — 75 should open in North America in 1980.

With his executive team, he heads Zarex Corp. Ltd., 100 per cent owned by Szabo, which makes and sells chocolate gourmet treats, cookie shops, and Zarex Equity Venture Capital Ltd., which makes franchise operations of existing stores.

What's his net worth? "It depends which way the wind blows. One day one thing, the next day half."

Though he "conservatively estimated" his personal worth at more than \$25 million two years ago, he won't put a figure on it now.

Academic credentials

Although Szabo had little in the way of material wealth when he arrived from Europe in 1956, he did have solid academic credentials. With degrees in mechanical engineering, electrical engineering, mathematics and econometrics — the statistical side of economics — he had taught at Hungary's Sopron Technical University when still in his early 20s.

But the key to his eventual financial success was his ability to develop an esoteric specialty and sell it, then use the financial returns to diversify into other areas.

Upon arriving in Canada, Szabo worked for three years as a design engineer for Dominion Bridge Co. Ltd. in Edmonton, where he had a hand in the design of "60 per cent of the steel structures for the oil business in western Canada."

He went on to become head of the economic research section of the Alberta Public Utilities Board. And it was there that he developed one of his most significant innovations, in the field of "depreciation life analysis."

Charged with the responsibility of contributing to serious decisions about utilities rates — involving

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hundreds of millions of dollars — Szabo began to feel the decisions were being based on unprofessional, ballpark estimates of the expected life of the equipment involved.

So he sat down and developed a new and more accurate method of estimating the lives of man-made objects. For years now an acknowledged expert on depreciation expenses, Szabo has also for years been one of the most consistent and vocal opponents of Bell Canada's rate increase applications.

Based on his extensive knowledge of utilities rates, he maintains Bell does not need most of the increases for which it applies. And he gets out in person at hearings to carry on the campaign.

That was one of the pursuits he intended to step up when he "retired" four years ago. But he continues to put in a full day, and says it has happened before: He first retired at 31, but has never stopped work for long.

Working parent

As with every working parent, Szabo keeps determining to spend more time with his wife Eva and daughters Judy and Susan. They go to dinner together whenever possible, or spend time at their downtown home or their luxurious lakefront office-home in Oakville.

One of his most time-consuming efforts these days is head-hunting. "I have an insatiable appetite for good executives." That's how he met with success when he first left the Alberta Utilities Board to set up his consulting firm. He drew contracts both because of his utilities-pricing expertise, and because he surrounded himself with good people.

But there's a tradeoff. Szabo wants his new executives to take the same kinds of risks he does, to put up, say, \$30,000-\$40,000 equity in the company they join. It makes them care about the consequences of their decisions, and it puts Szabo into a position where he doesn't have to watch over them.

He'd rather spend time formulating ideas. Szabo is the kind of man who can spend hours with Dr. Edward Teller, the American physicist called "the father of the hydrogen bomb," with whom he had a long discussion in Toronto recently about fusion as a future energy source. They got so engrossed that Teller was late for a speaking engagement.

Szabo himself is a creative, iconoclastic man, whose dreams include some rather unusual projects. He has already designed an economically feasible — already operational — windmill, and is convinced wind-powered energy sources could be produced in Canada.

Most popular scepticism about windmills is based on "nonsense,"



DAVID COOPER/TORONTO STAR

Innovation his specialty: Working harder and smarter and not hesitating to "steal brains" have been among the reasons for Laszlo Szabo's success since coming to Canada from Hungary in 1956. Szabo is better known to Canadians not as a millionaire but as an outspoken opponent of Bell Canada rate increases.

Szabo says, his opinions backed up by a file of documented evidence he is using to seek investors.

His penchant for risks is what first put him in a money-making position. "People told me I was crazy," he says, when he decided to set up the Gamma Engineering Ltd. consulting firm in 1963. But within a week he had a contract to review depreciation procedures at Calgary Power Ltd., and he subsequently got contracts worth millions of dollars that — at one point — swelled his staff to 800.

Public utility

He could offer expertise few other consultants could. That's also how he got one 1974 contract with the ruling Alberta Conservative party.

"I was so cheered off with those Social Credits, anyway," he says. "You couldn't get a beer on Sunday, couldn't go to the theatre on Sunday."

It happened this way: The minister of public utilities had a problem. He needed a report on the economics of pumping natural gas to every rural resident in the province.

He needed it July 9. It was already July 4.

"Can you do it?" he implored Szabo, who says now the project would normally have taken two years.

"We stopped everything in the company. Everybody, about 150 people, worked on it. Even the janitors were typing the report."

They got it done, in four days and four volumes. Szabo says 90 per cent of rural Alberta is now gasified under legislation based on his report.

As someone once said, cliches or truisms become so precisely because they're frequently borne out. And Szabo's work ethic is far stronger than that of the average Canadian.

"The extra effort I put in to become independently . . . wealthy, but just independent . . . it must be partly due to the fact that I was in a new environment.

"I doubled and tripled my efforts. I had to become an expert in many things. I didn't have the friends and contacts that Canadians did, and had to create my own."