



**Key Note Remarks**

**by**

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**to the**

**Universities Canada  
Governing Council Chamber meeting:  
An agile future through work-integrated learning**

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***Check against delivery***



Ladies and gentlemen, it is a great honour for me to speak to you for your Annual Meeting today.

A few weeks ago, I was addressing our shareholders in Montreal at RBC's Annual Meeting.

And since then, as I have been preparing for my remarks today, it has really struck me how, in many ways, we share the same challenges.

I, like you all, run a respected institution, at the very heart of the community, with a loyal following and passionate and professional staff.

However, as a bank with a long history, many are beginning to question our position in tomorrow's world.

I'm sure that all of you are facing similar questions.

So, I'd like to speak to you today, as one CEO to others. Speak to you as someone who is leading an organization through a disruptive and disrupting world, to you, leaders who are also wrestling with your own seismic changes.

I will comment on the great disruptions that both our sectors are in the midst of. And what we as leaders can do to ensure the outcome is not only positive for our own institutions, but most importantly, transformational for our communities and for Canadian society.

I also want to talk to you today about what we're doing and what we're seeing at RBC.

About how we're trying to change the way that we work; how we are working with colleges and universities through accelerators, through experiential learning and through other connections; and what lessons we may be able to share with one another.

Our purpose as an organization is to help our clients thrive and our communities prosper.

But as the country's biggest bank, if there is one simple thing that we believe in, it's that education breeds innovation, which leads to growth for the benefit of all.

As a business, we also rely increasingly on the innovation coming out of campuses like this, and need both faculties and students to push us, and propel us, to new heights. It is critical to how we will realize value for our shareholders in the future.

But our world – like yours – is shifting.

- It's technology. The information explosion means that anyone with a smartphone today can instantly become their own financial advisor – or their own professor.
- It's demographics. A rapidly aging Baby Boom generation, the rise of millennials and the historic impact of sustained, long-term immigration are impacting us all.
- It's social values. The decline of loyalty, the loss of trust in institutions, and the rise of incredulity are felt by banks just as they are by educational establishments like yours.
- And it's a world that is more and more volatile, and far bigger, in every respect, than we've known in Canada in the past.

With so much change, a lot of people – too many by any rational measure – are saying that universities, like banks, should be enjoying their victory lap. Our race is over, they say.

Just to pick one example: in recent editorials, The Economist has described how the “staid higher-education business” was ripe for disruption and that financial technology companies are nipping at the heels of so-called “flabby incumbents” in banking.

Exactly 10 years ago the same publication predicted the death of newspapers. Yet today, while papers in their printed form are beginning to fade from view, what newspapers do still matters hugely.

The same is true for banks and for universities.

I mentioned RBC’s purpose earlier. We have recently rearticulated that purpose and stand squarely behind it.

I don’t believe that the purpose of universities in and of itself is in danger of being disrupted. But how you deliver on that purpose – to students, to staff and to communities – that I would argue is going to change significantly.

Last year RBC hired more than 2,200 under 24 year olds to our work force. We provided more than 1,350 paid internship, co-op and summer experiences to students.

And we hired 750 students in coop and summer placements into our technology division, making us one of the biggest employers for university graduates in the new economy.

We experience the quality of this graduate workforce on a daily basis and benefit from it hugely.

But as an economic leader we see cause for concern.

While Canada has done a terrific job of enhancing *college* education, and that is important to a lot of sectors, from hospitality to resource extraction, in terms of *university* enrolment, the country has fallen from 5th to 17th in the world.

We can debate the amount of money that’s needed, and where that should come from, but I hope we can agree Canada has ceded its global leadership on some fronts, and that our universities sector – just like our business community – has to shoulder some responsibility.

As an employer, corporate citizen, and research partner, we see the strengths as well as some of the limitations at play in our universities.

I had the honour to serve on the University of Waterloo board and saw the self-imposed limits on the university to grow as healthily as the communities it served.

Entrenched faculties, government restrictions, perhaps some overly demanding donors – whatever the causes, the result was a campus experience that was sometimes less dynamic than the world outside its gates.

We are at a transition point, economically, socially and technologically, and universities need to play a greater role in positioning Canada for the 21st century – and importantly, be accountable for it.

With an aging society and a slow growth economy, we are also just beginning to see what disruptive forces like artificial intelligence can do to sectors all around us.

The university as dispassionate observer to all of this is not what Canadians need or want. Students have more access to more information than ever, and are often leading the disruption. No student today is interested in learning the status quo.

We need to ask ourselves, are we truly teaching our students how best to tackle today's – and tomorrow's – challenges?

Well certainly, they have opportunities like no generation before.

Here at U of T, for example, the Creative Destruction Lab houses one of the world's great centres for artificial intelligence learning. The medical science work all around us will help address the looming demographic crisis.

But it won't do so on its own. It will need graduates from the public policy school, the economics school and the business school. Faculties need to work even closer together than ever to help prepare the next generation for large societal changes.

We believe in this kind of power on our campuses.

It's why we have just put \$3 million into OnRamp here at U of T. I'm personally tremendously excited by this partnership. It is not just an accelerator for start-ups across Ontario, but supports research in entrepreneurship too.

ONRamp is just one of the places where we are funding research across the country, with other examples including funding of cyber security at Université de Montréal and UNB, and social innovation at Calgary.

As we work with these faculties and as we hire from them we feel a great privilege to work with and help develop the minds of tomorrow.

The challenge is tomorrow keeps changing.

One of the ways that we are attempting to tackle this change at RBC is through agile working.

We are trying to change the way we work. Not just for speed and efficiency, but for instilling a mindset suited for innovation and design thinking.

I believe strongly that structured, linear processes don't produce the intellectual or commercial prizes of tomorrow.

Just like we are trying to be more agile in our business practices, I would argue that our universities need to find more agile ways to get the right students on the right path at the right time.

Since the turn of the century, we've seen a surge in experiential learning in engineering, business, and medical science, and as a result general arts students are being left behind.

Students are voting with their feet and with their wallets, moving in waves to professional programs.

This is both good and bad.

The trend is clear over 20 years. From 1993-2013, the leading faculties for enrolment were business, health, engineering and architecture. Social sciences and education were at the back of the pack and the trend is continuing.

I said this was good because it has created a much better talent pool for Canada, both for employers and for our start-up ecosystem, which can thrive only if we have great campuses.

But I fear it is also bad because we may be losing some of the critical faculties – quite literally – that we in the private sector know are essential to a good society and a good economy.

The erosion of liberal arts is part of the problem for campuses, because with them are going the so-called soft skills – or Power Skills as Silicon Valley has now taken to calling them.

And yet in those programs, we are failing to prepare a generation for decades ahead that will be enormously different from much of what we know.

No matter what we teach in business and engineering schools, we need a lot more of the soft skills that campuses traditionally were good at.

This has been shown clearly by a recent survey of Business Council of Canada members – formerly the Council of Chief Executive Officers.

Sixty-seven per cent identified collaboration and teamwork as a key skill for entry-level employees, while other skills in high demand included communication (59 per cent), problem-solving (51 per cent) and people skills (48 per cent).

We certainly find the same at RBC: we reckon that half of the listed skills required for a typical role are soft skills with the other half technical.

And we often find that humanities and social sciences can be excellent for providing the grit, the resilience, the empathy for which we are looking.

Harvard president Drew Faust, a historian by background, spoke eloquently about this in a speech at West Point in March. She said what humanities teaches is at the core of leadership.

“Such inquiry teaches us how to scrutinize the thing at hand...It imparts skills that slow us down — the habit of deliberation, the critical eye, skills that give us capacity to interpret and judge human problems; the concentration that yields meaning in a world that is noisy with information, confusion and change.”

Decision-making, communication, debate – all of these were at the centre of every turning point in history and literature, just as they are in business.

I experienced first-hand the benefits of experiential learning, having been a co-op student in Math at the University of Waterloo.

Having got a job placement with RBC as a COBAL programmer, the co-op programme gave me the opportunity to move into a branch, which is where I really thrived.

That's one of the beauties of co-op – but really of an agile education system as a whole – to help students on a journey of discovery. Had there not been co-op, I might be a programmer still.

I remain a passionate believer in the power of experiential and work-integrated learning today, which is why I have helped launch a task force through the Business Council of Canada, to investigate its use.

And we had a very successful meeting just last week here in Toronto.

Among the working group are the leaders of some of our great universities – here today in the room – along with business leaders, who are looking at co-ops, work placements, apprenticeships, and real-time, market-based curriculum management.

Above all, our aim is to help create a national conversation on how to better integrate work and learning.

I hope that my comments today can help advance this conversation.

I'd like to quote a report for the group which I believe neatly sums up what we are trying to achieve:

“The key to success in this fast-moving environment is a workforce with both the technical and managerial skills to integrate the newest technologies into competitive products and services. Improving both the quantity of technology-savvy workers and the quality of their skills should thus be an urgent priority for employers, educators, and governments.”

I should stress that this is not a factory approach to creating worker bees. Work-integrated learning is critical for several reasons.

It's how people today learn. This is a hands-on generation. They like to experiment, to challenge and to share. They're certainly not passive.

A 2015 McKinsey study of Canadian youth in education found over 60% of youth preferred on-the-job learning for *theoretical material*. Only 26% preferred a traditional lecture, and only 20% preferred online learning.

Human contact matters. But the age of monologues – the sage on the stage – is dead and gone.

Co-op students improve the classroom when they return. This isn't just about the workplace or about training. It's about learning. It's about what theorists call the “practice field” of education.

We know athletes need practice fields to repeat, repeat, repeat game situations. It's no different for many forms of academic learning. Students need to apply the classroom. And they also need to challenge the classroom.

Work-integrated learning also improves economic access for minority groups, especially indigenous Canadians and new Canadians.

One of the quiet crises in our economy is that new Canadians and second generation Canadians, as well as indigenous peoples, don't have the necessary social networks to help them get jobs.

Rightly or wrongly, one's first big job often depends on who you know. These groups don't have parents with contacts – or even social navigation – in business or government or even universities.

Work placements build networks. It gets students in front of employers. It's a social leveller. And it exposes students from all backgrounds to the way much of Canada operates.

Work-integrated learning also improves the value of education.

In the McKinsey youth survey I mentioned earlier, half said that education did not improve their chances of getting a job. That may not be anywhere near the truth but in a way it doesn't matter. It's market perception, and the market is devaluing your proposition.

Co-ops and work placements are good for your relevance to the market, be it to future students or to the governments that represent them.

And experiential learning is great for young adults breaking into the 21st century. As we all know it is a lot harder now: there are far fewer entry-level jobs, and there will be even fewer in the years to come. Automation has wiped out vast swathes of elementary work positions, from clerks to bank tellers to researchers. Soon it may be sales reps, draftsmen and nursing assistants.

Fortunately, we start from a good place. The number of co-op students has grown to 65,000 in 2013 up from 53,000 in 2006.

The Business Council's survey showed that three-quarters of the companies are involved in partnerships with post-secondary educational institutions, and over a third provide financial assistance or hands-on support, such as curriculum development and classroom instruction.

But there I believe is a dangerous view on some campuses that the problem is overstated. I'm familiar with the syndrome. I see it in businesses that think they somehow can shelter themselves from the winds of change.

Let's consider the evidence:

- We don't have a STEM glut. Only one-in-four university and college students graduates in STEM disciplines. And graduates in the critical disciplines of mathematics, computer and information sciences made up just over 2 per cent of the total in 2011, down from nearly 6 per cent in 2002.
- A Conference Board survey has found that over 70 per cent of employers observed gaps in candidates and recent hires' critical thinking and problem-solving skills. Nearly half said that they are seeing insufficient oral communication and literacy skills in those that they are interviewing.
- Canadian college graduates scored well below the OECD average in literacy and numeracy.
- But perhaps the most pressing indictment is this: the 2015 McKinsey survey asked if recent graduates were well prepared for the workforce. 83% of educators said yes, 44% of employers said yes, while only 34% of youth said yes.

We need to see this as a national challenge, and one that can be addressed only when universities, colleges, business and government work together. Other nations are doing just that. And I don't think any of us want to cede what should be the Canadian century to them.

As I mentioned earlier, RBC is a significant supporter of experiential learning.



We're challenged by our co-op students. They no longer show up and do what they're told. They show up and tell us – and then show us – how to improve the way we work.

We're learning from them and we love it.

But we also have to work increasingly harder to attract talent. RBC isn't always top of mind. Many graduates would rather work at Google or Shopify or maybe start their own company – all of which are great choices.

To be more attractive, we're ensuring our students have real jobs, not just seats to fill. (And in case you think I'm not serious about that, a few years ago one of our staff discovered a co-op student had titled his job "executive chair adjuster"!).

We learned from that, and we were the ones that adjusted.

We now seek to create work placements that are every bit as appealing as the best courses on campus. We strive to we put our students into challenging jobs, with good supervision.

We hold pitch competitions for students, put them in teams and mentor them, give them performance reviews, career coaching and even provide them with communications training – from public speaking to report writing.

In short, anything we do for our leadership development we also do for our students.

We're pushing ourselves this year with a new program within our technology division called Amplify.

About two dozen of our co-op students this summer will be given real business needs and asked to develop solutions.

They'll work in agile teams, while receiving business, technical and operational coaching.

One group will be asked to develop change impact analytics. Another will be asked to develop tools for identifying insider misuse through automated user behaviour analysis.

We expect those students to challenge the way we do things, and to "up the education game" when they return to the classroom. We want their disruption.

They'll also be free to continue the work when they return to campus. We hope they'll see us as a serious partner and keep working with us.

For example we were proud recently when a group of RBC co-op students formed an RBC data science association at Waterloo – which we saw as a sign of quiet success for the program.

And even though most of our placements are still filled by Waterloo, McMaster and U of T, we are making big efforts to hire from as many different institutions as possible.

For example, OCAD University and its digital futures program has become a valuable partner, in part because it draws its own students from different backgrounds. One of our applicants from OCAD's digital program had a fashion degree previously which is helpful when working on wearable technology.

This cross-discipline thinking is something we are seeing more and more.

We are now working to hire liberal arts and general science students into our co-op stream, who have been put through Ryerson's "boot camp" - a test project to see if a greater diversity of students can be prepared, in an intensive short period of time, for the workforce.

One of benefits of an active co-op program is that it's like a three-month job interview. We get to know our students really well. We challenge them and they challenge us. Those returning to school usually improve the classroom experience. We feel good about that.

Here are a few observations about today's students that we see at RBC:

- They're civically engaged. They love to volunteer in their community - they demand the same of us as an employer.
- They're self-starters. Many of them have formed or led campus organizations. They expect to continue to do that in the workplace.
- They're huge on social media, and therefore widely engaged. They're curious and they demand answers.
- They're international. They've travelled, and they want to travel. We need to meet their ambitions and offer them global opportunities.
- They're demanding. They want to know our values and purpose - who we are and what we stand for. Our RBC Blue Water Project and Me2We campaigns have been critical in helping us to hire our brightest students.
- And they're individuals. A common question now is: "Can I be me at work?"

We live in a consumer-driven world. From politics to media to banking, any notion of producer oligopolies is gone. If people - students in this case - don't find what they're looking for, they don't adapt to what is immediately available. They find choice, or they manufacture choice.

We're thinking about how we respond to these market forces at RBC, and I know that you are all doing the same too.

We realize we're not a common case. RBC is Canada's largest company and has a long heritage of both civic engagement and a responsibility to education.

We know many organizations can't copy what we do.

But I know that there is a lot that we can do together.

I believe we need to start with an audacious, national goal -- to ensure 100% of Canadian undergrad students are exposed to some form of meaningful experiential learning before graduation.

With that goal in mind, we should start with strategic sectors and willing colleges and universities to launch significant demonstration projects. The financial services sector can play a leading role.

What else can be practically done?

I would like to leave you with eight ideas:

- *First*, we need more government funding for co-ops and work-integrated learning. The recent Federal Budget took a welcome step, with \$73 million over four years to support such efforts. This can help students who can't afford co-op placement fees, and also ease the burden on employers.
- *Second*, campuses need to invest in better placement efforts. Our own recruiters are often frustrated with placement offices, which can sometimes create cookie cutter models for students. In some instances our recruiters go straight to student groups to find the best talent.
- *Three*, businesses need to invest more in developing co-op programs. Tax credits would help, especially for SMEs.
- *Four*, we need to focus high schools on core skills. Students should not be reaching university without strong communications and analytical skills. That's not the job of universities, and it certainly can't be left to employees.
- *Fifth*, I believe that universities could do a better job marketing their co-op strength to students and employers alike.
- *Six*, we need a real-time labour market information system, a bit like we have for health, to show where the opportunities are.
- *Seven*, universities need to be held accountable to students and to government for their record in placing graduates in the economy, and adding value to that economy and to society.
- *And lastly*, faculties need to open up more to each other. We have silos in our business, believe me, but few workplaces look like a standalone faculty or department.. The world increasingly is cross-disciplinary. Education needs to be, too.

In a world in which Canada is smaller and smaller, relatively speaking, our universities will be critical to our ability to thrive in the 21st century.

Universities are essential to the competitiveness of businesses like RBC. They're also essential to attracting and forming the kinds of new Canadians who will make this country better in every imaginable way.

I believe that increasing experiential learning should be at the very heart of this.

The great news is that the students we're seeing now are extraordinary. That is a huge credit to you and to our educational system. Canada is lucky to have them, and when you spend time with the next generation you can't help but feel good about the future.

Thank you.