

## STRATEGY & GENERAL MANAGEMENT

Case collection update – December 2007

### CHANGYU: READY TO GO GLOBAL?

**ECCH Reference No.** 307-395-1

**Teaching Note**

**Author** Jenster, P; Yiting, C

**Setting** Yantai, Shandong; Wine, beverage; 4,000 employees; April 2007

**Topic** Chinese wine industry; Marketing; Brand building; Going global

**Pub. Year** 2007

**Length** 18 pages

**Source** Field research

**Abstract** Founded in 1892, ChangYu was the first industrialised winery in China. One century later, ChangYu took the lead in the domestic wine market and positioned itself in the upper end of the market. In 2005, ChangYu Group went through a major shift in the ownership structure, changing from a state-owned enterprise to a privately-owned joint venture. By 2007, ChangYu had built up 4 chateaux in co-operation with international wine groups. In the international wine market, ChangYu was making efforts to benchmark itself with the world top brand league. It exported the best of its bottled wines to 14 European countries. But its overseas sales represented a small proportion in its whole business, around 1% of the total in 2006. The strategic issue facing the management in the long run was to trade off between the temptation of going global and the exploitation of the fast-growing domestic market.

### THE MOBILE PHONE HANDSET INDUSTRY IN CHINA (2007): COMPETING IN THE WORLD'S LARGEST MOBILE PHONE MARKET

**ECCH Reference No.** 307-391-1

**Teaching Note**

**Author** Park, S; Gallagher, S

**Setting** China; Mobile phones

**Topic** Telecommunications; Mobile phone; Electronics; China; Industry analysis

**Pub. Year** 2007

**Length** 30 pages

**Source** Generalised experience

**Abstract** In 1987 China's first analogue mobile phone appeared in the southern city of Guangzhou. From this humble start, despite their high prices (RMB10-20 thousand) and being perceived as a luxury item, mobile phone use continued to grow. By the end of 1994, there were a total of 1.5 million subscribers across the country. 1994 was an important year for the mobile phone industry as China transitioned from an analogue network towards a digital Global System for Mobile communications (GSM, originally Group Special Mobile) system. Since no domestic company had the capability to manufacture mobile phones, several European and American giants dominated China's mobile handset market. Motorola, Nokia and Ericsson accounted for 83% of the market in 1998. Not a single domestic brand mobile phone was available until Kejian introduced its GSM mobile phone in 1998.

#### **WWRC SHANGHAI: THE THREAT TO THE MIDDLEMAN**

**ECCH Reference No.** 307-393-1

#### **Teaching Note**

**Author** Jenster, P; Leiping, X

**Setting** China; Special chemicals / distribution; Small; February 2007

**Topic** China; Chemicals; Distribution; Distributor; Strategy; New business development; Small business operation

**Pub. Year** 2007

**Length** 16 pages

**Source** Field research

**Abstract** Worldwide Resins and Chemicals (WWRC) Shanghai was one of the leading distributors for special chemicals in East China, which connected local customers with producers of special chemicals outside China. WWRC Shanghai performed well during 1997-2006 due to its prudence in selecting and executing the right business strategies. With changing market dynamics, the company faced challenges in terms of: (1) a sluggish market of construction-related coating, ink and plastic industries; (2) fierce competition from local producers; and (3) demanding customers. Although the company's performance in terms of revenue, profit, and productivity was positive, Wang Huitao, the key Founder of the company, was aware of his company's limited growth in the current industries, and knew that the company would not sustain its profitability if strategic changes were not introduced. Wang listed four possible options to help the company combat changes in the Chinese market, including: (1) new business; (2) own brand; (3) new applications; and (4) new

products. This case challenges students to analyse and evaluate the options that Wang presented.

#### **NOTES ON COMPETITORS IN THE CHINESE JUICE CONCENTRATE INDUSTRY**

<b>ECCH Reference No.</b>	307-192-1
<b>Teaching Note</b>	
<b>Author</b>	Jenster, V. Per; Cheng Yiting
<b>Setting</b>	China; Beverage, juice
<b>Topic</b>	Beverage industry China; Competitors; Haisheng; Yantai Andre; Zhonglu; Competitor analysis
<b>Pub. Year</b>	2007
<b>Length</b>	6 page(s)
<b>Source</b>	LIBRARY
<b>Abstract</b>	Growth of the global apple juice trade has immensely benefited the Chinese apple juice concentrate industry. China is now one of the major apple juice exporting countries in the world. The main competitive advantage of China over the other apple juice exporting countries in the world is the low cost of apples and labour. Haisheng, SDIC Zhonglu and Yantai North Andre are the three main juice producers in China, which in a few years have taken half of the domestic market share. The note illustrates in figures and diagrams: (1) the profile; (2) key financial data; (3) production capacity; (4) revenue by region; and (5) share price development of the three juice companies.

#### **CHINA HAISHENG JUICE**

<b>ECCH Reference No.</b>	307-193-1
<b>Teaching Note</b>	
<b>Author</b>	Jenster, Per V.; Yue, Gina
<b>Setting</b>	Shannxi, China; Beverage, juice; Around 1,300 employees; August 2006
<b>Topic</b>	Strategy; Internationalization; Entrepreneurship; Beverage; Juice
<b>Pub. Year</b>	2007
<b>Length</b>	13 page(s)
<b>Source</b>	FIELD
<b>Abstract</b>	China Haisheng Juice Holding Co Ltd was barely in existence 10 years ago, but has in a short period grown to capture 20% of the export market for apple juice concentrate. The case raises the evolution of the firm and its entrepreneur who recalls his personal experience of founding the company. In its early years, Haisheng survived fierce competition from other domestic juice producers and went through two major crises, pesticide residue and an anti-dumping dispute from the US Apple Association against Chinese juice producers. With the help of Goldman Sachs, Haisheng did an IPO (initial

public offering). The firm is now considering new directions for growth.

#### **DEGUSSA STABILIZERS: ACCESSING THE CHINESE MARKET**

<b>ECCH Reference No.</b>	306-614-1
<b>Teaching Note</b>	
<b>Author</b>	Jenster, V. Per; Chen, Cissy
<b>Setting</b>	China; Chemical industry; 44,000 employees; 2005
<b>Topic</b>	Strategy analysis; Competitive advantage; Stabiliser market; SWOT (strengths, weaknesses, opportunities, threats) analysis; Market entry; China; Industry analysis; Market positioning
<b>Pub. Year</b>	2006
<b>Length</b>	15 page(s)
<b>Source</b>	Field
<b>Abstract</b>	In 2005, the strategic plan of Degussa (China) was to triple its sales by 2008 and capture a major share of the Chinese market for speciality chemicals. To reach this object, there were four options available for Degussa: (1) establishing a joint venture; (2) acquisition; (3) Greenfield; and (4) sourcing from competitors. This case details the history and the situation of Degussa (China). It allows students to make a comprehensive analysis of the Chinese stabiliser industry and a detailed study of the business system and competition. All this information provides a background for students to raise recommendations.

#### **WANXIANG GROUP: EXPLORING THE INTERNATIONAL MARKET**

<b>ECCH Reference No.</b>	306-089-1
<b>Teaching Note</b>	306-089-8 (5 pages)
<b>Author</b>	Wang, Jianmao; Shu, Jinsi
<b>Setting</b>	2000-2003 Automotive China Large
<b>Topic</b>	Automotive; Parts and components; Mergers and acquisitions; International acquisitions; Export; Corporate strategy; Overseas expansion; Chinese private company
<b>Pub. Year</b>	2006
<b>Length</b>	14 page(s)
<b>Source</b>	LIBRARY
<b>Abstract</b>	Twenty years ago in 1984, when it was a small factory in Xiaoshan, Zhejiang, Wanxiang signed its first export contract. Ten years after in 1994, when Wanxiang America Inc was just registered, the company was headed only by a Chinese overseas student. In 2003, Wanxiang sold its products all around the world, and had acquired dozens of companies in the US and Europe, becoming a true multinational corporation. Lu Guanqiu, Chairman of the Board, and Wei Ding, President of Wanxiang, were full of confidence. Wei Ding said,

‘Wanxiang will become a large multinational company in the foreseeable future, with its unique core values and core competence. It will be named China Wanxiang Holding.’ This case mainly discusses the process of Wanxiang’s overseas expansion, tracing its development at different stages and presenting how the success had been achieved. It can be used in corporate strategy and international business courses.

#### **THE DILEMMA OF A PROJECT MANAGER**

<b>ECCH Reference No.</b>	306-088-1
<b>Teaching Note</b>	306-088-8 (4 pages)
<b>Author</b>	Chen, Junsong
<b>Setting</b>	2004 Software, Internet China Medium
<b>Topic</b>	Project Management; Software system development; China telecommunication industry; overseas market entry
<b>Pub. Year</b>	2006
<b>Length</b>	7 page(s)
<b>Source</b>	FIELD
<b>Abstract</b>	<p>In the last decade, the telecommunication and Internet business has experienced rapid growth in China, which has fostered a large number of software companies serving the industry. With the increasing technical capacity, they are no longer satisfied with the domestic market, and are eager to go global. Yida Co. Ltd. is one of these fast growing software companies. Yida is a NASDAQ listed company and enjoys good reputation in China software industry. An opportunity came to Yida when a Hong Kong based ISP (Internet Service Provider) company decided to purchase its core product AHZ system, the software used to provide fee-calculation and account-management for ISP. Both sides had good expectation about the system. Yida regarded it as a great opportunity to enter the international market, and the client wished the new system would help them realize new functions and expand their business. However, the project ended up as a disappointment for both sides and the initial goodwill was far from being realized. The project manager from Yida had to face the dilemma that whether he should continue this project or give it up. Many typical problems encountered in the project management could be found in this case. Therefore, this case is most suitable for a management course, and will be particularly helpful to the project management course. Specifically, the case will encourage students to understand the complexity of software system development and multiple influential factors involved in project management, and challenge them to think about how to prevent a project failure.</p>

#### **DEVELOPMENT STRATEGY OF CNOOC**

<b>ECCH Reference No.</b>	306-074-1
<b>Teaching Note</b>	306-074-8 (5 pages)

**Author** Shu, Jinsi

**Setting** 1998-2003 Energy, oil and natural gas China Large

**Topic** China; Oil and gas; Energy; Corporate strategy; State-owned enterprises; Offshore oil

**Pub. Year** 2006

**Length** 24 page(s)

**Source** FIELD

**Abstract** China National Offshore Oil Corporation (CNOOC), China's third largest oil and gas company, enjoyed the monopoly of offshore resources. However, it was facing a series of problems: (1) business imbalance; (2) internal bureaucracy; (3) lack of funding support; (4) being limited to the domestic market; and (5) having little experience in the international market. To meet its strategic goal, to build an integrated energy corporation with international competitiveness, CNOOC formulated and modified its corporate strategy. The case tracks the evolution of CNOOC's corporate strategy and its action plan.

#### **ACQUISITION OF REPSOL-YPF ASSETS IN INDONESIA (B)**

**ECCH Reference No.** 305-606-1

**Author** Shu, Jinsi

**Setting** 2001-2002 Energy, oil and gas China, Indonesia Large

**Topic** Energy industry; Oil and natural gas; Mergers and acquisitions; International acquisitions; China oil industry; Corporate strategy; Negotiations; Corporate communications

**Pub. Year** 2005

**Length** 11 page(s)

**Source** FIELD RESEARCH

**Abstract** This is the second of a two-case series (305-605-1 and 305-606-1). Since China National Offshore Oil Corporation's (CNOOC) overseas IPO (initial public offering), Wei Liucheng, the Chief Executive Officer (CEO), was ambitious to turn CNOOC into a global player. The company came upon a golden opportunity, Repsol-YPF SA, because of its heavy debt burden and business restructuring, was seeking to sell its rights and interests in several oil / gas fields in Indonesia. If CNOOC could take over these high-quality assets, it would be of great help to its overseas expansion. Just when the negotiation was one step away from closure, Repsol-YPF suddenly began to shilly-shally on the deal. The negotiation was entangled with trivial issues and the date of signing the agreement was put off time and again. More and more signs indicated that Repsol-YPF wanted to quit from the deal, and by that time, the international political and economic environment was starting to favour Repsol-YPF. A further delay would bring two possibilities: (1) either CNOOC would have to raise the price of its offer; or (2) Repsol-YPF would withdraw from the deal.

This case is divided into Part (A) and Part (B). Part (A) mainly discusses the background of this deal, target assets and CNOOC's strategic concerns. Part (B) mainly discusses the negotiation process and the post-acquisition integration.

#### **ACQUISITION OF REPSOL-YPF ASSETS IN INDONESIA (A)**

<b>ECCH Reference No.</b>	305-605-1
<b>Author</b>	Shu, Jinsi
<b>Setting</b>	2001-2002 Energy, oil and gas China, Indonesia Large
<b>Topic</b>	Energy industry; Oil and natural gas; Mergers and acquisitions; International acquisitions; China oil industry; Corporate strategy; Negotiations; Corporate communications
<b>Pub. Year</b>	2005
<b>Length</b>	16 page(s)
<b>Source</b>	FIELD RESEARCH
<b>Abstract</b>	This is the first of a two-case series (305-605-1 and 305-606-1). Since China National Offshore Oil Corporation's (CNOOC) overseas IPO (initial public offering), Wei Liucheng, the Chief Executive Officer (CEO), was ambitious to turn CNOOC into a global player. The company came upon a golden opportunity, Repsol-YPF SA, because of its heavy debt burden and business restructuring, was seeking to sell its rights and interests in several oil / gas fields in Indonesia. If CNOOC could take over these high-quality assets, it would be of great help to its overseas expansion. Just when the negotiation was one step away from closure, Repsol-YPF suddenly began to shilly-shally on the deal. The negotiation was entangled with trivial issues and the date of signing the agreement was put off time and again. More and more signs indicated that Repsol-YPF wanted to quit from the deal, and by that time, the international political and economic environment was starting to favour Repsol-YPF. A further delay would bring two possibilities: (1) either CNOOC would have to raise the price of its offer; or (2) Repsol-YPF would withdraw from the deal. This case is divided into Part (A) and Part (B). Part (A) mainly discusses the background of this deal, target assets and CNOOC's strategic concerns. Part (B) mainly discusses the negotiation process and the post-acquisition integration.

#### **HUAWEI TECHNOLOGIES CO, LTD**

<b>ECCH Reference No.</b>	305-604-1
<b>Author</b>	Liu, Shengjun
<b>Setting</b>	2005 Telecom equipment Shenzhen, China 30,000 employees
<b>Topic</b>	Telecom; China; Internationalisation; Strategy; Culture; Entrepreneur; Organisational capabilities
<b>Pub. Year</b>	2005
<b>Length</b>	15 page(s)

**Source** LIBRARY

**Abstract** Founded in 1988, four years later than Cisco, Huawei has quickly emerged as a major competitor for Cisco in the global market. Led by Mr Ren Zhengfei, a veteran of the People's Liberation Army, Huawei has made itself a technology company rather than a typical Chinese enterprise which competes primarily on low cost. Its success should also be attributed to other factors such as a great treasure of talents, focused strategy, excellent customer knowledge, as well as an effective management system established with the help of consulting partners like IBM and PWC (PriceWaterhouseCooper). Looking into the future, however, Mr Ren has to face multiple challenges: (1) how to manage the successor problem? (2) how to manage a more diversified staff?; and (3) shall the company become more transparent so as to make an IPO (initial public offering)?

#### **SHARTEX INTERNATIONAL TRADING CO, LTD (A)**

**ECCH Reference No.** 305-354-1

**Author** Chen, George; Kleist, Michael

**Setting** 2005 International trading Shanghai, China 140 employees

**Topic** Export; China; Textile industry; Strategy; Value chain; Institutional environment

**Pub. Year** 2005

**Length** 11 page(s)

**Source** FIELD RESEARCH

**Abstract** This is the first of a two-case series (305-354-1 and 305-355-1). Shartex, formerly a branch of a state-owned export and import company, was transformed into a joint venture between the original shareholder and employees in 1999. China's accession into World Trade Organisation in 2001 threw export and import companies including Shartex into fierce market competition. Facing the significantly lowering entry barrier and the possibility for foreign buyers to bypass agents like Shartex to contact producers directly, Shartex will have to re-examine its business model and find new ways to create values. The case was prepared to illustrate how a company should adapt its strategy according to the changing environment.

#### **SHARTEX INTERNATIONAL TRADING CO, LTD (B)**

**ECCH Reference No.** 305-355-1

**Author** Chen, George; Liu, Shengjun; Kleist, Michael

**Setting** 2005 International trading Shanghai, China 140 employees

**Topic** Export; China; Textile industry; Strategy; Value chain; Institutional environment

**Pub. Year** 2005

**Length** 4 page(s)  
**Source** FIELD RESEARCH  
**Abstract** This is the second of a two-case series (305-354-1 and 305-355-1). Shartex, formerly a branch of a state-owned export and import company, was transformed into a joint venture between the original shareholder and employees in 1999. China's accession into the World Trade Organisation in 2001 threw export and import companies including Shartex into fierce market competition. Facing the significantly lowering entry barrier and the possibility for foreign buyers to bypass agents like Shartex to contact producers directly, Shartex will have to re-examine its business model and find new ways to create values. The case was prepared to illustrate how a company should adapt its strategy according to the changing environment.

#### **CHINA NATIONAL OFFSHORE OIL CORPORATION**

**ECCH Reference No.** 305-297-1  
**Author** Liu, Shengjun; Liu, Junshan  
**Setting** 2005 Oil Beijing, China 20,000 employees  
**Topic** China; Oil industry; Reform; Growth; History  
**Pub. Year** 2005  
**Length** 20 page(s)  
**Source** FIELD RESEARCH  
**Abstract** This case was prepared as background for a case series about China National Offshore Oil Corporation (CNOOC). Founded in 1982, CNOOC was one of the three oil companies in China, and enjoyed monopolistic rights in offshore oil and gas exploration and production. In its history, the company had made continuous reforms and re-organizations. In 2001, the company got listed in Hong Kong Stock Exchange and New York Stock Exchange. Compared to the other two oil companies in China, CNOOC was the smallest, but most efficient. The case also introduces the world oil industry.

#### **SAIC-CHERY AUTOMOBILE CORPORATION (A)**

**ECCH Reference No.** 305-245-1  
**Teaching Note** 305-245-8 (11 pages)  
**Author** Seung Ho Park, S; Chen, George  
**Setting** 2004 Automobile China 11 billion assets  
**Topic** Automobile manufacture; Market strategy; Government relations; Organization building; Intellectual property; China  
**Pub. Year** 2005  
**Length** 23 page(s)  
**Source** LIBRARY

**Abstract** This is the first of a three-case series (305-245-1 to 305-247-1). SAIC-Chery Automobile Corporation, with a history of only four years, had established itself as one of the most successful domestic brands in China's fast growing home car market. Chery's birth was under the strong influence of Anhui provincial and Wuhu municipal government. By involving SAIC, one of China's largest state-owned automotive group, as a 'nominal' but important shareholder, Chery obtained license from the Central Government to enter into the automobile manufacturing business booming in China. Thanks to a series of appropriate strategies, Chery's initial experiment seemed quite successful and brought Chery into the top list of China's car makers. However, challenges followed as Chery was celebrating its initial success. Problems like fiercer competition and less market opportunities, accusation of infringing intellectual property, internal cultural conflicts and political criticism to the chairman were raised and needed to be dealt with. Thus, how Chery could keep its competitive advantage in the market became a key issue for top management.

#### **SAIC-CHERY AUTOMOBILE CORPORATION (B)**

**ECCH** 305-246-1  
**Reference No.**  
**Author** Seung Ho Park, S; Chen, George  
**Setting** 2004 Automobile China 11 billion assets  
**Topic** Automobile manufacture; Market strategy; Government relations; Organization building; Intellectual property; China  
**Pub. Year** 2005  
**Length** 6 page(s)  
**Source** LIBRARY

**Abstract** This is the second of a three-case series (305-245-1 to 305-247-1). SAIC-Chery Automobile Corporation, with a history of only four years, had established itself as one of the most successful domestic brands in China's fast growing home car market. Chery's birth was under the strong influence of Anhui provincial and Wuhu municipal government. By involving SAIC, one of China's largest state-owned automotive group, as a 'nominal' but important shareholder, Chery obtained license from the Central Government to enter into the automobile manufacturing business booming in China. Thanks to a series of appropriate strategies, Chery's initial experiment seemed quite successful and brought Chery into the top list of China's car makers. However, challenges followed as Chery was celebrating its initial success. Problems like fiercer competition and less market opportunities, accusation of infringing intellectual property, internal cultural conflicts and political criticism to the chairman were raised and needed to be dealt with. Thus, how Chery could keep its competitive advantage in the market became a key issue for top management.

#### **SAIC-CHERY AUTOMOBILE CORPORATION (C)**

**ECCH** 305-247-1

**Reference No.**

**Author** Seung Ho Park, S; Chen, George  
**Setting** 2004 Automobile China 11 billion assets  
**Topic** Automobile manufacture; Market strategy; Government relations; Organization building; Intellectual property; China  
**Pub. Year** 2005  
**Length** 8 page(s)  
**Source** LIBRARY  
**Abstract** This is the third of a three-case series (305-245-1 to 305-247-1). SAIC-Chery Automobile Corporation, with a history of only four years, had established itself as one of the most successful domestic brands in China's fast growing home car market. Chery's birth was under the strong influence of Anhui provincial and Wuhu municipal government. By involving SAIC, one of China's largest state-owned automotive group, as a 'nominal' but important shareholder, Chery obtained license from the Central Government to enter into the automobile manufacturing business booming in China. Thanks to a series of appropriate strategies, Chery's initial experiment seemed quite successful and brought Chery into the top list of China's car makers. However, challenges followed as Chery was celebrating its initial success. Problems like fiercer competition and less market opportunities, accusation of infringing intellectual property, internal cultural conflicts and political criticism to the chairman were raised and needed to be dealt with. Thus, how Chery could keep its competitive advantage in the market became a key issue for top management.

**GOME HOME APPLIANCE CO., LTD.**

**ECCH Reference No.** 305-151-1  
**Author** Zhou, Dongshen; Lv, Kevin  
**Setting** 2003 Home appliance, retail China  
**Topic** Re-organization; Store chain; China; Home appliance retail industry  
**Pub. Year** 2005  
**Length** 26 page(s)  
**Source** LIBRARY  
**Abstract** This case described the evolution and growth of Gome Home Appliance and its recent restructuring in the context of the fierce competition in the home appliance retail industry. In just 15 years, Gome's founder Huang Guangyu had led the company to grow to the largest home appliance retail chain (HARC) in China in terms of sales. In spite of this impressive performance, however, the company had felt pressures coming from internal management and from external competition. To respond to these challenges and the changing environment of the industry, Gome started a major organization restructure in October 2002.

## THE MOBILE HANDSET INDUSTRY IN CHINA

<b>ECCH</b>	305-005-1
<b>Reference No.</b>	
<b>Teaching Note</b>	305-005-8 (6 pages)
<b>Author</b>	Seung Ho Park, S; Shu, Jinsi
<b>Setting</b>	China; Mobile handset; 2002-2003
<b>Topic</b>	China ; Strategy ; IT industry ; Mobile phone, handset ; Industry analysis ; Competitive strategy ; Telecommunications ; Mobile communications
<b>Pub. Year</b>	2005
<b>Length</b>	24 page(s)
<b>Source</b>	LIBRARY
<b>Abstract</b>	After growing at high speed for several years, China's handset industry arrived at a crossroad. The market was huge and still had great potential for expansion. However, the market was also becoming saturated, especially in coastal areas and large cities. With lots of new competitors swarming in and new capacities added, the arena was much more crowded and the competition more intensified than ever. At the same time, China's transition from second-generation (2G) towards third- generation (3G) added great uncertainties for the future. Who could benefit from the transition and who would suffer? How would market participants position themselves in this fast-changing context? This case is a comprehensive analysis of China's handset industry. It consists of descriptions of China's economic environment, entry barriers, foreign and domestic manufactures, buyers, supply chain, technology, government and operators, rivaling, future trend and brief introductions to the major players.

## NINGBO BIRD CO, LTD (A)

<b>ECCH</b>	305-004-1
<b>Reference No.</b>	
<b>Author</b>	Seung Ho Park, S ; Chen, Zhuo
<b>Setting</b>	Fenghua, Ningbo, Zhejiang province; Mobile communication equipment; Approximately 10,000 employees; 12 years
<b>Topic</b>	China ; Mobile phone industry ; Cellular phone industry ; Strategy ; Core competencies ; Competitive advantage ; Entrepreneurship
<b>Pub. Year</b>	2005
<b>Length</b>	30 page(s)
<b>Source</b>	FIELD
<b>Abstract</b>	Within only four years, Ningbo Bird Co, Ltd had turned from a new entrant into China's cellular phone industry, to the No 1 domestic producer. Bird Technology Group Co, Ltd, the second largest shareholder and the core founding team of Ningbo Bird, had also grown from zero to a large group with total assets amounting to RMB3.9 billion in 11 years. However, Mr. Xu Lihua, General Manager of Ningbo Bird and the major shareholder of Bird Technology, was not

feeling relaxed at all. He knew the competition in this industry was becoming more and more intense and industry expert estimated that more than half of the domestic firms would be pushed out of the market in less than two years. 'Based on our history, what made us so successful?' Mr. Xu began to type on his computer the outline of his speech. 'Do we have a clear and consistent strategy so far? What had been our core competencies? Will they continue to work in the future?' He thought it was time to consider the long-term business strategy of both Bird Technology and Ningbo Bird to find a clear direction that could lead to sustainable development of the company and his 'bird team'.

#### **AHUA: THE FRANCHISING DILEMMA**

<b>ECCH Reference No.</b>	303-184-1
<b>Author</b>	Fernandez, Juan A. ; Zhang, Yan
<b>Setting</b>	China; Mother-baby care service; Medium; 2002
<b>Topic</b>	Franchise ; China ; Organisation
<b>Pub. Year</b>	2003
<b>Length</b>	20 page(s)
<b>Source</b>	FIELD
<b>Abstract</b>	Mr. Chen Renhua, the owner and General Manager of Ahua, a leading mother-baby care company in China, was pondering about the future of his organization. Since its establishment in 1993, Ahua had grown to a company offering both products such as baby hair pins, pictures, albums, etc and services including pre-birth education for pregnant women, pre-school education as well as nursing service for babies. Having followed the franchising model since 1994, Ahua both enjoyed the quick expansion of its business all around China and suffered from the diminished management control. With the current management capacity, Mr. Chen had to consider the possibility of terminating or continuing with the franchising system.

#### **TSINGTAO BREWERY CO, LTD (A)**

<b>ECCH Reference No.</b>	303-183-1
<b>Teaching Note</b>	303-183-8 (5 pages)
<b>Author</b>	Liu, Shengjun
<b>Setting</b>	Tsingtao, Shandong, China; Beer; 20,000 employees; 1994-2002
<b>Topic</b>	Acquisition ; Post-acquisition integration ; Management turnover ; Hubris
<b>Pub. Year</b>	2003
<b>Length</b>	26 page(s)
<b>Source</b>	FIELD
<b>Abstract</b>	Tsingtao Brewery Co., Ltd., the most famous Chinese beer producer, was surpassed by Yanjing Beer in the mid-1990s due to its slow reaction to fierce

competition. In order to raise its market share, Tsingtao Brewery acquired 47 beer companies from 1994 to 2002. However, the quick expansion incurred many problems such as the shortage of capital and talents, cultural conflicts, brand conflicts, low profitability, etc. In July 2001, Jin Zhiguo was appointed general manager as successor to Peng Zuoyi who suddenly died of a heart attack. Facing the difficult and complex situation, Jin decided to switch the organizational focus from size to competitiveness and profitability.

#### **HI-TECH WEALTH: THE ROAD TO BUSINESS SUCCESS**

<b>ECCH Reference No.</b>	303-071-1
<b>Teaching Note</b>	303-071-8 (8 pages)
<b>Author</b>	Shu, Jinsi
<b>Setting</b>	China; IT; Medium; 1998-2002
<b>Topic</b>	PDA industry in China ; Start-up company ; Marketing hi-tech products
<b>Pub. Year</b>	2003
<b>Length</b>	20 page(s)
<b>Source</b>	LIBRARY
<b>Abstract</b>	In 1998, Dr Zhang Zhengyu established Beijing Hi-Tech Wealth Electronic Products Co Ltd. Thanks to his previous experiences in electronic product distribution and successful product design, Zhang made Hi-Tech Wealth a leading company in China's low-end PDA market. However, competition soon intensified as an avalanche of competitors flooded in and the profit margin was driven down substantially. Furthermore, in only several years, the low-end PDA market stepped into recession because of its congenital limitations. As to high-end PDA and smart phones that were more favored by consumers, Hi-Tech Wealth was fairly weak in technology, talent, brand and capital compared with other industry magnates.

#### **BEIJING WEIHAO ALUMINUM (GROUP) CO, LTD**

<b>ECCH Reference No.</b>	303-026-1
<b>Teaching Note</b>	303-026-8 (4 pages)
<b>Author</b>	Liu, Shengjun
<b>Setting</b>	Beijing, China; Aluminum; 486 employees; 2002
<b>Topic</b>	Diversification ; Private enterprise ; Delegation ; Types of entrepreneurs ; SOE syndrome ; Individual management ; Collective management
<b>Pub. Year</b>	2003
<b>Length</b>	11 page(s)
<b>Source</b>	FIELD
<b>Abstract</b>	Zhang resigned from a SOE (state-owned company) in 1992 and set up Nanchen

Aluminum Ltd in 1995. Through a combination of joint ventures and outsourcing, Nanchen Aluminum utilized external resources to expand its business. After a series of acquisitions, Zhang successfully established Beijing Weihao Aluminum Group, which had assets of 400 million yuan. At present, Weihao Group was planning to initiate two projects with a total investment of nearly 200 million yuan. Besides Weihao Group, Nanchen Aluminum also invested in three joint ventures: Tianhong Food Ltd, Tianhong Agriculture Ltd and Nanchen Information Technology Ltd. However, the rapid expansion imposes a great challenge on Zhang's management ability. Meanwhile, the so-called SOE syndrome appeared with the eclipse of enterprising stimulus, because most employees had been employed by SOEs before joining Weihao Group. This case was designed to illustrate the management challenges of fast growth and diversification, especially in a Chinese private enterprise context.

#### **FUQIMA WASHING MACHINE CORPORATION**

<b>ECCH Reference No.</b>	303-018-1
<b>Author</b>	Fernandez, Juan A.; Xu, Haihong
<b>Setting</b>	China; White goods, Home appliances; Medium; 2001
<b>Topic</b>	Change management ; Organisational design ; Marketing ; Leadership
<b>Pub. Year</b>	2003
<b>Length</b>	13 page(s)
<b>Source</b>	FIELD
<b>Abstract</b>	After years of good business and rapid expansion, Fuqima Washing Machine Corporation, (FWM), founded in 1987, began to face big challenges in 2000: fierce competition from both domestic and overseas companies, failure of its new product HDT-2000, heated internal conflict, etc. To make things worse, Mr. Wang, director of the sales department and senior vice president of FWM had to remain in hospital for three months which paralyzed important decisions for the normal running of the company. The case provides an opportunity to discuss the typical problems of Chinese companies in a growing competitive market environment and the necessary changes in management styles those organizations have to face if they want to continue with their development.

#### **JINGSHAN MACHINERY WORKS: STRUGGLING FOR EFFICIENCY AND FAIRNESS IN A STATE-OWNED ENTERPRISE IN CHINA**

<b>ECCH Reference No.</b>	IMD-3-0944
<b>Teaching Note</b>	IMD-3-0944-T (13 pages)
<b>Author</b>	Fischer, William A. (IMD); Enderle, Georges; Hu, Ellen
<b>Setting</b>	China; Metal working; 1999
<b>Topic</b>	Restructuring ; China ; State-owned enterprises (SOE)
<b>Pub. Year</b>	2000

**Length** 13 page(s)

**Source** GEN EXP

**Version Date** 25.08.03

**Abstract** One of the most pressing issues facing China today, particularly given the imminent accession of the People's Republic to the World Trade Organization (WTO), is the question of what to do with the state-owned enterprises (SOEs), who historically have not performed as economic actors, and who appear totally unprepared in the face of foreign competitors in the domestic Chinese market. This case looks at the dilemma of reform from the intensely personal view of a manager of an SOE. The JingShan Machinery Works is a prominent Chinese SOE, which needs to reform itself if it is to compete in the new, open, Chinese domestic market. This means, among other things: streamlining processes; reducing labor; redesigning the organization; and introducing accountability, transparency, and a service culture. Manager Wang Hongguo has spent his life at JingShan, but he knows that the requirements of instilling such competitive vitality in the enterprise will lead to great trauma within the social community that JingShan represents. The case focuses on the redesign of the Purchasing Department at JingShan, where Manager Wang needs to consider a variety of options, ranging from spinning the activity (and the people off), to redefining the authority and autonomy of the activity while remaining within JingShan. At the same time, there are a clear set of values held by prominent stakeholders that need to be balanced and traded-off against each other. In the background, invisible but still powerful, are the emotions of a manager who has spent his life in an organization playing by one set of rules, and who now finds himself, at the end of his career, having to make significantly disruptive decisions to address an entirely new set of rules. This case was previously numbered 300-110-1.

#### **THE CEPHALOSPORIN WARS IN CHINA: COMPETING IN THE CHINESE ANTIBIOTIC MARKET**

**ECCH Reference No.** IMD-3-0947

**Teaching Note** IMD-3-0947-T (36 pages)

**Author** Fischer, William A. (IMD); Hendersen, GE (IMD)

**Setting** China; Pharmaceutical; 1998-1999

**Topic** Pharmaceuticals ; Industry analysis ; China

**Pub. Year** 2000

**Length** 21 page(s)

**Source** LIBRARY

**Version Date** 14.07.03

**Abstract** After twenty years of economic reforms, the Chinese competitive terrain is in upheaval. New competitors, new markets, and new means of competition, are all conspiring to change the nature of doing business in

China, in a fundamental way. This case chronicles the experience of one industry segment - cephalosporins - over the past few years. Cephalosporins are a type of antibiotics that are now in their fourth generation of product development. They have been in China for more than twenty years, and are an example of intense competition among both foreign-invested, and Chinese pharmaceutical manufacturers. Almost all of the major international brand names are presently represented in the Chinese market, as well as a host of both successful and not-so successful domestic competitors. This case, based on interviews with many of these firms, as well as an abundance of market data collected from several sources, depicts the changing nature of competition in China today, and provides the reader with sufficient information to draw conclusions regarding market attractiveness and market-entry and competitiveness strategies. This case was previously numbered 300-109-1.

### **BUILDING MARKET CHAINS AT HAIER**

<b>ECCH Reference No.</b>	IMD-3-0939
<b>Teaching Note</b>	IMD-3-0939-T (7 pages)
<b>Author</b>	Fischer, William A. (IMD); Li, Yunlu; Ge, Jun
<b>Setting</b>	China; Household appliances; 1999-2000
<b>Topic</b>	Services ; Haier ; China
<b>Pub. Year</b>	2000
<b>Length</b>	9 page(s)
<b>Source</b>	FIELD
<b>Version Date</b>	25.08.03
<b>Abstract</b>	Haier is a Chinese manufacturer of consumer appliances that is redefining how we think about Chinese enterprises. Beginning its life only a few decades ago as a collective enterprise in Qingdao, and after flirting with bankruptcy in the mid-1980s, Haier has turned itself around in a way that suggests the competitive potential that lies untapped in the Chinese economy. Under the leadership of Mr. Zhang Ruimin and his management team, Haier has moved recently from technical and service innovation to managerial innovation. This case describes the most recent of these managerial initiatives: the construction of accountability chains from the market directly into the deepest corners of the enterprise. Market Chains are a means of spreading an entrepreneurial culture throughout an organization, even to those internal service parts that typically never see the customer or feel the market forces. If Zhang Ruimin is to turn Haier into an organization that is globally competitive, unleashing the entrepreneurial energies of Haier's workforce, and building accountability into an organization that has not emphasized this in the past, is a must. This case establishes the plans that Mr. Zhang has articulated regarding this managerial transformation,

and the teaching objective of the case is to explore the mechanisms of the proposal and to suggest a suitable implementation scheme. As Haier moves into a new world of global competition, the need to compete on the basis of knowledge, as well as product, is fast becoming a necessity. At the conclusion of the case, a Haier official speculates on what it will take to apply the market chain philosophy to knowledge flow? This question raises issues of managing knowledge that are applicable not only to Haier, but to all organizations who are ambitious in re-defining how competition will play- out in the 21st century. This case was previously numbered 300-108-1.

#### **KODAK IN CHINA (A)**

**ECCH Reference No.** 300-087-1

**Author** Vanhonacker, Wilifred R ; Chi Tat Ko, D ; Manlu, L ; Downing, M ; Wong Ngok Tung, A  
INSEAD/CEIBS, France-China

**Setting** China; Photofilm; Large; 1998-1999

**Topic** Entry strategy ; Mergers and acquisitions ; Cross-border mergers

**Pub. Year** 2000

**Length** 20 page(s)

**Source** FIELD

**Abstract** This is the first of a three-case series (300-087-1 to 300-089-1). This case describes Kodak's entry in the photofilm market in China. The teaching objective is to illustrate the strategic approach to entry in a developing country (China). This case contains color exhibits.

#### **KODAK IN CHINA (B): 'A BILLION FOR A BILLION'**

**ECCH Reference No.** 300-088-1

**Author** Vanhonacker, Wilifred R ; Chi Tat Ko, D ; Manlu, L ; Downing, M ; Wong Ngok Tung, A  
INSEAD/CEIBS, France-China

**Pub. Year** 2000

**Length** 14 page(s)

**Source** FIELD

**Abstract** This is the second of a three-case series (300-087-1 to 300-089-1). For abstract, setting and topics, please refer to the case 'Kodak in China (A)' (300-087-1). This case contains color exhibits.

#### **KODAK IN CHINA (C)**

**ECCH Reference No.** 300-089-1

**Author** Vanhonacker, Wilifred R ; Chi Tat Ko, D ; Manlu, L ; Downing, M ; Wong Ngok Tung, A  
INSEAD/CEIBS, France-China

**Pub. Year** 2000

**Length** 17 page(s)

**Source** FIELD

**Abstract** This is the third of a three-case series (300-087-1 to 300-089-1). For abstract, setting and topics, please refer to the case 'Kodak in China (A)' (300-087-1). This case contains color exhibits.

#### **THE SHANGHAI MUSEUM**

**ECCH Reference No.** 300-086-1

**Author** Vanhonacker, Wilifred R; Joy, Annamma ; Gotoh, Masaki ; Lin, Joann ; Ling, Walt ; Loui, Jeff  
INSEAD/CEIBS, France-China

**Setting** China; Museum; 1997-1998

**Topic** Not-for-profit management ; Marketing services ; Museum management

**Pub. Year** 2000

**Length** 21 page(s)

**Source** FIELD

**Abstract** This case describes challenges facing the Shanghai museum. The teaching objective is to illustrate the many facets of managing a world-class museum. This case contains color exhibits.

#### **WWW.SHANGHAI-ED.COM**

**ECCH Reference No.** 399-110-1

**Author** Vanhonacker, Wilifred R ; So, Sherman ; Hackler, David  
INSEAD/CEIBS, Fontainebleau-China

**Setting** China; Internet; 1998

**Topic** Internet marketing ; Entrepreneurship

**Pub. Year** 1999

**Length** 17 page(s)

**Source** FIELD

**Abstract** This case study focuses on internet services in Shanghai (PRC). The teaching objectives include entrepreneurship in a regulated market. This case contains color exhibits.

#### **STONE GROUP'S DIVERSIFICATION STRATEGY: 'CAUGHT BETWEEN A ROCK AND A HARD PLACE'**

**ECCH** 399-109-1

**Reference****No.**

**Author** Vanhonacker, Wilifred R ; Brunet, Pascale M  
INSEAD/CEIBS, Fontainebleau-China

**Setting** China; Technology; 1997-1998

**Topic** Business portfolio management ; Diversification

**Pub. Year** 1999

**Length** 26 page(s)

**Source** LIBRARY

**Abstract** This case study describes the development of Stone's business portfolio. The teaching objectives include diversification issues and concerns. This case contains color exhibits.

**SHANGHAI AUTOMOTIVE INDUSTRY CORPORATION (A)****ECCH**

**Reference No.** 399-107-1

**Author** Vanhonacker, Wilifred R ; Garde, Pierre  
INSEAD/CEIBS, Fontainebleau-China

**Setting** China; Automotive; 1998

**Topic** Portfolio management ; Business strategy

**Pub. Year** 1999

**Length** 19 page(s)

**Source** FIELD

**Abstract** This is the first of a two-case series (399-107-1 and 399-108-1). This case study deals with the development of China's most profitable passenger car manufacturer. The teaching objectives include strategy and business development in a highly regulated, emerging market. This case contains color exhibits.

**SHANGHAI AUTOMOTIVE INDUSTRY CORPORATION (B): SHANGHAI GENERAL MOTORS****ECCH**

**Reference No.** 399-108-1

**Author** Vanhonacker, Wilifred R ; Stram, Jennifer  
INSEAD/CEIBS, Fontainebleau-China

**Pub. Year** 1999

**Length** 8 page(s)

**Source** FIELD

**Abstract** This is the second of a two-case series (399-107-1 and 399-108-1). For abstract, setting and topics, please refer to the case 'Shanghai Automotive Industry Corporation (A)' (399-107-1).

**ROLAND BERGER (SHANGHAI) INTERNATIONAL MANAGEMENT CONSULTANTS LTD**

**ECCH Reference No.** 399-106-1

**Author** Vanhonacker, Wilifred R ; Fischer, Benjamin ; Newmann, Jan-Daniel ; Lau, Rose ; Ng, Ambrose  
INSEAD/CEIBS, Fontainebleau-China

**Setting** China; Consulting; 1997-1998

**Topic** Consulting ; Service marketing

**Pub. Year** 1999

**Length** 16 page(s)

**Source** FIELD

**Abstract** This case study looks at how to develop management consulting opportunities in China. The teaching objectives include selling a service in an emerging market.

**HANG CHEONG SURVEYORS LTD**

**ECCH Reference No.** 399-105-1

**Author** Vanhonacker, Wilifred R ; Biddle, Patricia ; Lehtinen, Marika  
INSEAD/CEIBS, Fontainebleau-China

**Setting** China; Real estate; 1997-1998

**Topic** Real estate development ; Emerging market management ; Entrepreneurship

**Pub. Year** 1999

**Length** 18 page(s)

**Source** FIELD

**Abstract** This case describes the entrepreneurial approach to real estate development in China. The teaching objectives include entrepreneurship in an emerging market. This case contains color exhibits.

**GUANGZHOU PEUGEOT AUTOMOBILE COMPANY LTD: PARTNERSHIP BREAKDOWN**

**ECCH Reference No.** 399-104-1

**Author** Vanhonacker, Wilifred R ; Williams, Sarah ; Brunet, Pascale  
INSEAD/CEIBS, Fontainebleau-China

**Setting** China; Car industry; 1997-1998

**Topic** Joint venture management ; Dissolving a joint venture

**Pub. Year** 1999

**Length** 22 page(s)

**Source** LIBRARY

**Abstract** This case deals with the evolution of the automotive industry in China and the role Peugeot played. The teaching objectives include how to manage a joint venture in a highly regulated, political, and emerging market.

#### **CRE BEVERAGE LTD: SOUTH AFRICAN BREWERIES STRATEGY IN CHINA**

**ECCH**  
**Reference No.** 399-103-1

**Author** Vanhonacker, Wilifred R ; Lee, Amy ; Kusamoto, Tomoko  
INSEAD/CEIBS, Fontainebleau-China

**Setting** China; Beer; 1997-1998

**Topic** Entry strategies ; Global & local branding

**Pub. Year** 1999

**Length** 25 page(s)

**Source** FIELD

**Abstract** This case describes SAB's entry into the competitive China beer market. The teaching objectives include local versus global branding in emerging markets. This case contains color exhibits.

#### **BEIJING WANGFUJING DEPT STORE (GROUP) CO LTD**

**ECCH**  
**Reference No.** 399-102-1

**Author** Vanhonacker, Wilifred R ; Brunet, Pascal M  
INSEAD/CEIBS, Fontainebleau-China

**Setting** China; Retailing; 1997-1998

**Topic** Retailing ; Branding ; Portfolio management

**Pub. Year** 1999

**Length** 18 page(s)

**Source** LIBRARY

**Abstract** This case looks at development opportunities for Wangfujing Department Store, one of China's best known retailers. The teaching objectives include the importance of strategic focus and issues in branding a retail store. This case contains color exhibits.

#### **BEIJING TEXTILE GROUP**

**ECCH**  
**Reference No.** 399-101-1

**Author** Vanhonacker, Wilifred R ; Zhang, Amy ; Weldon, Peter ; Samuels, Benjamin  
INSEAD/CEIBS, Fontainebleau-China

**Setting** Chain; Textiles; 1997-1998

**Topic** Mergers and acquisitions

**Pub. Year** 1999

**Length** 16 page(s)

**Source** FIELD  
**Abstract** This case describes the merger of three textile companies in China. The teaching objectives include managing M&A in an emerging market and the importance of the implementation process.

#### **CHINA EASTERN AIRLINES (A): BUILDING COMPETITIVE ADVANTAGE**

**ECCH Reference No.** 397-056-1  
**Author** Williamson, Peter J ; Chen, Hongmin  
**Setting** Shanghai, China; Civil aviation industry; 1 year  
**Topic** Emergence of China's civil aviation industry ; Developments since the late 1980s ; The air transport market in China ; The market position of CEA ; Future plans and challenges ; Major competitors ; Building competitive advantage  
**Pub. Year** 1997  
**Length** 28 page(s)  
**Source** FIELD  
**Abstract** This is the first of a two-case series (397-056-1 and 397-057-1). This case focuses on the issues facing a company in the highly competitive civil aviation industry in China. China Eastern Airlines' senior management made a number of strategic decisions in the early 1990s in order to build a base for further expansion and competitive advantage. This case discusses the specific change that took place in order to achieve their goals of 'Safety, Punctuality, Service and Profitability'. The case provides comprehensive market data as well as explicit China Eastern Airlines data.

#### **CHINA EASTERN AIRLINES (B): BUILDING AN INTERNATIONAL AIRLINE**

**ECCH Reference No.** 397-057-1  
**Author** Williamson, Peter J ; Clyde-Smith, D  
**Setting** Shanghai, China; Civil aviation industry; 1 year  
**Topic** History of the international aviation industry ; The competitive environment in the 1990s ; Relative size of different markets ; Building an international airline ; Competition for passengers in the international market ; International airline alliances ; Links between foreign airlines and China ; Potential lessons from a successful entrant  
**Pub. Year** 1997  
**Length** 19 page(s)  
**Source** FIELD  
**Abstract** This is the second of a two-case series (397-056-1 and 397-057-1). This case focuses on the issues facing China Eastern Airlines when building an international airline. With the aim of having 50% of all revenues coming from international routes, a challenging task had been set by CEA's Chairman. The

question facing management was what would be necessary to ensure China Eastern Airlines could win market share in the international aviation industry, and how to maintain a strong and profitable position in one of the most competitive businesses in the world. The case provides aggregate data on the international airline industry.