

# TheLINK

CEIBS Alumni Magazine Volume 2, 2015

## INSIDE CHINA'S TRAVEL INDUSTRY



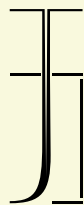
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There's something for everyone in this issue!

Our **Cover Story** takes you on a journey of China's travel industry through the eyes of alumni who're intent on getting their fair share of the rapidly growing sector. Oh yes, we also bring you your very own photos from your favourite travel spots.

What do today's Chinese women want? *ELLE* China's Chief Content Editor Xiao Xue (EMBA 2011) revealed the answer at the 2015 World Women Leadership Summit in Berlin this April. For our first **Feature**, we have excerpts from her keynote speech. Our second **Feature** is a piece by Professor William Reinfeld who looks at the way companies doing business in China have changed their focus over the years. The source of his insight: more than 300 projects submitted to CEIBS' Integrated China Strategy Projects over the last six years.

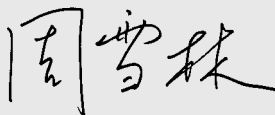
For **CEO Talk** we interviewed one of the first ever CEIBS EMBA students, Han Shenyao, and see how his life has changed since he enrolled in the then

fledgling programme in 1995.

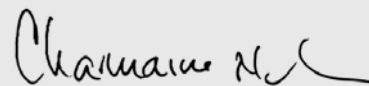
Then in **CEIBS Knowledge**, Visiting Professor of Economics Wang Jianmao faces off with the Economist Intelligence Unit's Global Economist Joseph Lake in a discussion on what's ahead for the Chinese economy.

And in the **Linking In** section we bring you the sweetest spot at CEIBS, the Mommy Room – where new moms can care for their kids in comfort and total privacy.

As usual, there's the round-up of alumni events and activities showcasing what our grads have been up to since our last issue as well as scenes from around campus and the wider CEIBS community. We're looking forward to sharing your stories in the months ahead. So be sure to give us your feedback at [alumnimagazine@ceibs.edu](mailto:alumnimagazine@ceibs.edu) and keep your suggestions coming about what you'd like to see on our pages!



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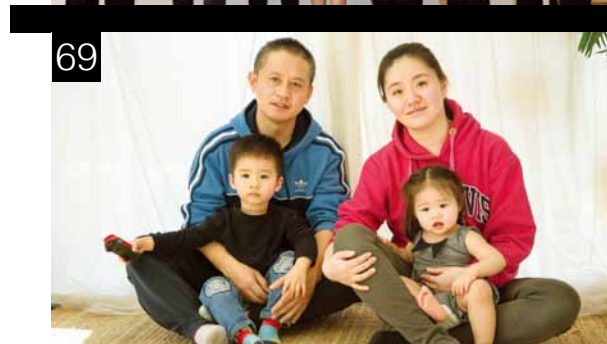
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President's **Letter**

李銘俊

Dr Li Mingjun  
President, CEIBS

Dear CEIBS alumni,

I'm honoured to join the CEIBS family!

Maybe due to my former jobs in the areas of diplomacy and foreign affairs, right after I assumed my new position at CEIBS, one of our alumni asked me about the school's globalisation efforts. The globalisation of education is changing the world, and its development will undoubtedly accelerate the entire economic globalisation process. "Globalisation" is also a gene which CEIBS has had since inception. Our initial goal was to build CEIBS into a business school where Chinese students can fully experience the best of overseas study without going abroad. Under the leadership of former presidents, the entire CEIBS community has been adhering to its motto of "Consciousness, Innovation, and Excellence", and has been working together to accomplish impressive results. You're all familiar with our story: CEIBS has become the leading business school in China and one of the world's prominent b-schools. CEIBS boasts a vibrant global alumni network, and counts business elites from all over the world among its graduates and students. CEIBS' longest running programmes are highly ranked globally and more recent additions are growing in recognition. CEIBS is not only keeping abreast with global trends in curriculum design and teaching methods, but has also launched joint programmes with top business schools including HBS, Wharton, IESE, and more. A leisurely walk along CEIBS Shanghai Campus will reveal the Oriental appeal, represented by white walls and black tiles, complemented by a contemporary Western spirit represented by our very own glass pyramid. This blend of East and West in and outside of our classrooms is a uniquely CEIBS trait.

I still remember, on the day I took office, leaders from Shanghai Municipal Government who attended the ceremony spoke of their expectations for CEIBS' future development. First, bearing the China Dream in mind, they urged us to attract the world's best faculty and build CEIBS into a truly world-class and respectable business school. Second, they urged us to expand our students' international vision as we contribute Chinese wisdom to the world. Third, continue to strengthen CEIBS' globalisation efforts and adopt an attitude of "being tolerant as the sea which rejects no river, and ready to embrace diversity" to reinforce our cooperation with excellent organisations at home and abroad to enhance exchanges between China and the world. They reminded us to dig deeply into Chinese cases, summarising Chinese experiences, refining Chinese characteristics, in order to contribute original managerial ideas of Chinese wisdom to the world's management education.

China has opened its doors and implemented a reform and opening up policy to accelerate economic development over the past 30 years. With the changes taking place in the global, political and economic spheres, economic communication and exchanges between China and the rest of the world increasingly take on the characteristics of being mutually beneficial. Even as they absorb international experiences and resources, more and more Chinese companies are "going out". "One Belt, One Road" has become China's national strategy. In his keynote speech during the opening ceremony of the Boao Forum for Asia, Chinese President Xi Jinping noted that the "One Belt, One Road" construction should be consistent with the principle of "mutual negotiation, joint development and sharing", so as to enable the countries along the "Silk Road Economic Belt" and the "21st Century Maritime Silk Road" to deepen cooperation with China and complement each other's advantages. The role CEIBS will play in the implementation of this "going out" strategy, and how CEIBS will provide intelligent support for the increasingly frequent exchanges of capital and technology between China and the international community is an issue in need of serious consideration. Together with our alumni, we will seek the answers.

Shortly after joining CEIBS, I became well aware of the strong ties between our alumni and their alma mater, as well as our alumni's confidence in CEIBS. Many of our alumni have benefitted from international perspectives and abundant career resources provided by CEIBS. The school has also been making great efforts to shape itself into two platforms. The first is a "platform of lifelong learning". Alumni can bring the gains from their professional careers to their alma mater anytime, and by tapping into CEIBS' high-quality academic resources they can engage in discussions with professors and classmates, so as to grasp a more comprehensive and deeper understanding of the market environment in the teaching and learning process. The second is the "platform to share alumni resources". Our alumni are our most precious treasure, and CEIBS' great value lies in the infinite possibilities to create increasingly mutual benefits.

For the past 20 years, CEIBS' growth has kept pace with China's rapid economic development. CEIBS' future globalisation cannot be separated from China's engagement in the economic globalisation process. On the cusp of our next 20 years, let us bear the ideal of "China Depth, Global Breadth" in mind and firmly stride forward towards excellence!

# Chinese Companies' Light Touch



**F**aculty from CEIBS Research Centre on Globalisation of Chinese Companies took their research findings on a European road show that culminated in a forum in London on April 24. The highlight of their presentation: the unique “light touch” integration model that Chinese companies have developed for their strategic investments and acquisitions abroad.

The Centre’s findings show that unlike western multinationals who often use a “heavy hand” integration approach, Chinese companies look

abroad with an eye towards gaining a competitive advantage in their home market. Since they’re looking to acquire intangibles they lack, such as management expertise, brand value, and technology, the “heavy hand” approach does not work for them. When they acquire or enter into a joint venture agreement with a foreign company, the Chinese tend to leave the existing management structure in place, and provide investment that creates jobs and increases production capacity in their host country. Their ultimate goal is to increase their

capacity and competitive edge in the Chinese market.

CEIBS presenters included Profs Ding Yuan, Chen Weiru and Wang Gao. Senior executives from European and Chinese companies that feature in two case studies prepared by the Centre also shared their experiences during discussions in the second half of the forum. Titled “Globalisation of Chinese Companies: Is Win-Win Possible?” the event was co-organised by CEIBS and the China-Britain Business Council.



# Changing of the Guard

## ~ CEIBS Appoints New Chinese President & New Dean

CEIBS has a new President and a new Dean. Dr Li Mingjun, former Consul at the Chinese Consulates to New York and San Francisco, was appointed Chinese President of CEIBS in March and Professor Ding Yuan was named Vice President & Dean, effective June 1.

Dr Li, who has a PhD in Engineering, previously served on Shanghai's Science and Technology Commission and the Shanghai Science and Technology Working Committee of the CPC. His most recent appointment before joining CEIBS was Director-General of the Shanghai Municipal Foreign Affairs Office and a concurrent role as Director-General of the Shanghai Municipal Hong Kong & Macao Affairs Office. Dr Li has a solid background in public management, especially in the fields of science and education. He was once Shanghai's lead foreign affairs officer and oversaw all its major external programmes on behalf of the municipal authority, amassing a wealth of experience in international exchange and cooperation.

President Li, who replaces Prof Zhu Xiaoming was also elected Chairman of the CEIBS Education Foundation during its most recent meetings in Shanghai and Beijing.

Prof Ding is currently Co-



Li Mingjun



Ding Yuan

Director of CEIBS' Centre for the Globalisation of Chinese Companies, Cathay Capital Chair Professor in Accounting and Associate Dean with responsibility for Faculty. Over the years he has played an instrumental role in promoting faculty recruitment and retention as well as in fostering faculty culture. He is also quite popular inside the classroom, receiving the CEIBS Teaching Excellence Award in 2005, 2007 and 2013, and the CEIBS Research Excellence Award in 2011. Before

joining CEIBS in 2004 Professor Ding, a French citizen, was a tenured faculty member of HEC School of Management in Paris, France.

Prof Ding replaces Hellmut Schutte and as of June 1, the CEIBS Management Committee will consist of: Chinese President Li Mingjun, European President Pedro Nueno, Vice President and Dean Ding Yuan, Vice President and Co-Dean Zhang Weijiong, Associate Dean Professor Xu Dingo and Assistant President Dr Snow Zhou.



## Prof. Wu Jinglian & Zhu Xiaoming Give Back

In recognition of the great contributions made by the school's faculty, Baosteel Chair Professor of Economics Wu Jinglian and Zhongtian Chair in Management Professor Zhu Xiaoming will each endow a chair professorship at CEIBS.

### Prof Pedro Nueno Honoured by Spain

CEIBS President and Chengwei Ventures Chair Professor of Entrepreneurship Pedro Nueno has been awarded the prestigious Order of Isabella the Catholic. The honour, bestowed on behalf of the King of Spain, Felipe VI, recognises Prof Nueno's contributions in developing management education institutions in Spain and other European countries, Latin America and, most importantly, China. At a brief ceremony on April 16 at the Embassy of Spain in Beijing, Ambassador Manuel Valencia Alonso relayed a message from King Felipe VI, who lauded Prof Nueno's relentless promotion of cooperation between China and Spain in the fields of education and business over the last 30 years.

### Ronnie Chan's Economic Expectations

In the first CEIBS Master Class of 2015, Hong Kong real estate mogul Ronnie Chan outlined 20 key points about what he expects of the Chinese economy in the next two decades, covering everything from the further opening up of the country's capital accounts to China becoming an exporter of private capital. "Ten years ago China's SOEs went abroad for resources; in the past five years private capital has been going global. This will be an irreversible trend," Chan said. He also predicted rapid growth in

technology and services; more countries using the RMB as a reserve currency; Chinese banks taking more positions globally, often by simply buying existing brands; and the increasing importance of Hong Kong's financial markets as it meets the needs of the mainland.



Iconic view from  
Mr & Mrs Bund

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# What **Today's** Chinese Women Want



Chief Content Officer of the Chinese version of *ELLE* magazine Xiao Xue (EMBA 2011) was one of the speakers at the 2015 World Women Leadership Summit held in Berlin from April 21 to 22. She spoke about how Chinese women have evolved, over the decades, and what they want today. Here are edited excerpts.

“It’s my great pleasure to be standing here at this summit of Global Female Leaders 2015 in Berlin, sharing with you the needs and current state of life of Modern Chinese urban women. My professional background has always been magazine editing, and prior to becoming an editor I worked in the movie and TV industries. So I prefer expressing myself with words, pictures and images. My speech may not be intellectually serious, but I think it has a sweet and soft touch of sensibility, and I hope it will eventually give you some insight into what today’s Chinese women are looking for.

## **ELLE CHINA: GROWING WITH CHINESE WOMEN**

When *Elle*, the first international women’s title for the China market, launched in 1988, trust me, it was like a new era had dawned in China. P&G led the first wave of western foreign brands





1. Xiao Xue with panel members Cindy Lee and Baria Alamuddin after the summit.
2. Chief Content Officer of *ELLE* China Xiao Xue during her speech on behalf of Chinese women at Global Female Leader Summit 2015.
3. In 2006, Xiao Xue with the inaugural issue *ELLE* China.

that invested their ad spend in *ELLE*. Three years later – that was in the early 90s – Louis Vuitton, Armani, Gucci, Dior began opening stores and mega stores in China. The gold rush in China had started. All the top brands also start placing advertisements in *ELLE* China.

Before year 2000, *ELLE* China re-used pictures of western, foreign celebrities and models on its cover. We “picked up” covers from the US, France and Italy editions because Chinese readers back then thought that western faces were most stylish, fashionable and classy. In April 2004, entered Chinese superstar Ziyi Zhang – the first Chinese face on an *ELLE* China cover.

## THE EVOLUTION OF CHINESE WOMEN

For Chinese women, what has changed since 1988? Let’s look at the Synonate and Bain & Company’s reports on Chinese women.

### Change in lifestyle

#### The need for pleasure and excitement

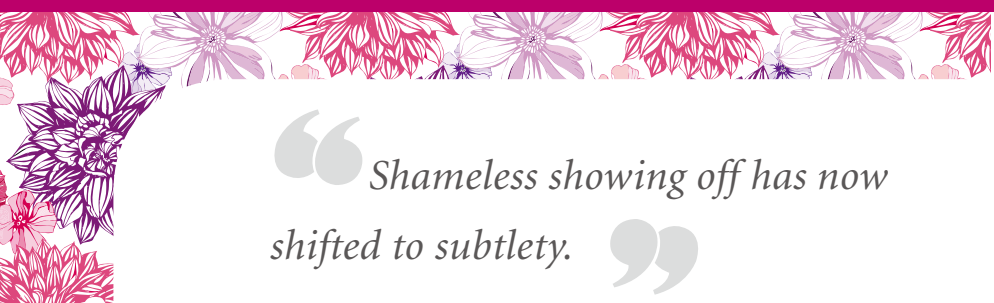
For our *ELLE* readers’ survey, we asked them to submit a photo that best depicts their state of life. What we can gather from the information provided is: Chinese women will spend for indulgence and pleasure; they are willing to splurge and this is so unlike generations past which were big on saving. You can say that, for now, Chinese girls just want to have some fun; they are looking for the good life!

#### Yearning for middle class good life, keeping up with the Joneses and the symbols of middle class success.

They like sophisticated family vacations; leisure driving in and outside of the city; horseback riding; golfing, flower arranging, scuba diving and other hobby classes; sending young kids abroad for study. Consumers are now willing to spend on experiential luxury.

#### Relationships

China has been peddling the notion of “shenny” – leftover women



“Shameless showing off has now shifted to subtlety.”

– which puts a lot of social pressure on late twenties or older Chinese single women. For those that are married, dealing with extra-marital affairs has since become an important topic. A great many married women feel the pressure of their husbands’ extra-marital affairs, which are more likely when the men become successful entrepreneurs and bosses of huge public listed companies.

#### **Independent women and girl power**

The main topics of the last two issues of this year’s *ELLE* China are pretty catchy and interesting. One topic is: a woman’s got to have a sense of her own self, as well as a husband and kids. This is also the headline of my editor’s note which I address to all career women. It’s not only an editor’s voice for the magazine, it’s the voice of all Chinese career women. The other topic is Women: Single, happy and loving it. I dedicated this issue to all the “leftover women” of urban China. From these two topics, we can see and understand the heart and emotional journey of today’s Chinese women.

#### **Change in consumption**

How does the consumption of luxury goods change the life of Chinese women? In short, shameless showing off has now shifted to subtlety. For the past few years, top “logomania” brands like LV and Gucci have met with new challenges in China due

to the change in economic environment and the shift in female consumer’s buying behaviour. In 2013, LV re-launched their classic retro Alma Bag, tapping Chinese actress *cum* fashion icon Bingbing Fan as its spokesperson. This Alma Bag isn’t made of monogrammed leather nor is there any eye popping logo, BUT it has “rescued” LV in China. Bain & Company’s 2014 survey reports have confirmed that women are now focused on individualistic consumption. Forty-four percent of consumers are willing to try out “not so common” luxury brands like Balenciaga and Michael Kors.

In addition to being the first ever LV Chinese spokesperson Bingbing Fan is also a regular face on *ELLE* China covers. How have Chinese readers’ preference of their magazines’ cover stars changed over time? From 2009 till 2014, of the 108 issues of *ELLE* China, we have featured a total of 89 Chinese celebrities and 45 foreign stars on our covers. From the readers’ survey and newsstand sales figures, we reckon that Chinese faces “sell” better than foreign faces.

Besides the shift from western to Asian faces, has the perception of a cover girl changed too? Who do you want to see on *ELLE* China’s cover? This is the million-dollar question that has consistently

appeared on all our readers’ survey. And I have talked to a social psychologist who told me that, in answering this question, a reader has subconsciously revealed which type of woman she secretly wants to be.

In 2008, *ELLE* China’s 20th anniversary, we carried out a survey on choice of cover stars. Our readers, the Chinese women, clearly wanted to be that successful and alluring woman who they love to see on our covers. Incidentally their top three choices were all Chinese actresses: Maggie Cheung, Ziyi Zhang and Shuqi. These three Chinese stars share the similarities of being beautiful, sexy, single and highly successful.

When we did our latest cover stars survey in 2014, those three female stars were still immensely popular, but they were not on the top 5 list of readers’ choice. This time around, our readers have chosen Sun Li, Yang Lan, Gao Yuan Yuan and Brigitte Lin as their top 3. Two out of three of these female stars are married women with kids and the last one recently got married. These women shared the similarities of being successful, married and happily raising their kids.

Therefore, it can be seen that after 20 years of robust economic growth, Chinese women have achieved career success, and now they long for a well-rounded life, a stable and happy family.

## **BIG DATA ON FASHION TREND**

A few months ago, *ELLE* China cooperated with China’s biggest search engine Baidu

# ELLE 2015 THE DESIRE OF CHINESE WOMEN

## ELLE Editorial Workshop



in releasing a report on “Chinese Female Fashion and Lifestyle Orientation”. Through Baidu’s big data analytics, we gathered a lot of interesting findings. At the end of the press conference, Baidu and *ELLE* posted a common question: What, exactly, do Chinese women need?

This question is particularly focused on the main consumer group, those born after 1985. In 2015, the post 85 generation is now 30 years old. For the Chinese, 30 is a very important age. In fact there’s a Chinese saying, “sanshi erli”, which means “at thirty, plant your feet firmly on the ground”.

The *ELLE* editorial team recently carried out a survey among the post 85 generation, from an abstract yet emotional point of view. The survey began with the definition of “elegance”, which is the core value of the

*ELLE* brand. In the mind-set of all Chinese females of the post 1970s generation, they perceive elegance as demure, dignified, and decent, best exemplified by Song Qingling, the mother of our nation.

The survey told us a lot about our post 85 generation and their very own, fresh and new definition of elegance. A peek into the mind of China’s younger generation shows that there are seven traits that they think define elegance: sexy instead of hot; independent but never lonely; humorous and sometimes sassy; courageous, even crazy; friendly, dare to be nice; freshness that goes beyond age; living in the moment, enjoying the present.

Now let’s come back to the question: what do Chinese females need exactly, and what do they need most? Honestly, I don’t think there’s a one-line answer.

Last year, I established my public account on China’s WeChat platform, posting some of my own as well as *ELLE* China’s selected articles, while reviewing the feedback of my fellow readers. One of the articles that gained a great number of likes and has been widely reposted could probably answer the question. The title of that immensely popular article is: I want to define my own freedom. The closing lines of the article are:

**I want to look pretty. I want to make money.**

**I want to have a loving husband and lovely kids.**

**I yearn for boundless inspiration and to make my own decision.**

**I can be both soft and tough as hell.**

**I can be the boss and a sweetheart as well.**

**I don’t want to be defined by others. I want to define my own freedom.**

# Changing Trends Among Firms Doing Business in China

■ By Professor William Reinfeld



**WILLIAM REINFELD** is a Visiting Professor at CEIBS. He also teaches at Boston College. Prior to retiring and focusing on teaching, he was a management consultant working for Arthur D Little and Accenture for 35 years. Much of his consulting career was spent in Asia, advising companies and governments on strategic matters concerning market entry, economic development and alliances. He earned a PhD from Yale University and a BS degree from Carnegie Mellon University.

The more than 300 student projects submitted to CEIBS by firms in China, over the past six years, offer clues on everything from the increasing importance of the high-end of the service sector, to heavier reliance on the Internet and big data, as well as strong interest in almost anything healthcare related.

**R**apid and steady growth has become an expected feature of China's economy over the past several decades. However, we are now suddenly seeing a phenomenon of dramatic changes in the focus and business models of companies in China. Over the last few years, greater strategic priority is being placed on anticipating the demands of the rapidly growing and sharply changing domestic market (especially the younger and more affluent generation). Industries with established and well-defined products (e.g. automobiles) are rethinking the definitions of what business they are really in. New businesses (e.g. on-line shopping malls) and new concepts (e.g. digital marketing), unimaginable a few years ago, are emerging and

replacing old ones. Traditional business models for going to market are being re-designed and replaced with new concepts (e.g. big data and cloud computing) that many of their advocates don't yet fully understand themselves.

This dynamic business environment is as challenging as it is exciting (and promising). Since many of China's businesses are relatively new and without major investments in fixed infrastructure, there are opportunities for them to "leap frog" stages in the natural evolution of businesses and go directly to a leadership role in new products, new markets and new business models. Many companies appear to be addressing these opportunities and challenges, in China.





Having been involved in the creation and development of a major programme at CEIBS that enlists MBA students to address current challenges of major businesses in China, I have had the opportunity to observe how the concerns of businesses have evolved over the six years since the programme was launched. Indeed, the trends previously alluded to are clearly reflected in the changing focus of companies. We can see from the projects we received over the past six years that, while still present, concerns such as where to locate plants, how to modify the supply chain, how to reduce dependence on export markets are being outnumbered by questions such as how to use the Internet more effectively, how industries will transform and how people will shop in the future.

### CEIBS INTEGRATED CHINA STRATEGY PROJECTS (ICSP)

Over the past six years CEIBS has been conducting a programme (5-credit course) in which all MBA students are required to participate during the second half of their first year. Initially called Integrated Strategy Projects, the programme is now called Integrated China Strategy Projects (ICSP). The ICSP requires teams of students to undertake real projects, provided by companies doing business in China – mostly major MNCs, who are also corporate sponsors of CEIBS. The companies are asked to provide projects that address opportunities, issues or problems with which they are presently concerned. The students are expected to

do research, analyse the information they collect and provide recommendations and strategy for their “client”. They are given about 10 weeks to complete the projects. The class is divided into teams of 5 students; each team gets a unique project. Thus, depending on the size of the class, we have conducted between 33 and 40 projects each year since launching the programme in 2010. Since we normally receive more projects than we can use, we have in fact collected over 300 projects during these six years.

It has been our experience that companies really do see this as an opportunity to draw on the talents of bright, young MBA students and a chance to get “fresh, intelligent, and additional” perspectives on a situation that they are currently addressing. The projects are not merely

“Interest in private healthcare services has grown.”



data collection exercises or “make work” assignments. It is also quite significant that each year we are receiving more projects from unsolicited companies, including smaller Chinese companies. This is not only an endorsement of the programme’s success, but also an indication that companies in China are feeling more comfortable with going outside for analysis of important trends and recommendations for their strategy.

In examining various aspects of the projects we received since 2010 we can gain some insights into how the focus and concerns of companies in China have changed during this period. While this is not meant to be a scientifically significant exercise, it does provide a noteworthy endorsement of what we sense are important shifts in the directions China’s

businesses are taking.

Tables 1 and 2 summarise the projects by year, according to the sectors of the companies that gave us projects and the principal focus of the projects.

## SOME NOTEWORTHY TRENDS

### 1. Sector/industry

On the assumption that the companies who voluntarily submit strategy projects to us are in sectors/industries where strategic changes are of greater concern, we can note, from examining Table 1, the following trends occurring since 2010:

The service and retail sectors are steadily replacing the industrial sector as China’s dynamic growth sectors, in which strategic changes appear most significant.

- Overall, the projects we received from the industrial sector declined steadily from 78% of the total, five years ago, to only 45% this year. Meanwhile, the service sector now contributes 40% of the projects (up from 20%) and the retail sector has jumped to contributing 15% of the projects, up from only 2% in 2010.

Within the industrial sector, significant shifts are indicating moves to higher value-added industries where China can find advantages among global competitors.

- We have seen sharp declines in the number of projects received from the heavy industry/materials/

construction group. In 2010, we received 14 projects from this group; this year we received none.

- The chemicals industry now provides us with the most projects, followed by pharmaceuticals and medical devices. These industries are generally higher value-added industries and are quickly advancing with new products and new markets, both domestically and with their exports, as they seek to introduce higher quality and more technically advanced products.

While the service sector is growing rapidly in its importance to the economy, shifts within this sector indicate trends toward more higher-valued services.

- The group of hospitality/entertainment/F&B services, which only provided one project in 2010, is providing the most projects in this sector. These are generally focused on capturing a larger share of the rapidly growing and increasingly more sophisticated and affluent market of younger people, whose propensity to spend money on these services is increasing.
- Interest in private healthcare services has grown from practically none to one of significance. This year we received four projects focused explicitly on opportunities in providing such services. We also received a couple more projects that we classified as hospitality/entertainment, but which concerned themes focusing on health and “wellness”.

## TABLE 1 SECTORS OF COMPANIES PROVIDING PROJECTS

(Number of Projects)

SECTOR	2010	2011	2012	2013	2014	2015
<b>INDUSTRIAL</b>						
Heavy Industry/ Materials/ Construction	14	8	5	4	4	-
Automotive	2	2	2	2	3	4
Chemicals	7	7	10	12	11	10
Pharma/Healthcare/ Medical devices	3	5	5	7	6	6
F&B	4	2	4	5	5	3
Control systems/ Instruments	4	4	3	4	3	1
Infrastructure	1	2	2	6	3	1
<b>SERVICES</b>						
Financial	4	4	8	4	4	4
Healthcare	-	1	-	-	-	4
Hospitality/ Entertainment/ F&B	1	3	1	1	4	6
Consulting/ Media/ Education	3	2	4	1	1	3
Transportation/logistics	1	3	1	2	2	1
e-commerce/IT	-	-	2	2	3	4
<b>RETAIL</b>						
	1	2	3	5	6	8
<b>TOTAL NUMBER OF COMPANIES</b>						
	45	45	50	55	55	55
<b>INDUSTRIAL</b>						
	35 (78%)	30 (67%)	31 (62%)	40 (72%)	35 (64%)	25 (45%)
<b>SERVICES</b>						
	9 (20%)	13 (29%)	16 (32%)	10 (18%)	14 (25%)	22 (40%)
<b>RETAIL</b>						
	1 (2%)	2 (4%)	3 (6%)	5 (10%)	6 (11%)	8 (15%)
<b>TOTAL NUMBER OF COMPANIES</b>						
	45	45	50	55	55	55





E-commerce/IT services are growing quickly as businesses seek outside expertise in this dynamic and rapidly evolving industry.

- Companies in the business of providing Internet and information technology services (other than consulting services), such as web-based platforms and Internet channels that allow businesses to practice e-commerce, are emerging and growing rapidly. This group of services hardly existed a few years ago; now they include major companies as well as small start-ups.

The retail sector is going through dramatic shifts as both its importance as well as its business models have experienced dramatic changes.

- Projects from retailers jumped to 15% of the total, up from 2% in 2010. As our discussion (below) of the projects' focus will show, this reflects the trend that businesses are actively looking for new opportunities in and new approaches to this important sector in China.

## 2. Strategic focus

When looking at the focus of the projects we received over this period, we can get an indication of important strategic issues with which companies have been concerned. Here we can see even more significant trends over the 2010-2015 period. Table 2 summarises how the primary focus of the projects broke down each year. We have grouped these topics into eight subjects. While many of the

projects focused on multiple subjects, they all had one that was the primary focus. The following are some of the more interesting and significant trends we can see from these projects:

Broadly defined strategic concerns have remained heavily focused on addressing market issues – general market strategy, new product launch, new market entry and exploring for new opportunities.

- Projects focusing primarily on market-related strategy interests of businesses (Groups 1, 2, 3, 4 in Table 2) constituted 63% of the total in 2015 as well as in 2010. However, within this cluster it is noteworthy that the number of market-related projects focused on exploring for new opportunities declined from 18%, in 2010, to 10%, in 2015. While the latter is still a significant percentage, it does suggest that many companies may already have a good idea of what their markets are seeking and do not need as much “blue-sky” exploration as they did six years ago. The second noteworthy shift within this cluster is the increase in projects focused on new entry into China (3), which grew to 14%, up from 3% in 2010. This suggests that MNCs may be feeling more comfortable exploring new China-entry opportunities now, than they were six years ago.
- Projects focused on issues concerning operations (sourcing, SCM, location, sustainability, energy, etc.) declined in number to only 4% in 2015, from 19% in 2010. Equally significant is

the trend in e-commerce/Internet/big data projects, which grew to 22% in 2015, from only 3% in 2010. More on these two trends will be discussed below.

Dramatic shifts have occurred within the broadly-defined strategic concerns of companies, as reflected by the issues being explored and the options being considered.

- Projects focusing on e-commerce/Internet/big data (8) not only increased sharply in number, but also demonstrated significant changes in the nature of the issues explored. During the first few years, the projects in this group addressed basic questions, such as whether e-commerce could play a role in a company's business. Now, within a few years e-commerce is the hottest topic among the projects we receive. Over 50% of all projects we received this year include reference to this topic and ask for it to be addressed in the investigation– if not as part of the primary objective, then at least as part of the analysis and recommendations. For example, the six projects we classified as organisation (6) all asked for recommendations on how the Internet or big data could be used to achieve the objectives being addressed in the projects.
- Also interesting to note is how the nature of projects in exploring for new opportunities (4) has changed. Earlier focus was largely on exploring applications of Li batteries, solar



## TABLE 2

### PRIMARY FOCUS OF PROJECTS

(Percent of Total Projects Received)

PRIMARY FOCUS	2010	2011	2012	2013	2014	2015
1. General Market Strategy (Channels, branding, pricing, etc.)	24	26	27	23	16	16
2. New Product Launch (Strategy, business model, etc.)	18	18	22	17	21	23
3. New Market Entry (into China)	3	8	11	11	13	14
4. Exploring for New Opportunities	18	10	9	12	12	10
5. Operations (Sourcing, SCM, location, sustainability, energy)	19	20	14	11	7	4
6. Organisation (Design, HR, Communications)	12	9	4	7	6	6
7. Regulation Impact	3	5	3	2	4	5
8. e-commerce/ Internet/ Big data	3	4	10	17	21	22
	100	100	100	100	100	100

energy and LED technology, whereas now it is on linking the automobile with the Internet, intelligent homes and virtual shops.

- Projects focusing on operations (5) not only declined in number, but the nature of the studies also changed dramatically. During the first years of our programme these projects asked for analyses and recommendations concerning issues such as: location of warehouses, convenience stores and gateways; supply chain management; and sourcing strategies. More recent concerns have focused on: sustainability; automation; and B2B solutions. In fact, the projects addressing sourcing/logistics issues declined from 16% in 2010 to 2% this year. This is not to say that

logistics and sourcing have become less important, but it possibly reflects a growing familiarity and understanding of the problems and solutions in these areas.

- Organisation projects (6) have also been on the decline as well as seeing a change in focus. Issues used to include concerns over recruitment strategy, restructuring, internal branding and account management. Recently, the concerns focus on greater innovation; acquisition of suppliers; restructuring; and Internet recruiting.
- Investigation of public policy implications (7) has consistently comprised around 5% of the projects. However, the nature of policies and regulations of concern have

changed. The earlier projects in this group asked for the implications of public policies concerned with the environment, SOE reforms and industrial development. The more recent projects in this group concern policies that appear to favour Chinese companies, healthcare reform and aligning with Government's priorities.

In conclusion, the trends reflected in the projects we received in our ICSP programme, over the past six years, appear consistent with many of the trends seen in China's overall economy. They provide us with additional insights into this highly dynamic environment and also allow us to focus our research and teaching on issues determined by the "real world" rather than on curriculum developed within the institution.

<sup>i</sup>We wish to emphasise that the observations presented here, from our data, are not statistically supported. Furthermore, some of the trends in our limited sample may not be consistent with the macro trends, due to the fact that there was no sample design. We received these projects from a limited sample of businesses that volunteered projects. For instance, we have received only a limited number of projects from the Financial Services industries and the IT Industries, both of which are highly significant industries in China's economy and we do not want to read too much into this.

# Han Shenyao: Transformed by the CEIBS EMBA

■ By Lei Na



**H**an Shenyao has done a lot since his days of being among the first ever batch of students in CEIBS' just-launched EMBA programme in 1995. First he left his job in the offices of the Shanghai Municipal government after his EMBA and joined CEIBS as Director of the Management Committee office. Two years later, he entered the business world by becoming Vice President of Huateng Software. He later became the company's CEO and President. "I had worked in government, and I knew it was the maker of rules. But for me, rather than making rules, it's better to play well under the rules," explains Han. This insight into his personality has served him well professionally over the years.

In 2000, with Han at the helm, Huateng developed China's largest transportation card management system in Shanghai. "We later decided to promote the technology and application, resulting in the adoption of our system in more than 30 cities including Nanjing and Beijing," he says.

Then in 2013, after 14 years at Huateng Software, Han started his own business. He integrated Huateng Data and Huateng Smart to launch PNRTech, again partnering with former Huateng colleague and president of ChinaPNR Zhou Ye (EMBA 2000), who became a strategic investor in PNRTech. "For entrepreneurs, these are the best of times, and these are also the worst of times. You have to make a lot of changes, including changing methods that used to work

in the past,” says Han. This is why every couple of years he would be back at CEIBS for a refresher course. He would take short-term training courses as well as attend lectures and events organised by the school’s alumni office where there were numerous opportunities to learn from other CEIBS grads. He also sent members of his management team to CEIBS for further studies. He blended lessons learned in the classroom into his daily routine, turning CEIBS into a vigorous “fountain of learning” for himself and many of his employees. Han’s 20 years of continual learning has given him a noticeable air of rigour and self-confidence. In his story we see the influence of the CEIBS spirit and the fruits of China’s management education.

Read on for more of Han’s story in this exclusive interview with *TheLINK*.

***TheLINK*: You define PNRTech as a new Internet finance venture; what exactly does this mean?**

PNRTech is currently a provider of professional background accounts management. We hope to be a leading provider on the domestic market. We have two main business lines: one is technological management service. Clients do not need to buy the system or set up tech support departments; they just leave it to us to provide the fastidious, highly technological business of accounts management. Simply put, we are asked to manage our clients’ accounts. Our other product line is value added service: we help clients increase the value of their assets and resources. What this means is that we embed our tech in their business, which is a relatively difficult move, but we are working in this direction and

have already had many successful cases of value-added services.

This month we are going to complete our second round of financing, and investors see a bright future for our company. On the whole, PNRTech is very promising. With all the passion that fuels our entrepreneurial venture and steady innovation, our team will work towards using our platform service to add value to society.

***TheLINK*: One of your successes so far appears to be your collaboration with Guatemala. Tell us a bit about that.**

We exported buses equipped with card-swiping systems to Guatemala. At the end of every day’s bus service, the card-swiping information for that day will be transmitted back to



“*Mates with one heart*” is a calligraphic work that hangs in Han’s office. Han says this fits his entrepreneurial mind-set. “It reminds me, from time to time, that you must be brave and forge ahead, and an entrepreneurial team must work closely together and toward one common goal,” he says.



Shanghai and settled on our accounts management platform. Guatemala told us they were not lacking in money, but in talent and technology in this area. We have experience in this field, so we can provide a whole package of solutions for them. Overall, we're not focusing on the development of the overseas market right now; but if there is need, we are ready to provide our products and services overseas. Right now our value is in making the lives of local Chinese more convenient.

***TheLINK: With the development of mobile Internet, many payments are made on our smartphones, do you think there will ever be a day when***

***there's no need for bank accounts?***

I personally think the mobile phone is just a terminal. Now you probably have many cards on hand, like bank cards, transportation card, discount cards, each having its uses. In the future you may just need to take a mobile phone along, with a lot of virtual cards in it. Although the terminal is operating this way, in the background there are still lots of accounts backing the whole system. If you buy tickets on the phone, you are connecting to bank accounts in the background; if you use your transportation card to enter the metro station, you are connecting to your transportation card account. You're using your WeChat or Alipay accounts

when you give out red envelopes. No matter how convenient the terminal operation may feel, there must be tons of accounts in the background, and this is all "in the Cloud".

Background accounts management systems, my area of focus, began with bank accounts: people put their money into banks, withdraw or spend from these accounts and banks will take care of the account management. Background accounts management is something like that. When I first joined Huateng, I was responsible for the non-financial-institution pre-paid card accounts management platform, one of whose most classic applications



is the public transportation card system. Behind this card there is a vast accounts system, which is closely linked to the particular interests of people in every corner of the society. In 2000, we developed China's largest transportation card management system in Shanghai, and later decided to promote the technology and application, resulting in the adoption of our system in more than 30 cities including Nanjing and Beijing.

We also did the ticketing system for the 2010 Shanghai World Expo. This system is particularly interesting because it's essentially similar to the transportation card system, but it can be linked to the reservation system for restaurants and travel agencies. And this is very helpful data to have when forecasting the size of the crowds visiting the Expo. At the time, our competitor was a foreign company, which claimed to have developed over 90% of the world's ticketing systems. Yet ultimately we won the

bid, and successfully completed our task. After the World Expo, we were among those praised by the World Expo Bureau.

***TheLINK: Is the data processing work you did at Huateng the same as the now-popular Big Data?***

Yes, a bit. But our work was basically B2B, business to business, not B2C, so we did not have high requirements for customers. Today, when we talk about "Big Data", we are trying to analyse the purchasing behaviour, experience in consumption and some cross-boundary actions in the background when we serve customers directly. For example you can link the sales of milk with those of diapers, or even beer. Men who stay at home caring for children may like to have a beer, so on store shelves you can put beer beside the diapers. This is cross-boundary thinking from the customers' perspective, which is a bit similar to our work – except we don't take it that far.

***TheLINK: You've achieved success in your field, as seen by your election as VP of Shanghai Software Industry Association. Drawing on your years of experience, what qualities do you think are the most important for a good CEO?***

I don't think there is a standard answer to this question, as opinions may vary. But I think first you should have perseverance. When you have an aim, you have to stick to it, and you must have a sense of historical responsibility because it's not just about you as an individual, it's also about your team. Sometimes you may feel tired and frustrated, and you may waver, but if you persevere you will have better results. Secondly, you should be open. In my company, I'm not the highest in IQ or EQ, neither am I the strongest in marketing abilities. But where does my value lie? If your employees are better than you, it means that you have some indispensable ability or



1. Han Shenyao presenting a gift to Professor Wu Jinglian on behalf of all his EMBA classmates
2. Graduation ceremony for CEIBS first Executive MBA, April 8, 1997
3. Group photo of CEIBS EMBA 1995 alumni, Han Shenyao is third left in the second row



Han Shenyao and Zhou Ye paint the eyes of the dancing dragon together during the opening ceremony for PNRTech.

“It is my alma mater that gives me the courage to keep challenging myself.”

character trait for success. Being open is very important. You have to be open to work with people more skilled than you, and those holding different views than yours. Thirdly, you have to have character. Basically it means you must have integrity, and be just. You must be the trailblazer, and take on many responsibilities on your own shoulders. You must communicate with others, and get yourself understood. Only by doing these things can you be open enough and have better people sticking around you until your collective aim is reached.

***TheLINK: As one of the first CEIBS EMBA students, what were the reasons behind your choice of what was then a brand-new EMBA project?***

That was in 1995, when China was still in the beginning of reform and opening up; it had just entered a difficult phase, a very hard time. I still remember those days, when Shanghai and the central government did their first ever “split revenues”. This meant that after the over RMB9 billion of central fiscal duties were paid, the funds left over from local revenues could be used in local construction. I was then technological manager in the office of the Shanghai

municipal government, hoping to combine my management skills with those of economic management. It was then that I heard of CEIBS’ EMBA programme which would teach management, so I decided to enrol.

***TheLINK: What was your impression of CEIBS then, and how different is it today?***

CEIBS has always had rigorous academic standards and requirements. We were the first EMBA, and the two classes in Chinese and English had only 42 students in total. Fellow students came from government departments, giant SOEs, foreign companies, and most of them had reached high management positions. The school had high standards for students, telling us explicitly within the first few days that no matter what our backgrounds, at CEIBS we were all ordinary students and we must have a good attitude towards learning. In class, professors taught us original Western economic theories; our own abilities determined whether we could make contributions to the country later on.

As for what’s different today, maybe it was that we were using foreign cases while now we can use domestic cases. Even so, our horizons were greatly broadened at that time. The spirit of learning at CEIBS has been constant, while the school has been making progress in its integration of management theory with China’s practices.

***TheLINK: Last year CEIBS held a gathering of its first EMBA students, where you delivered a “Thank you CEIBS” speech. What was the essence of that speech?***

I was representing the 1995 EMBA & MBA alumni, and the speech was jointly prepared by all of us. I really love CEIBS. After I graduated, I soon completed my professional transformation, abandoning my government position for a corporate career. I worked at Huateng for 14 years, 7 of which were spent as CEO. The business grew by over 500% during the period, and we did quite a number of remarkable projects. In 2013 I helped establish PNRTech, turning from professional manager to an entrepreneur. It is my alma mater that gives me the courage to keep challenging myself.