



# Entrepreneurship Issue

**S**o you have big dreams of being your own boss, calling the shots and living it up Jack Ma style. But what does it really take to set up and sustain your own company? In this **Cover Story**, we bring you the stories of companies at various stages of the process, share advice on how to get funding for your project, and inspiration on how to go on even when you've lost millions. Read on for more in:

- CEIBS' Start-up Culture
- Drones, Robots... The Future is Already Here
- Green Power's Quest to Change the World
- Start-up Lessons from a Venture Capitalist
- \$20 Million Lesson.

# CEIBS' Start-up Culture

■ By Charmaine N Clarke



“Everybody wants to be Jack Ma. They all want to be entrepreneurs,” says CEIBS MBA Director Professor Chen Shimin with a chuckle. He’s talking about the roughly 180 students who enrol in the school’s 18-month full-time English-language-taught MBA programme each year. Usually more than 100 of them join the entrepreneurship club, making it one of the largest student organisations among each batch.

freedom, personal freedom, they have a very rewarding career, so this attracts a lot of young people,” he says. “And over time, at CEIBS, we’ve seen many successful entrepreneurs on our campus. So there’s the impression that, for an entrepreneur, an exciting future is always there.”

In fact this fascination with being your own boss isn’t just confined to CEIBS MBAs, and it’s not new. In 2013, according to the Graduate Management Admission Council (GMAC), 23 percent of prospective business school students across the globe were thinking of going into business for themselves. By the time they graduate, though, many of them realise it’s not as easy as it looks. “If you look at patterns across the top business schools, the percentage of students launching their own companies immediately after graduating from the MBA programme is small, around 5% or so. There may be variations from year to year; for example, during the dotcom boom the percentage went up,” says CEIBS Professor of Entrepreneurship Rama Velamuri, who is also Academic Director of the school’s Centre for Entrepreneurship and Investment. But realising it will be a lot of hard work doesn’t mean MBAs are giving up their dream of having their own company.



Reacting to the seemingly never ending thirst for information on all things start-up-related, the school administration added entrepreneurship as a concentration [area of focus] in the MBA programme. There was a soft launch with the Class of 2015 (the students who enrolled in 2013), and it became official as of the Class of 2016. Now, students can either choose a concentration in accounting, marketing, or entrepreneurship and Prof Chen expects there will be a dozen students in each category. But even those that don’t declare it as a major take a lot of entrepreneurship related courses. “I would say the primary reason for this interest in entrepreneurship is the Chinese economy. If you look at successful entrepreneurs there’s financial

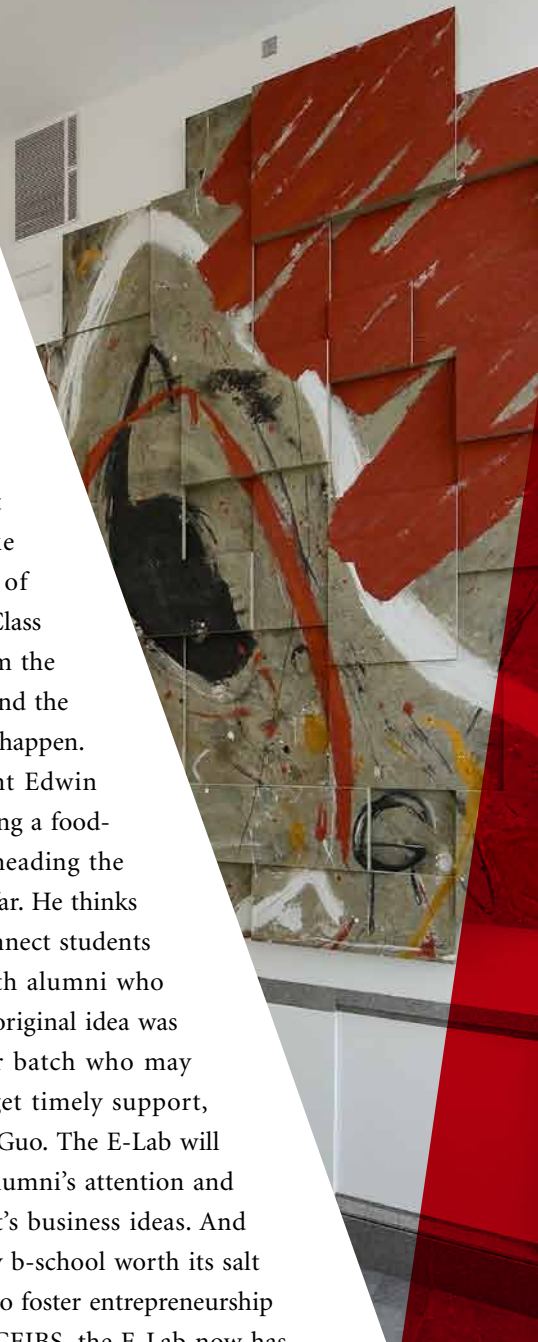


They're just making sure they're ready. "The percentage steadily increases after graduation and about 15 years later, between 35 and 40% of the class is running their own companies; meaning they partially or fully own the companies they work in full-time," adds Prof Velamuri. Why this increase in the numbers later on? He thinks it's a combination of getting exposure to opportunities during years spent as an employee, saving enough money to launch a business, or having a working spouse who can help with the bills. Others simply get tired of the corporate politics that come with working for someone else.

But launching is just the first step, keeping a company afloat is another matter altogether. Over the years, CEIBS has taken a number of strategic steps to provide budding entrepreneurs with all the tools needed to become successful business owners. "To a great extent, CEIBS' launch, 20 years ago, followed the model of a start-up," says CEIBS President Professor Pedro Nuño who is one of the school's founders. "This is one of the reasons the school management has focused on entrepreneurship from the early days." CEIBS has a strong entrepreneurship faculty and Entrepreneurship Management has long been a core course. In most b-schools, it's an elective. "We have entrepreneurship in our academic DNA," says Prof Chen.

Add the Chinese government's push to encourage innovative entrepreneurs, a

vibrant entrepreneurship club at CEIBS, and great things begin to happen – like the recently launched MBA E-Lab. For years, students talked about setting up an incubator that would help them flesh out their business plans and take their projects to a level worthy of attracting VC funding. The MBA Class of 2016, with strong support from the very highest levels of the school and the MBA department, finally made it happen. Entrepreneurship Club President Edwin Guo, who is himself busy launching a food-related business, has been spearheading the E-Lab's day to day operations so far. He thinks it can be a useful platform to connect students who have ideas for start-ups with alumni who have the resources to help. "The original idea was to help MBA students from our batch who may have an idea but, if they don't get timely support, may likely just give up," explains Guo. The E-Lab will also be a platform that will get alumni's attention and keep them up to date on student's business ideas. And of course there's the fact that any b-school worth its salt has some sort of system in place to foster entrepreneurship among students and alumni. At CEIBS, the E-Lab now has two teams working on projects and new teams will be admitted with each fresh batch of students. Teams that get a spot in the lab – after winning a business plan competition – have a year to get to the next stage. Those that don't make it will be given the boot, a taste of what it's like in the real world. While in the lab, they will be given a lot of support and there will be regular checks to see if they are on track. Those that last until the end





*Show me the money:*

*The HGI FINAVES China Fund works closely with entrepreneurs throughout the development of their project by providing seed funding as well as Series A investments. It can provide up to RMB300 million in the first phase of a project's development. The HGI FINAVES China Fund is dedicated to backing innovative high growth business ventures, support which fosters the future prosperity of China's economy. In selecting projects, priority is given to the early financing needs of CEIBS alumni enterprises.*

*CEIBS-CHENGWEI Venture Capital is a school-wide venture capital fund initiated by CEIBS and Chengwei Capital. The fund has three primary aims: providing equity financing for CEIBS students and alumni, promoting CEIBS students and alumni's entrepreneurial activities by leveraging business resources in and out of the CEIBS community, and supporting the school's efforts in teaching and research by financial return on the investment.*

*The US\$100 million Fund One will only invest in early or growth stage businesses founded or managed by CEIBS alumni. The investment size ranges from a minimum of US\$500,000 to a maximum of US\$15 million.*



will then be introduced to an incubator that will facilitate everything from meetings with potential investors to road shows. Two potential sources of capital are funds available for ventures launched by CEIBS students and/or alumni – HGI Finaves China Fund and the Chengwei Ventures Fund (see related box).

“Now our E-Lab is just in the very first stage so we’re just focusing on helping students. But I believe that in the next couple of years it will grow into a real incubator and I think that’s the direction the school wants to go as well,” says Guo.

He’s right. In fact the school has hired Professor Vincent Chang to run the Lab and work closely with students who have a passion for launching start-ups. He will be on campus as of this September. “CEIBS has a lot of resources for entrepreneurship on and off campus. But we need someone who can bring it all together. A major part of Prof Chang’s responsibilities will be pushing student entrepreneurship,” says MBA Director Prof Chen. “My hope is that the Lab will eventually be expanded. Going forward I think it will play an important role at CEIBS.”

In addition to leading the MBA E-Lab, Prof Chang will also work closely with the CEIBS Centre for Entrepreneurship

and Investment (CCEI), which runs the very popular China Entrepreneurial Leadership Camp (CELC). To date, 210 entrepreneurs have been trained by the CELC programme and those participating in the on-going 4th cohort that ends next January are pretty impressive. They’re typically about 38 years old, almost 34% of them have already done a CEIBS EMBA or CEO programme, their average revenues are RMB535 million and they’ve already accessed – on average – about RMB561 million in financing.

Prof Chen is ecstatic about the potential synergies that can emerge between students with projects in the MBA E-Lab and more seasoned entrepreneurs in the CECL camp. For his part, Prof Nueno is looking even further ahead. “Today, Chinese companies are facing another entrepreneurial challenge – going global. CEIBS detected this need years ago and has made addressing it a priority,” he says. He’s betting on the next generation of entrepreneurs, the ones being groomed in CEIBS’ classrooms, at entrepreneurship club gatherings, in the MBA E-Lab and at the CECL camp to help take Chinese companies to the next level. “This is clearly an area of critical importance now, and CEIBS must contribute.”



# Drones, Robots... The Future is Already Here

■ By Janine Coughlin

Wally Zheng dreams big. The future, he says, will be about the robot. “The most important difference today between humans and animals is that humans can invent tools,” he explains. “Trains, airplanes – they extended our legs. Then we invented digging machines, a lot of machines, they extended our arms. We invented binoculars and extended our eyes. The computer is a big extension for the brain. The robot is the total solution. It combines the arm, the leg, your eyes, it brings everything together. We want to build the robot’s brain, its operating system. I think in the next 50 years that will be the next big thing.”

Zheng’s strategy for his Beijing-based company, PowerVision Technology, seems partly inspired by science fiction writer Isaac Asimov. “We think that deep learning, machine learning and artificial intelligence will be the future,” says Zheng. “In the far future, my target is for us to be

a robot and artificial intelligence company. The robot of the future will likely not be what we commonly imagine it will look like, one with a human shape. It will be more like a computer centre with very strong computing power, deep learning, machine learning. My dream is to make the company go in that direction.”

But first things first. “Today we need to find a business that earns money to support us in doing that,” he says. PowerVision was initially in the business of preparing virtual reality and visual simulations, mainly for clients in the manufacturing, automotive, and aerospace industries. Zheng founded the company together with his wife, Lydia Wang, in 2009. At the beginning of his career he was a computer graphics specialist and then became a sales director. A trained electrical engineer, she worked for a Swiss multinational in the power industry, first in technical sales and later in operations management. The company

name combines their two specialties. The pair has known each other since high school and share the CEO title.

As their clients’ needs grew, Zheng (EMBA 2013) and Wang (EMBA 2015) expanded the scope of PowerVision’s activities. Today it has R&D centres around the world, including Toronto, Boston, Frankfurt and Australia, and it is talking with a Japanese robotics company about opportunities to work together. The company owns design patents on several types of Unmanned Aerial Vehicles (UAVs) – commonly known as drones – as well as visualisation system patents related to smart grid monitoring and operation, along with display technology patents. It also owns a number of software copyrights for flight control systems and payloads.

PowerVision’s innovation has largely been driven by the challenges of its clients, whose needs for data collection



and analysis have become increasingly complex. “We were trying to just show customers the results, but they were saying that wasn’t good enough. They wanted more analysis,” Zheng says. “For example in the power industry they don’t just want to know the transmission tower has a problem, they want to predict where it is.

“We started to do data analysis, and from there we moved to big data analysis. A customer gave us some feedback about needing information from the most advanced sensors to help them with their decision making, that made us start thinking about how to use the robot and the UAV.”

The company’s enterprise division services the needs of big corporate clients, while its consumer products division is currently focused on the global release of a drone (UAV) which it expects will happen by the end of this year. The company has also recently launched a mobile platform, Vizsky, which Zheng says was inspired in part by concepts that he learned in CEIBS Associate Professor of Strategy Chen Weiru’s Platform Strategy course.

“Vizsky is kind of like Uber,” Zheng explains. “We built a crowd-sourcing platform that collects visual data from people around the world who like to use their UAVs and robots to take photos and collect data. We then use our technology to transform these images from 2D to 3D for our customers. Our Vizsky platform can offer data collection/analysis solutions with results that are ten times better than the normal satellite based GIS data and one tenth of the cost.”

Zheng attributes the success of the company to three things: Strategy, People and Learning. “The most important thing is to have the correct strategy, to lead the team in the right direction,” he explains. “The second is to find the right people and put them in the right position. The third is learning. I have to learn every day. I’ve been enrolled in CEIBS’ EMBA programme for the past two years, and now I am in the 2015 China Entrepreneurial Leadership Camp at CEIBS. There are a lot of successful entrepreneurs in the group and we can learn together.”

Wang is also hungry for knowledge and has just begun her own CEIBS EMBA journey. “We only launched our company a short time ago and we have developed very fast. I want to learn about systematic management, HR and finance in the EMBA programme,” she says. “When I worked for the Swiss company I was just focused on my work. Now that I have my own business, I have to learn a lot that I never had to deal with before. This is a very big challenge.”

When they first got started, Zheng and Wang said, their two main bottlenecks were cash flow and talent. “Because of our fast growth a lot of investors want to invest in us, so that is no longer the first priority,” Zheng says. “Today the first priority is attracting the right people to join us in creating a technological revolution.”

Zheng’s enthusiasm for pushing the boundaries and his vivid imagination about the possibilities of the future seem like they are probably the company’s best tool for recruiting talent.

“I think entrepreneurs are the kind of people who really want to change something, do something new. They have to combine a lot of resources – technology, people, money, a lot of things,” Zheng says. “But the most important aspect of an entrepreneur is to be able to change something. If you are relieving some of the pain points in the market, that’s the most important thing for being a successful entrepreneur.”





# Green Power's Quest to Change the World

■ By Marius Ziubrys

They made it into the freshly-launched CEIBS MBA Entrepreneurship Lab after a vigorous screening process by faculty and venture capital investors. But now what? How will the four-member Green Power team make the most of their 12 months in the E-Lab so they can realise their lofty goal of changing the world? Their dream is to create a new, healthy lifestyle in China by providing in-home solutions to food safety concerns and air pollution.

I meet with the project's Innovation Leader Sara Shen (CEIBS MBA 2016) in a modest space carved out of the large VIP canteen that sits atop the student centre at CEIBS. Only a discreet sign that says E-Lab, a few laptops and a handful of papers on the table suggest that it must be the entrepreneurship incubator. Her colleague and classmate Liz Zhu, who is responsible for marketing and sales, joins the conversation. This is only half of their team: their financial planner Yun Choi had classwork to catch up on, and their engineer Matthew Sun works outside the campus.

So, what is the Green Power project about? Sara gets straight to the point. "China faces pollution and environmental problems, and we want to find a special solution: to start small and help families

to have better living standards, especially safe food and better air quality," she explains. She admits that it is not a new idea. The notion is already quite mature in countries such as Singapore, the US and especially in Japan. A few years ago Japan had a massive disaster – an earthquake followed by a nuclear power plant meltdown which heavily polluted the environment. Naturally, families were concerned about food safety and were looking for solutions. "We work on these ideas and want to go further – to provide solutions fit for a Chinese family," says Shen, who has no doubt about how badly Green Power is needed in China.

Zhu provides more details as she opens her laptop and points at a slide that has a sketch of their prototype. "Generally speaking, it's a device which you can put in your home. It will grow organic vegetables and produce oxygen at the same time," she explains. The project is still in the early phase and they hope to have their first prototype built by the end of this summer. Their agricultural system should provide continuous production by controlling temperature, humidity, light, water and nutrients for the plants. They're focused on working hard so their project will be a success, but they are smart enough to have a Plan B if things do not go as planned.



But Shen and her team mates are optimistic: “We hope to create a new lifestyle for everyone,” she says. They are hoping they will be able to deliver a modern, efficient agricultural system that can meet the needs of a family of five to six people. “As every single venture capitalist is saying, it’s not easy to start a new business,” adds Shen. “We are facing a lot of challenges now; but we’ll never give up.” The team is working on different possible solutions, talking to their target customers to better understand their needs so they have a project that works as intended – and helps make people’s lives better. They know it won’t be easy, and that their passion to push the project along will be vital. “We want to make sure that the drive behind this project will remain the same even after five years,” says Shen.

They have a good start, with support from the E-lab. It provides help on everything from advice provided by CEIBS entrepreneurship professors to facilitating access to VCs for projects

that make it to the end of their one-year stay. They also have a chance to participate in private companies’ board discussions and learn more about how business is really done. In fact even before moving into the incubator, students are taught how to prepare a business plan. Once their projects are accepted to the E-Lab, they receive one-on-one mentoring, get access to the school’s vast alumni network, are introduced to potential investors, get access to angel funds, management consultants and other needed services such as legal or finance. During the moving out phase for those that successfully last a year, the E-lab helps to find them a new physical space and provides all the necessary suggestions and recommendations needed for the new business to survive outside the incubator. “People are very happy to help us, and hopefully we can deliver value to all our stakeholders,” says Shen.

The odds appear to be in their favour. A lot of similar products on the

market are expensive and not everyone can afford them. The Green Power team’s main challenge is to achieve a technological breakthrough which would make home agricultural systems better and more affordable. They want to start small in China’s first tier cities where more people are beginning to care about food safety and pollution. “Now we are putting a lot of effort on product development,” says Zhu. “It’s also a race against time as there are other teams doing similar projects at the same time.”

If the project goes smoothly, the team of young entrepreneurs is planning to launch a massive marketing campaign in early 2016. “First, we want to make sure that as many people as possible get to know about our product,” says Shen. “We want to join different kinds of competitions, especially the entrepreneurial ones. Second, we want to do some personal branding... And share some of our ideas with people with similar mind-sets... we want to work and grow together with them.”

# Start-up Lessons from a Venture Capitalist

■ By June Zhu

*Yunqi Partners Co-Founder Michael Mao (MBA 1997) provides advice, from an investor's point of view, on what makes a project a good deal.*

“Since 1999, there have been about four waves of entrepreneurship, and this one is the biggest.

Two weeks ago, I visited Silicon Valley, where I encountered two Harvard Business School (HBS) graduates. According to them, almost 20 – 30% of HBS' fresh graduates have chosen Silicon Valley as the first stop in their career. In contrast, only a few of them attended [investment banking group] Goldman Sachs' HBS campus talk. This hot trend reminds me of the year 2000 when a lot of MBAs rushed into entrepreneurship. But after the bubble burst, many of them had to return to their previous positions, which we jokingly referred to as 'B2C' & 'B2B' – 'back to consulting' and 'back to banking'.

Currently, improvements in infrastructure such as intelligent hardware, cloud computing, and big

data have significantly altered the way people are connected and have greatly improved efficiency. You have to combine the concepts of integration and trans-boundary elements to achieve innovation. If you can create something that provides users with an emotional connection and becomes a part of everyone's daily life, it will be more difficult for others to imitate.

## Barriers lowered

In this wave, because of the numerous opportunities available, the barriers for entrepreneurs have been greatly lowered. Young entrepreneurs have the freedom, and prefer to, locate their companies in downtown areas where they can have a richer life. At the same time, it is much easier for small start-ups to grow into giants. For instance, after Didi and Kuaidi merged, the company's value rose to US\$9 billion, and an American hedge fund bought their stock. This was impossible for us back in our time – if a company grew into a billion-dollar firm in just a couple of years, we would consider the growth rate to be really high. The main reason behind

the difference between then and now is the improvement in infrastructure. Mobile internet is more powerful when it comes to accumulating resources; it is more disruptive, and a more effective platform than the Internet. If it refuses to reform itself, a company with 10 years of history will be targeted by new rivals who disrupt the market. In the traditional industry, it is not a bad thing for you to be ranked third or fourth; but in the Internet industry, the company that is first is good, the second can survive, and the third and fourth have to think up new ways out. It is a place of fierce competition.

## How to attract investors

Investors are more concerned about where you are going. Are you going in the right direction and following the trend? The second is about the team's competitiveness. In today's competitive market, VCs attach great importance to a company's ranking – are you among the first tier? Compared to other teams, your team should have no obvious weakness, but should have its own strengths. Though it is easier for companies to obtain funding from angel investors,





when it comes to the B round or C round, investors will pay more attention to the indices, such as user data, which indicate your company's growth trend. Then if the company gets listed or really has grown into a giant, especially for those companies in huge industries, it is all about your liquidity.

### How to build up a good team

CEO is the most important role in a team. A CEO's intelligence and ability to think logically is definitely important, but what is even more important is the ability to cope with stress. Many entrepreneurs have to face fierce competition, think about the company's inventory, and at the same time be responsible for their staff and investors. There is a lot of pressure.

I'd also like to stress how important it is to build a team culture. In my opinion, the most crucial time for shaping your team culture is when you have the

first 500 employees. A company must build up a good culture from the very beginning, cultivating passion for entrepreneurship among staff. It will be very hard for you to do this when there are already too many people.

### Regarding strategy

For an early start-up, if one of the cofounders has an absolutely bigger say in decision making, comparatively speaking, it will be better and fairer. But at the same, there should also be some flexibility in the company structure and it should be subject to adjustment as needed.

The start-up should try to find a good investor in the early stages. Now there are many investment organisations. You need to learn about their characteristics, and choose the one that's most suitable and easiest for you to communicate with. Starting up a business is a lonely task, and you need investors to talk to you, share their expertise with you and

give you advice. Of course, for critical issues, you still need to make final decisions by yourself.

Given the pressure from the competition, the start-up team has to make sure there's no obvious weakness. I strongly suggest that CEIBS MBA students don't start up a business together with too many classmates. It could be harmful for the company. The best way is, when you enter a certain industry, you should partner with some experts in this area.

Entrepreneurship is a very stressful marathon, and every entrepreneur should take care of himself/herself both physically and mentally. Last but not least, I suggest everyone use every opportunity to communicate and exchange ideas with other entrepreneurs.

*Excerpts from his speech during the launch of the CEIBS MBA Entrepreneurship Lab.*



## \$20 Million Lesson

■ By Lei Na

*PPTV Founder & President Bill Yao frankly talks about lessons learned when the 2008 financial crisis wiped out a huge investment deal he was hoping would propel his company to the top of China's video streaming sector. Yao is now enrolled in the China Entrepreneurial Leadership Camp at CEIBS as he works on a strategy to move his company forward.*

I had a very simple reason for starting my company, PPTV, one of China's well known video streaming providers. In 2002, when the World Cup was being held in Japan and South Korea, I was still at university, and many of the male students would skip class so they could go watch the matches; sometimes there were not even enough students to keep a class going. Going off campus was inconvenient though, and I thought at the time: why couldn't we have the matches online so we could watch from inside the school? So, like many new

projects in Silicon Valley, my start-up began in my dorm, as a way to solve a small problem I had: how to watch a football match inside my dorm room.

Half a year later I got the first tranche of investment and my company gradually became a professional one. The Internet, with its low entry threshold, is a very good area for starting a business. When you have good ideas and technology, you can begin at once; but there are many challenges as well, one of which is that your business model may easily be copied. Four years into my business, there were 40+ video streaming companies on the market, and the video industry had attracted a total of \$450 million in investment.

Our previous rounds of financing all went very well. In 2008, I decided to take a chance and try to get \$20 million in our third round. The Beijing Olympics were being held that year, and my plan was to do a great job

broadcasting the games so I could attract as many new clients as possible. Then I would have a better chance of getting larger investments. In August 2008, I had about half a year's cash flow reserve, which means I had to complete the fourth round of investment three months before my money ran out.

But we got stuck during this round. On September 22, 2008, I arrived in Silicon Valley, and within a week I got three term sheets. On the flight back home, I read in the papers that Washington Mutual [then the United States' largest savings and loan association] had closed. The financial crisis came quickly, leaving everyone utterly unprepared. By the beginning of October, I found two emails in my inbox, telling me, with the Americans' unique style of communication, that despite their huge interest in my project, they had to put off their decision to invest – indefinitely. Then, our third potential investor, based in Asia, withdrew their

investment offer; they just paid the penalty that came with withdrawing from the deal.

Within a month, the financial crisis had swept across the globe, flooding each industry that relies on financing and finances. Things got worse in 2009; many enterprises closed down, and many venture capitalists also ran into problems.

In Silicon Valley there's a term, "death spiral". It's the predicament faced by some companies that choose to slow down their development when faced with the onslaught of an economic crisis, then if this doesn't help, they begin to cut down on expenses and employment. But these steps just result in a downward spiral until they finally close down.

The smart way to go is to cut down on expenses and employment immediately and at one go. This way you will suffer great losses, but you will still have a chance of survival. There's a saying, a CEO is not a good one if he has not sacked employees. At that point in the crisis, my investors and the board both told me that it was time that I became a good CEO. But it's not easy to cut jobs.

I had two rounds of job cuts, which resulted in a very bad atmosphere in the company, with every one of our employees questioning whether I could lead the company out of this difficult situation. Meanwhile our competitors, Tudou.com and Youku.com, had made smarter decisions. They did not throw everything they had at the Olympics; instead they got \$40 million and \$60 million of

financing, respectively, in the first half of 2008.

This is the reality of starting up a business. If everyone ran to get angel investment, grew, financed again and went on to grow, the world would be too good a place to live in. Actually, the statistics show that over 90% of new ventures cannot survive past their fourth year, and far fewer still can live to be unicorns.

Eventually it all came down to this: honesty is more important than saving face. Everyone who starts a business is surely the most passionate in the company, willing to use all his energy for the dream. But during the hardest times, should you try to save face or be honest and face reality? Finally I chose the latter, I chose to shoulder my responsibilities and face up to the challenges.

First, I realised that though I was a strong CEO on the tech side, I had some trouble in management; second, I realised that the key to running a company was whether it could make a profit. Just like it is today, money-burning was the norm in the Internet industry back then. Everyone felt that once you used up all your money, you could get more financing, and you could attract more users. When you had a lot of users, you had everything. But I felt we had to get back to the basics in order to survive.

I used almost half my shares to lure a more experienced professional manager into the company as CEO. In addition to technological management, I became leader of the marketing team, and

landed P&G as a major client. I began by getting in touch with a branding assistant, and made it all the way to the GM of P&G brand operation. We managed to grow their account to huge sales of RMB50 million a year. Before, I was a man of few words, but the two years' experience made me into a good speaker. I not only sold my dreams, I also sold shares of the company. I learned that we shouldn't just talk about tech, but should pay greater attention to our users and the market; so we changed our positioning from P2P changes our lives to PPLive changes our lives. This conveys the message that what we offer is a way of life, by which we hope to influence and change the lifestyle of an entire generation.

The financial crisis taught me a valuable lesson. I personally suffered great losses, and our company did not become the leading player in the field. But I felt this lesson was worth it, because it showed me what true entrepreneurship should be. Every one of us has big dreams, but perseverance is more important than dreams. Why do people keep starting new ventures despite all the hardships of launching a start-up? I think I can explain this all with a remark from one of my former investors, Masayoshi Son, chairman of SoftBank, Japan, who said in his autobiography: "when they're just starting out [entrepreneurs] have nothing but dreams and self-confidence that's really backed up by nothing, but that's where everything begins."

*This article is an edited excerpt of a speech made during the opening ceremony of CEIBS MBA Entrepreneurship Lab in April 2015.*



# Market Leaders in China: Will the Strong Become Stronger?



The 2015 CEIBS *Business in China Survey* found that most firms doing business in China made a profit in 2014, with market leaders doing even better than others. A lot of their success came from providing great service, good quality, and having a strong distribution network. Market leaders also did very well in R&D and developing a strong brand, while non-market-leaders relied more heavily on a price/quality ratio to win the market. However, with those who want to grab a larger piece of the market investing more in R&D, adopting more new sales channels, and increasing the digitalisation of their business, they may close the gap with the market leaders. Furthermore, the implementation of new reform policies may bring additional challenges and uncertainties for those now holding the lion's share of the market.

■ By Dongsheng Zhou, Juan Antonio Fernandez, and Bin Xu

**A**fter rapid growth for over three decades, China's economic growth rate has slowed down to around 7.5% in recent years. Nevertheless, it is still by far the fastest growing market among all major economies, and more firms are now counting on China for their future business expansion. In 2014 Samsung Group sold over USD\$60 billion of goods in China, larger than the revenue earned by Baosteel, China's largest steelmaker. General Motors sold more vehicles in China than in the U.S., and generated about half of its net profits from the China market. Similarly, a number of Chinese firms, by leveraging their

deep understanding of their home markets, grew very rapidly in recent years. Xiaomi, a Chinese mobile phone manufacturer founded only 4 years ago, has become the No. 1 domestic brand in China with a market valuation of over USD\$45 billion.

While the strong economic growth has offered many opportunities for firms doing business in China, not everyone has performed well. As a matter of fact, due to the increasingly competitive and dynamic business environment, in the past decade, we have seen as many failed examples as successful ones in China. Whirlpool, OBI, Marks & Spencer, eBay and Google have been very successful in



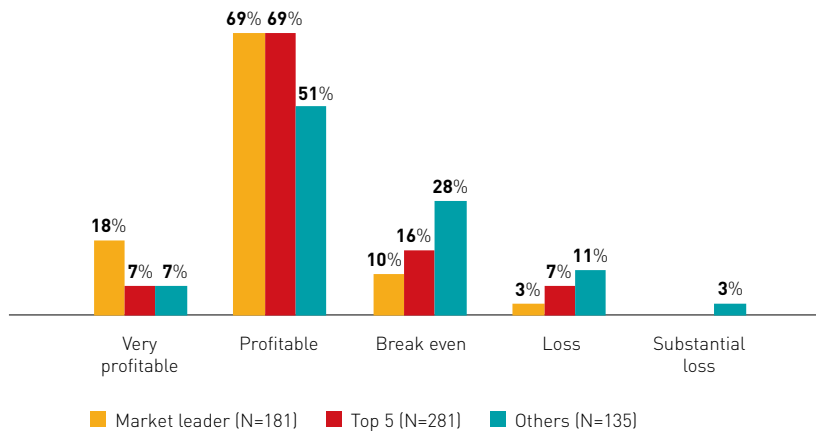
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*General Motors sold more vehicles in China than in the U.S., and generated about half of its net profits from the China market.*

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## Chart 1:

How profitable do you consider your China Operation in 2014?



their home and many foreign markets; but they all failed in China. Whirlpool, the largest white goods producer in the U.S. and one of the top players in the world, entered China in late 1994 with a total investment of USD\$300 million, but today its China operation contributes less than 0.5% of its global sales.

What are the key success factors for doing business in China? Do market leaders perform better than non-market-leaders in China? What are the unique strengths of these market leaders? What challenges will firms face in China?

*The 2015 CEIBS Business in China Survey* aims to answer these and other important questions. The survey is a bilingual poll of senior managers working in China. From November to December 2014, top executives from both Chinese-owned and foreign-owned companies participated in the survey. Firms were grouped into

“ Do market leaders perform better than non-market-leaders in China? ”



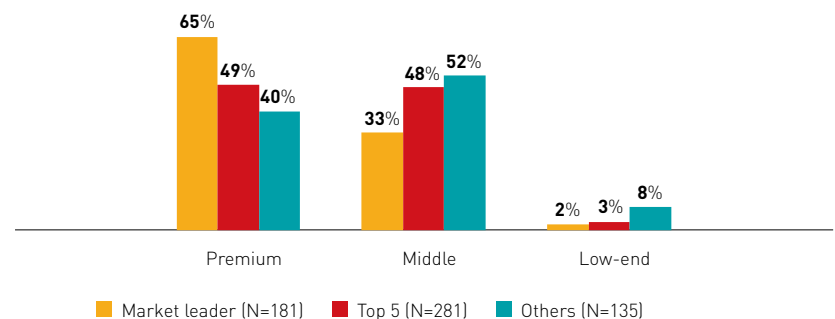
three categories: market leader (the firm that has the largest market share in an industry), the top 5, and the others.

### MOST FIRMS DID WELL IN CHINA, AND MARKET LEADERS PERFORMED BEST

Even though the China market has become increasingly competitive, most firms in China did well in 2014. Our findings suggested that more than 70% of all the surveyed firms considered their China operation “profitable” or “very profitable.” Less than 10% of the firms are losing money in China. Furthermore, there seemed to be a positive relationship between market share and firm profitability: 87% of the market leaders considered their China operation “profitable” or “very profitable”, while 76% of the top 5 firms in an industry, and

Chart 2:

What is your main market segment in China?



58% of the others considered their China operation “profitable” or “very profitable”. For the market leaders, 18% of them reported that their China operation was “very profitable”. This was much more than non-market-leaders (7% of the top 5, and 7% of the others said their operations were “very profitable.”)

Chart 3:

Please choose the most important factors on the success of your sales in China. Multiple answers possible.

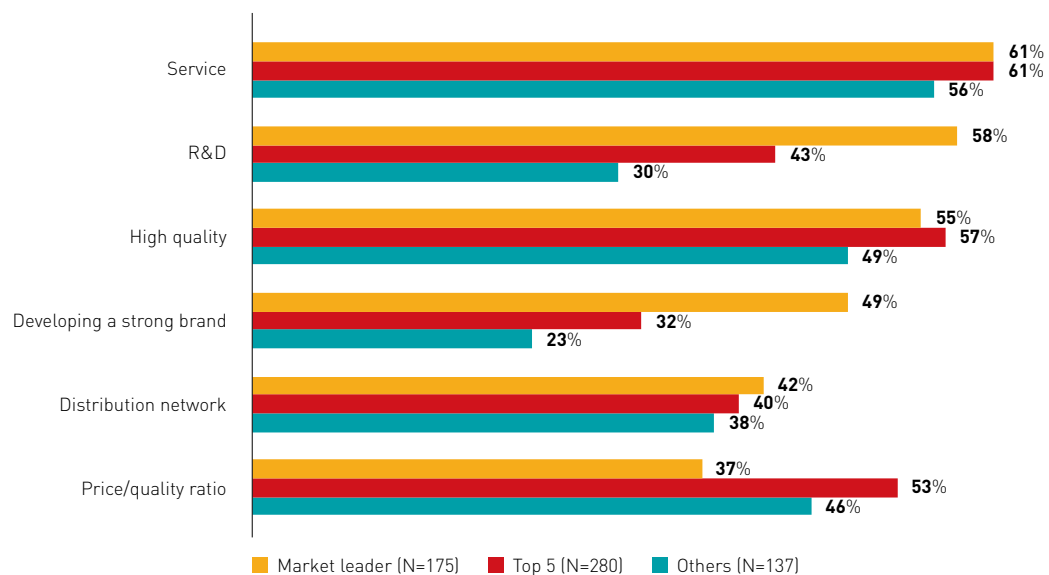


Chart 4:

Does your company have R&D in China?

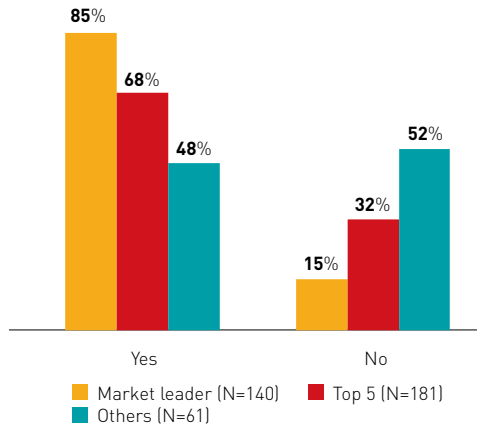
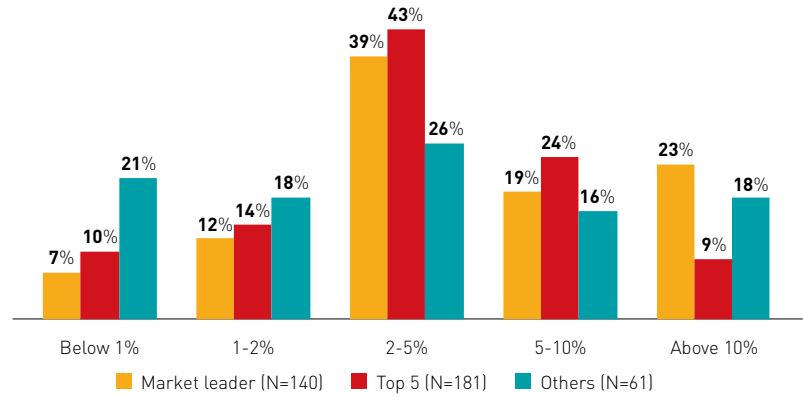


Chart 5:

What is your annual expenditure on R&D as % of revenues?



One of the important reasons why market leaders enjoy a high level of profitability is that they tend to generate more business from the premium segments, while non-market-leaders tend to focus on middle or low-end segments. From Chart 2, we can see that for market leaders, 65% of their business came from the premium segment. This is 30% more than the top 5 (which have 49%), and 60% more than the

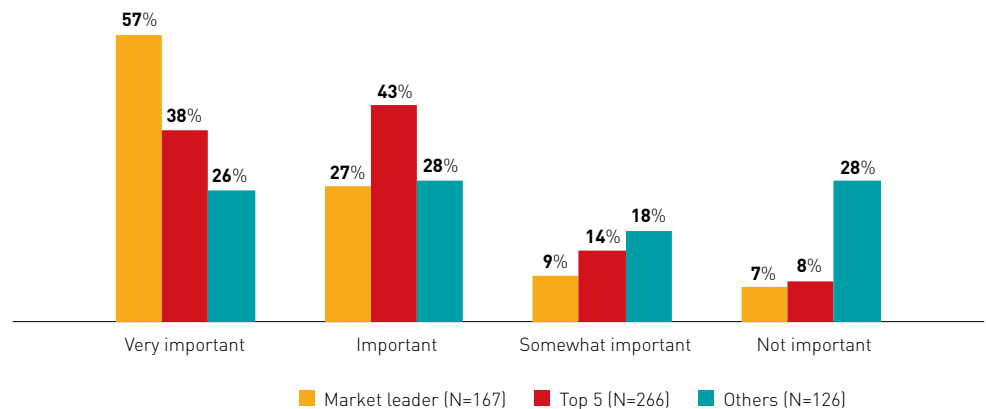
others (which only have 40%).

### KEY SUCCESS FACTORS IN CHINA, AND THE UNIQUE STRENGTHS OF MARKET LEADERS

When asked to “choose the most important factors on your sales in China”, the respondents identified three common

Chart 6:

How important is IP to your business in China?



key success factors (KSFs): service, quality, and distribution network. In addition to these common KSFs, the data also revealed some different KSFs for market leaders and non-market-leaders. For market leaders, two unique factors for their success in China are R&D and branding. In Chart 3, we can see that a significant amount of market leaders (58% of them) chose R&D as one of their KSFs, while 43% of the top 5 and only 30% of the others thought R&D was one of their KSFs. Similarly, almost half of the market leaders (49% of them) chose “developing a strong brand” as one of their KSFs, while 32% of the top 5 and only 23% of the others thought developing a strong brand had been important for their success in China. On the other hand, both the top 5 (46% of them) and the others (53% of them) chose “Price/Quality ratio” as one of their KSFs, while only 37% of market leaders think so. These differences suggest that market leaders have used branding and R&D, something that is firm-specific and to a certain extent more sustainable, to win the China market. Meanwhile, non-market-leaders are more inclined to use a value for money (Price/Quality ratio) strategy to compete in China.

Since market leaders ranked R&D as their second most important KSF in China, it is not surprising that our survey has found market leaders have conducted more R&D than both the top 5 and the other firms: 85% of market leaders have R&D in China, while the number was 68% for the top 5 and only 48% for the others. Furthermore, market leaders have spent more money on R&D (23% of market leaders spent 10% or

Chart 7:

How do you evaluate your company distribution network in China?

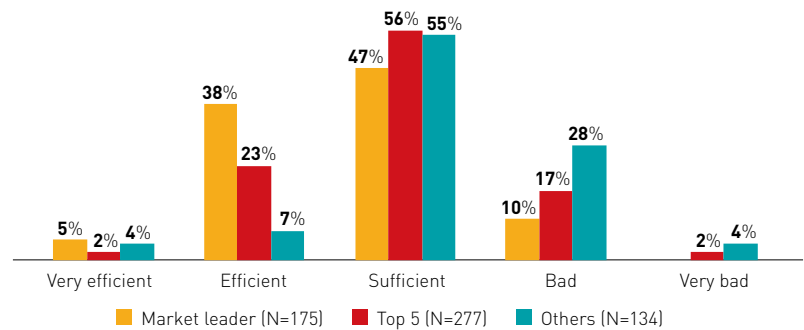


Chart 8:

How intense is the competition you are facing in China?

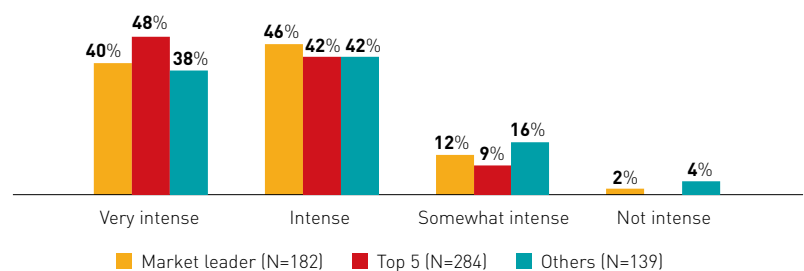


Chart 9:

Who are your major competitors in China (multiple answers possible)?

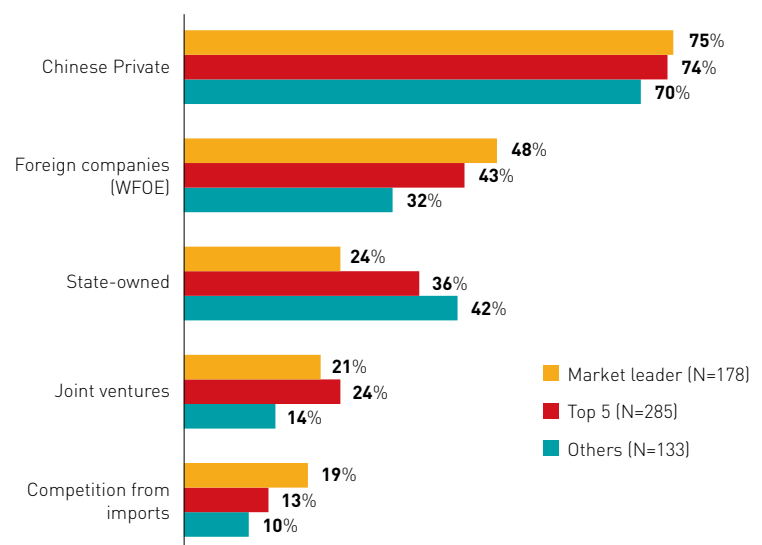


Chart 10:

What are your sales plans for the future?

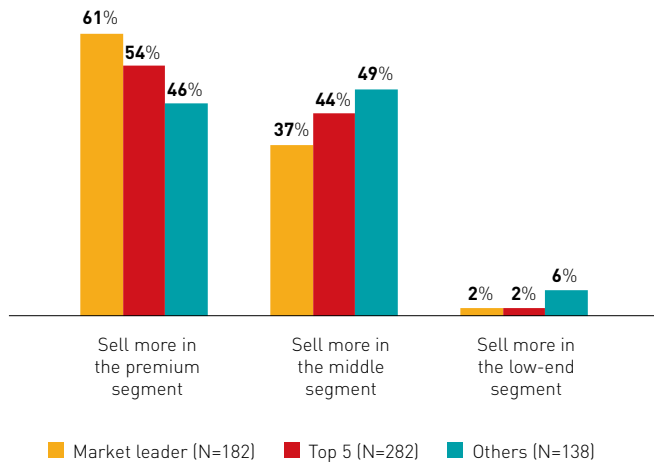
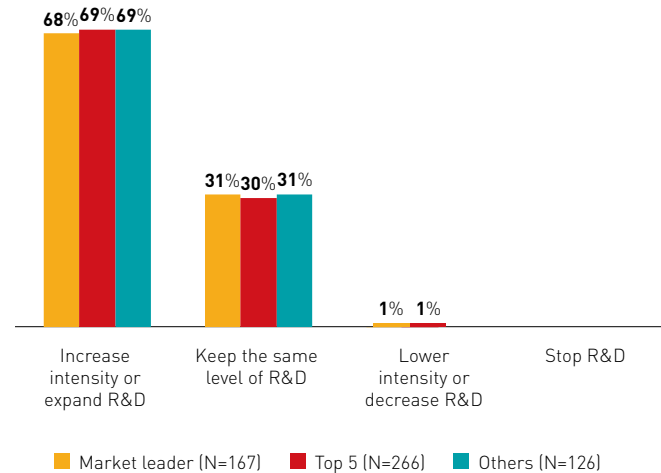


Chart 11:

What are your R&D investment plans for the next 3 years?



more of their revenue on R&D, the highest among all firms), and they have put more importance on Intellectual Property (IP) rights (57% of market leaders thought IP was “very important” to their business in China, far ahead of all other firms).

Given the large size and the significant regional differences of the China market, an efficient distribution network is a necessary condition for success. While all firms think their distribution network is one of their KSFs, our findings suggest that market leaders have done a much better job in building an efficient distribution network. When asked “How do you evaluate your company distribution network in China?” 43% of market leaders chose “efficient” or “very efficient” while the number is 25% for the top 5 and only 11% for the other firms.

## CHALLENGES FOR MARKET LEADERS

As China has now become a must-

win market for both global and local firms, the competition has intensified in every segment. When asked “how intense is the competition you are facing in China?” More than 80% of the surveyed firms chose “intense” or “very intense.” When asked “who are your major competitors in China?” over 70% chose “Chinese private firms.” In addition to facing competition from local private firms, market leaders in China (48% of them) are also facing increasing competition from wholly-owned foreign enterprises (WFOE). This is because these WFOE are more likely targeting the same premium segments. Furthermore, non-market-leaders are planning to target more of their business towards premium segments, the key segment that market leaders have focused on (Chart 10).

One of the unique strengths market leaders have in China is their R&D capabilities. But rival firms are catching up. When asked “what are your plans for the next 3 years?” 69% of non-market-leaders



Chart 12:

Do you plan to expand the digitalisation of your business?

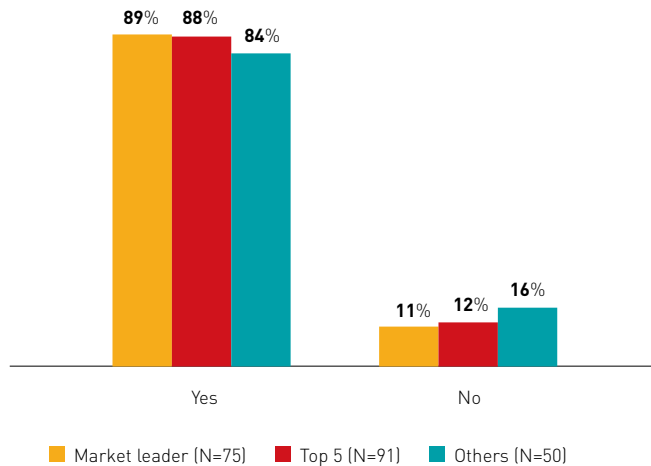
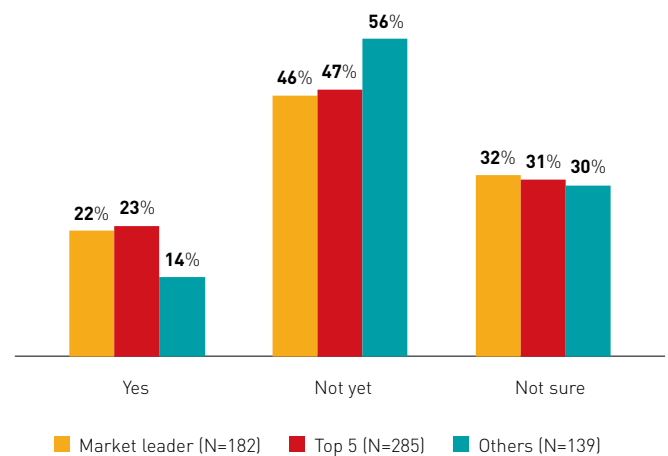


Chart 13:

Did your company benefit in 2014 from any reform policies of the new government?



(both top 5 and the other firms) that have conducted R&D activities chose “increase intensity or expand R&D activities”. This number is slightly higher than that of market leaders (68%). Market leaders’ advantage in innovation may disappear if rivals keep investing more in R&D.

Non-market-leaders are also working hard to strengthen their distribution capabilities. The new sales channels such as the Internet may offer them some shortcut to catch up with market leaders who have already built a strong traditional distribution network. Within just 4 years, Xiaomi, by using an Internet-based direct sales mode, defeated Lenovo, the market leader who has the best traditional distribution network in China. Given the fact that less than 40% of firms have used an Internet based platform to sell their products/services, there still exists plenty of opportunities for all firms in China. It is not surprising that, when asked “do you plan to expand the digitalisation of your business?” 88% of the top 5 and 84% of the

other firms answered “yes”. These numbers are very close to that of market leaders (89%).

The Chinese government has been playing a very important role in business. In 2014, a number of important new reform policies were announced, and the goal of these new policies is to let the market play decisive roles in resource allocation. But the impact of these new policies on business remains to be seen. When asked “did your company benefit in 2014 from any reform policies of the new government?” less than a quarter of the respondents answered “yes.” The new policies and the execution of these new policies will surely bring a lot of uncertainties and challenges for firms doing business in China.

As our Survey shows, this is not the time for market leaders to sit back and count their money. The market is changing, and it’s full of many other competitors looking for a seat at the winners’ table.

# China Universal, Future Holdings, & Heart Touch Invest in CEIBS

July 10 was an especially memorable day with three CEIBS alumni companies investing in their alma mater. EMBA 2010 alumnus Li Wen, as the representative from China Universal Asset Management, invested RMB600,000 to support this year's alumni reunions. EMBA 2009 alumnus Lv Xiaoping, on behalf of Jiangsu Future Land Development Holdings, invested RMB700,000 for the staging of this year's Alumni New Year Concert. And Founder of Heart Touch Media, MBA 2012 alumnus Wang Xusong, donated data terminals valued at RMB150,000. CEIBS Vice President and Co-Dean Prof Zhang Weijiong, Director of CEIBS Alumni Relations Office Wang Qingjiang, and EMBA Deputy Director

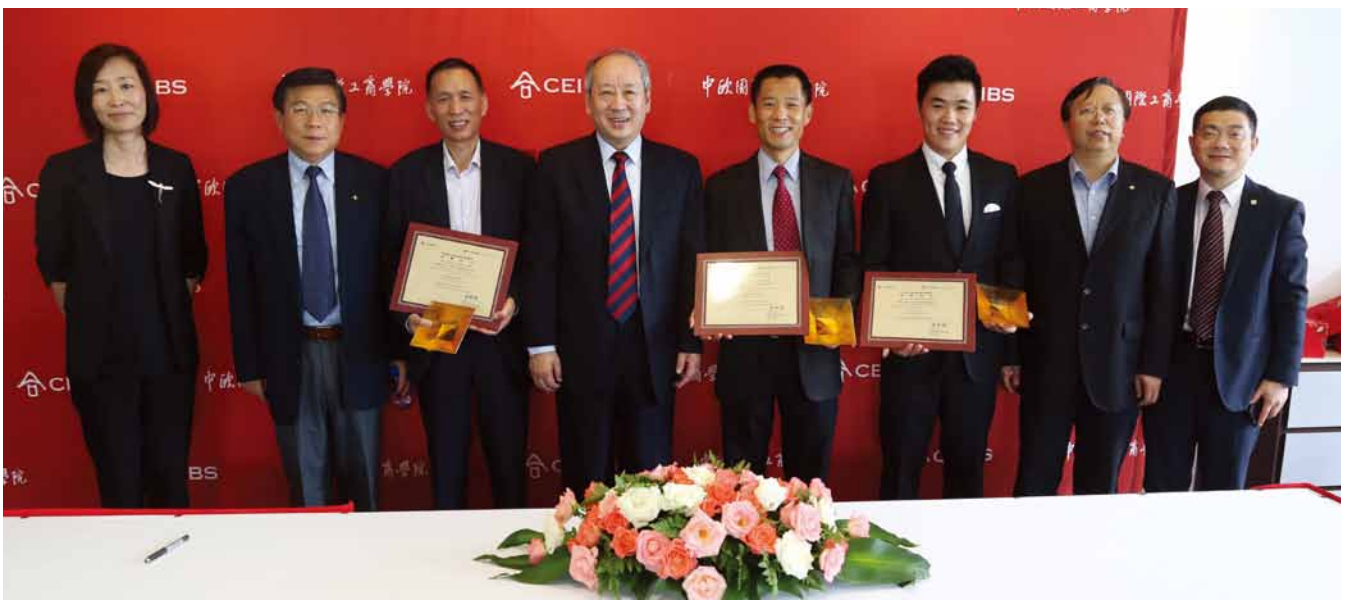
Weldon Lai joined the investors for the donation ceremony.

Wang Qingjiang, who introduced the three alumni investors to the audience, extended his sincere gratitude to them for their generous investment in their alma mater. Prof Zhang, speaking on behalf of the school leadership, lauded China Universal and Future Holdings for their excellent achievements in business, and thanked them for their love for the school and continuous investments. He also spoke highly of Wang Xusong, a young man (less than 30) who chose to give back to his alma mater only three years after the launch of his company.

During the ceremony, Li Wen and Lv Xiaoping explained that gratitude was

part of their corporate cultures. They had already benefitted a lot from studying at CEIBS, they said, and giving back to the school would further enhance their brands' social impact so their investment was a win-win situation for both sides. As for Wang Xusong, he explained that his entrepreneurship journey began when he was still at CEIBS benefitting from excellent teachers and good friends; so his first thought right after achieving success was to give back to his alma mater.

Along with the investors, Deputy Director of CEIBS Alumni Relations Office Tanya Fu and Assistant Secretary General of CEIBS Education Foundation David Lee respectively co-signed the investment agreements on behalf of the school.



# 参与捐赠 让爱流动

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校友是母校利益最直接的相关者，也是母校最信赖的支持者。我们号召广大校友积极参与支持学院的发展，踊跃为母校捐款。

2015年度捐赠者可获取精美纪念品：棒球帽及中欧水晶胸针（捐赠额500元以上）

CEIBS' vision is to become the world's most respected business school, and a steady stream of adequate funds is a prerequisite for fulfilling this dream. Additional funds, other than tuition fees, need to be raised through diverse channels to attract excellent faculty, increase research expenditure and provide more scholarships for students so as to ensure the school's sustained development.

Our alumni are our most interconnected stakeholders, the most trusted champions of their alma mater. We look forward to your gifts to your alma mater to ensure its sustained development. Your giving, in any form, big or small, will be highly appreciated.

A sporty CEIBS cap and an elegant custom-made crystal pin will be presented to those who make gifts valued at over RMB 500.



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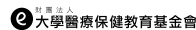
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## CEIBS Exec Ed Moves Up in *FT* Rankings

CEIBS Executive Education now has better designed courses, better faculty, participants who are being more carefully selected, learning more new skills and being provided with much more support after they are back on the job. All these improvements have translated into a five-point increase to #24 on the *Financial Times* ranking of the world's best Exec Ed Open Enrolment programmes. CEIBS moved up 7 spots to #22 for the Combined ranking.

### CEIBS Africa Strengthens Partnerships

CEIBS, through its operations in Africa, has partnered with the African Union (AU) to provide world class education programmes that will enhance the region's entrepreneurial, management and business skills. CEIBS Africa will work with the African Union Commission, which is the AU's Secretariat, to jointly develop a curriculum to be taught by faculty from across three continents – China, Europe and Africa. CEIBS Africa is also spearheading a collaboration with Nudge Global Leadership Challenge 2015. The goal is to work together on a life changing

event that will shape and strengthen the leadership skills in sustainability of 60 young professionals from 30 countries. As global knowledge partner, CEIBS will support the development of this year's Challenge. Meanwhile, CEIBS Africa continues to host events that explore Sino-African synergies. The future direction of the China-Africa strategic partnership was the focus of a talk by Her Excellency Sun Baohong, the Chinese Ambassador to Ghana, at an April 29 dinner reception for Chinese companies in Africa. More than 70 CEOs and senior executives attended, along with the President of the CEIBS Alumni Association Ghana Chapter

and participants from the current CEIBS Africa EMBA cohort. Academic Director of the CEIBS Africa Programme Professor Mathew Tsamenyi provided the audience with an overview of CEIBS' initiatives and programmes in Africa. CEIBS Africa Executive Director, Business Victor Rutgers also attended, and remarked that the event provided a good platform for networking and strengthening the relationship between CEIBS Africa and the Chinese business community in Ghana.



Martin Camps



Prof Jane Wang

## Transforming China's Agricultural Sector

Discussions on how best to modernise China's agriculture sector, while balancing the interests of multiple stakeholders, was the focus of discussions during the CEIBS-UNESCO-CHIC 4th China International Agri-Business Forum at CEIBS Beijing Campus. Throughout the May 17 event, sessions touched on the regulatory environment, investment opportunities, and the role of the Internet in shaping innovation in the sector.

## Fashion Blue Book

The *Blue Book of China's Fashion Industry 2014 – 2015* was released by the CEIBS-Jing'an International Fashion Industry Research Centre on May 30 during CEIBS 7th Prestige Brands Forum 2015. The book is said to be the first comprehensive research report to look at China's fashion industry in the wake of the 2008 global financial crisis.

### mHealth, Future of Healthcare?

How can China's healthcare system be enhanced by the technologies inherent in today's internet age? Is Mobile Health, mHealth, the way of the future and what are the inherent risks that come with this shift in the way doctors treat those who trust them with their lives? CEIBS Shanghai auditorium was filled to capacity on June 13 as more than 400 participants in the annual China Healthcare Forum tackled these issues head on.

### Kudos for Faculty Research

Accolades for Professors Zhao Xiande and Rama Velamuri in June were the latest recognition of the exemplary work being done by CEIBS faculty in the field of research. A study co-authored by Prof Zhao won the EDSI Best Paper Award, while a case study by Prof Velamuri made the list of Top 10 most-downloaded articles on the Social Science Research Network (SSRN) website in the Political Science Network (PSN) category. Prof Zhao identified five key factors for implementing innovation projects in large organisations while Prof Velamuri focused on resistance to political corruption.





Prof Wang Weiguo



Prof Zhang Yuyan

## Insight on Land Reform, Sino-US ties

The first in a series of intellectually stimulating events at CEIBS Beijing Campus explored the issue of urban-rural integration and land reform in China. The speaker was CEIBS Adjunct Professor Wang Weiguo who is also Dean of the Civil, Commercial and Economic Law School at China University of Political Science and Law, Chairman of China Banking Law Society, as well as Vice President of the Academic Council for the China Civil Law Society. During the May 31 event, he looked back the history of China's efforts at urban-rural integration, analysed the evolution of land reform and predicted its future. The second lecture in the series was an examination of Sino-US relations by CEIBS Visiting Professor Zhang Yuyan, the Director of Institute of World Economics and Politics at CASS. He looked at macro strategies for bi-lateral cooperation and new opportunities between China and the US. "The key to understanding the Sino-US relationship is to realise that bi-lateral benefits co-exist with competing interests between them," he said.

### Finance Conference

"Law, Regulation, and Finance" was the theme of the first CEIBS Finance Conference organised by the school's Finance and Accounting Department. The May 22 event provided a platform for international scholars to exchange ideas. Six papers were chosen for presentation from among 84 submitted. Scholars from leading global business schools such as Antai, SAIF and Fudan University participated.

### P2P Lending

During a May 22 lecture at CEIBS Shanghai Yan Dinggui, the Founder of niwodai.com, a leading P2P lending platform in China, shared his opinions on how P2P lending platforms can control risk and attract customers. It was part of the "Dialogue with CEIBS Alumni Financial Talents" lecture series co-hosted by CEIBS FMBA Programme and CEIBS FMBA Finance Club. In addition to students and alumni, attendees also included applicants for FMBA 2015.





### Maple Choir Thrills

For its first ever concert, CEIBS Maple Choir entertained more than 700 CEIBS faculty, staff, alumni and their families on May 31 in a stirring concert titled “Maple, Harmony and Pleasure”. Conducted by Liu Wei and Yang Shuwen, the choir performed both foreign and Chinese classics including Singin’ in the Rain, Castle in the Sky, and Ave Maria. Founded in 2014, the CEIBS Maple Choir has more than 70 members, who include alumni, managers and professors. The CEIBS Maple Choir belongs to the China Chorus Association and is affiliated with the China International Cultural Exchange Fund. For information on joining the Maple Choir, please call 13901689583.

### GBC2015 Shanghai – Job well done!

Thirty-six events across Shanghai for more than 100 guests... and all in 72 hours! GBC 2015 Shanghai has received high marks from many who enjoyed the impressive, culturally rich and fun programme from May 21-23. It was organised by a team of CEIBS MBA 2016 students.

### We Care, We Share

CSR is alive and well among CEIBS students who raised funds for victims of the Nepal quake and a teenager who needed surgery. On May 11, the MBA 2016 CSR Club raised about RMB50,000 to help victims of April’s devastating earthquake in Nepal which left more than 8,000 dead, 14,500 people injured and hundreds of thousands homeless. Also in May, MBA 2016 students who are members of the CEIBS C.O.I.N. (Community Outreach and Inclusion Network) Club raised

RMB13,600 to help pay for an urgently needed bone marrow transplant for a 14-year-old student they tutor at Jiuqian Charity Centre. By May 13, another RMB400,000 was donated through various channels as C.O.I.N. appealed for help for the girl whose family is impoverished. All donations will be used to pay the costs of Xu Jia’s surgery and post-operative treatment. The medical bills will be verified by the China Charities Aid Foundation for Children before funds are transferred for payment.



Jane Lin-Baden

## Women who Lead

Women should trust their instincts if they want to improve their leadership, advised CEIBS Associate Professor of Management Han Jian in a keynote lecture she gave at the “Shero: New Power of Women” forum on CEIBS Beijing Campus on June 7. Qiao Jian (EMBA 2004), author of the new book *The Lenovo Way*, also gave a keynote lecture in which she spoke about the importance that diversity plays in the success of a multinational company. Qiao is Senior Vice President of Lenovo. The forum also featured a panel discussion that included Co-founder of yunxuetang.cn Ding Jie (EMBA 2004), Founder of huxiu.com Li Min (EMBA 2010) and Cheng Hong (EMBA 2008), Secretary General of the China Entrepreneur Club. A few weeks before, on May 26, the Fifth Chinese Women Leadership Forum titled “Internet Age: Chances and Challenges in Women Leadership” was held at CEIBS Shanghai Campus. A variety of specialists, scholars, entrepreneurs, senior executives and an audience of 300 attended the event. The topics discussed included “Reform of Women Leadership”, “Female Entrepreneurs” and “How Brilliant Women Seek Changes in the Internet Age”.

## Change & Persistence

There was a lot on the agenda during the June 17th CEIBS Alumni Forum entitled “Change and Persistence”. It featured CEIBS alumna and acclaimed drama writer Liu Liu and Assistant Professor of Entrepreneurship

Gong Yan sharing their views on “change” and “persistence”. The event was hosted by CEIBS Alumni Relations, co-organised by CEIBS Alumni Cultural and Innovative Industries Club and sponsored by Future Land.



## The Business Side of China Entertainment

Why do some films and TV reality shows strike a chord with viewers? How can brands leverage product placement opportunities in entertainment programming? These were among the topics discussed at the first CEIBS Micro Forum held at the school's Beijing Campus on May 24. Moderated by Associate Dean (Executive Education) and Co-Director of the CEIBS Centre for Globalisation of Chinese Companies & Professor of Marketing Wang Gao, the forum featured a panel of six CEIBS alumni who are senior executives in entertainment and marketing. More than 100 participants attended in person, while 1,400 viewers joined online.

### Faculty Lectures Focus on the Internet

The key to benefitting from platform strategy is not to try and change your company into an Internet enterprise, but to reshape your value system, value chain, internal structures and build up mechanisms to motivate talented employees. That's the advice Associate Professor of Strategy Chen Weiru, who is also Programme Director of Business Innovation & Transformation Programme, had for more

than 400 local entrepreneurs and CEIBS alumni during a May 12 lecture in Shenyang.

The topic discussed by Adjunct Professor of Entrepreneurship and Executive Director of the Centre for Entrepreneurship and Investment Kevin Li during an Executive Forum in Wuhan three days later was somewhat related. The key to Internet thinking, he told thousands of local entrepreneurs and CEIBS alumni during his speech, is product innovation. The three key features of excellent products, he added:

pursuit of perfection, simplicity and emotional appeal. Then on May 28, Professor of Finance and Accounting Oliver Rui shared his views on four aspects of Internet finance: big data, cloud computing, the online platform provided by social networks, and mobile payment. The Shenzhen audience was made up of about 800 local entrepreneurs and senior managers.





## Leadership Lessons in the Desert

"I prefer experience teaching to case study since the former is based on first-hand experience while the latter is about other people's stories. So during this course, every group of 10 people needs to make decisions and accomplish tasks in a brutal environment," said CEIBS Associate Dean and EMBA Director Prof Charles Chen. He was explaining the rationale behind CEIBS' first ever "Leadership in Action" EMBA course that took place during the 10th Gobi Challenge. Led by Professors Chen and Jean Lee, 50 EMBA students walked 82 kilometres, learning valuable lessons as they went along. On day one, they focused on building a team, the second day was about how to respond to changes while on the final and most difficult day team members were asked to handle a major crisis. At the end of the four-day-long course, Prof Lee noted that it had been not only a test of endurance but also about putting leadership into action.

The Gobi Challenge has long been a signature event for CEIBS students with the school winning the challenge several years in a row. The trek retraces Monk Xuan Zang's arduous Tang Dynasty pilgrimage through the Gobi Desert 1,300 year ago. It has become a valuable cultural event and test of

physical endurance for EMBA students from China and global business schools. Five days after CEIBS' leaders, faculty and family members of this year's CEIBS team gathered at the Shanghai Campus Petrochemical Auditorium on April 24 to wish them well on the arduous journey ahead, the team took the competition's Shackleton Medal and the team title for their outstanding performance. Chen Changguo won three silver medals for his outstanding performance each day of the competition.

"After crossing the Gobi, through salt flats and the barren desert, we were about to collapse from the torturous sandstorms and scorching sun," recalled Peng Bo (AMP 21 Class). Peng almost quit because of excruciating pain in his knees on the second day. Teammate Ye Lun helped pull him along by tying a rope around their waists to keep them together. Ye's selfless action cost him the competition's individual award title for that day, but ensured that the entire team completed the course. "I will treasure this for the rest of my life," said Cai Hui (AMP 23 Class), the only female member of the CEIBS team, who burst into tears when they crossed the finish line.





### MBA 2008, Together Again

CEIBS MBA 2008 alumni from both home and abroad gathered at the school's Shanghai Campus on June 13 to catch up on their career and personal successes of the last five years and reminisce about their days at CEIBS.

### Thanks for your Support!

The CEIBS Alumni Association invited more than 400 alumni reps to the school's Shanghai campus on June 6 for the yearly Meeting of Class Representatives to say thanks for all their support. CEIBS President Prof Li Mingjun and Honorary President Liu Ji gave keynote speeches.

### Champs!

CEIBS EMBA football team beat out teams from seven other Chinese b-schools during matches over the past six months, winning the National Football League.

### Tennis Anyone?

On May 25, three teams from CEIBS Tennis Association impressed at the seventh Qinghua EMBA Tennis Group Classic, the top tennis competition for Chinese business schools. Among the 40 competing teams, CEIBS first team placed fourth in its category, the second team placed second in its grouping, while the third team placed fourth.





# Meet Jane Lu

## - MBA student turned professor

■ By Marius Ziubrys

It's an early Friday morning in Shanghai. Professor Jane Lu (CEIBS MBA 1995) has just flown in from Australia where she now lives and works. She returns to China almost every other month. I greet her over the phone, and she sounds very excited to reconnect in some way with her alma mater – CEIBS.

Shanghai-born Lu received her bachelor degree in Economics from Shanghai International Studies University in 1990. After graduation, back then, students had to complete a five-year work assignment at state owned companies. Lu was assigned to Shanghai Animal By Products Import and Export Corporation. “I liked my position which allowed me to apply knowledge to real world situations, and we had very good perks,” she says. “We always had entertainment and travelled business class.”

Five years later, although she was doing well at the trading company, she decided it was time for a change. “I'm neither good at drinking nor karaoke, which are two important business components in China,” she laughs. But curiosity of what it would be like to learn something new was the real motivation behind her decision to go back to school.

In 1995, Lu applied for a spot in

one of the very first batches of CEIBS MBA in Shanghai. She still remembers the admission interview. She was offered a slot and a full scholarship. At the time, CEIBS did not even have its own campus. The school was located in Minhang, at Shanghai Jiaotong University. Being confined in a location so far away from the centre of town, Lu and her classmates had a lot of time to bond over meals and other social activities. She still keeps in touch with most of them.

A few things stand out in her memory as she compares how different doing an MBA at CEIBS is today from what it was then. “We were studying business in our library but if you looked through the window you could see some kind of military training going on,” she says. Things were also technologically different. For example, she had to do research using microfiche (journals recorded on film). But these limitations taught Lu one of the most valuable lessons learned during her CEIBS MBA – the importance of taking responsibility. She was a member of a group doing a consulting project for the Fosun Consulting Group. Her team did a really good job looking at the internationalisation of Chinese firms and the final step was doing a presentation at the company's office at 10 one morning. The only thing left to

do was to print the hand-outs because the Minhang campus did not have a printer they could use. They thought they would arrive early for their meeting and print the material at Fosun or nearby. They had an unpleasant surprise: the only available photocopy machine was broken, and it took quite a while to fix. Her group had to postpone their presentation by about an hour. The Fosun consultants were not pleased with the delay, and they blamed her team for being unprepared. “We felt it was not our fault but we were told we were the ones to be blamed,” she recalls. “We eventually accepted that anything that keeps us from completing our job, anything that interrupts the process, is our fault. Later, in my academic career I have been guided by the principle that you have to take full responsibility, even if some things are beyond your control.”

### ANOTHER SCHOLARSHIP

In the early days CEIBS, which then relied heavily on part-time faculty, devised creative ways in which to increase its team of permanent faculty. Promising students were offered scholarships to study at top international schools, with the condition that they would ultimately return to CEIBS as permanent faculty.





Lu and another classmate were offered scholarships. Lu was not sure she could commit to the idea of becoming a professor, so she turned down the offer. But it did give her the idea of doing a PhD.

After graduation, with a brand new diploma in hand, Lu decided to go back to the job market. She targeted foreign investment companies, thinking they had more to offer and a different culture than state owned enterprises. She got a position at the Rabble Bank in Shanghai. But then she found out that it was not much different from her previous job after all. “If you want to do business, if you want a deal, entertainment is a part of it,” she explains. After a year at the bank, she decided to apply for PhD studies at Richard Ivey School of Business in the University of Western Ontario.

Moving to Canada went smoothly. She fell in love with the natural environment – and another PhD student who was three years ahead of her. He later became her husband. “When he proposed to me he asked me what I wanted for the wedding; I said ‘I just want green grass,’” Jane remembers. He listened. Their wedding was on a golf course.

Lu wanted to stay and work in Canada but her husband, who was obsessed with Asia, convinced her to join him in Hong Kong where he worked as a faculty member of Hong Kong University of Science and Technology (HKUST). Lu got job offers from both HKUST and Chinese University of Hong Kong. However, something unexpected happened – Hong Kong’s immigration authorities

rejected her application for an employment visa. “They said because I was Chinese I couldn’t work in Hong Kong... I know, it doesn’t sound logical,” she explains. The mass media picked up her story and she was even interviewed by *South China Morning Post*. Finally, the newly married couple decided to forego Hong Kong. Since Lu’s husband wanted to stay in Asia, the only alternative

available at the time was Singapore.

The couple received work offers from the National University of Singapore. After four years, her husband became the department head and, to avoid any conflict of interest, Lu took a job with Singapore Management University. During their 12 years in Singapore, they saw their two sons become teenagers and they watched the country change. “When we arrived in 2001, Singapore was a very hierarchical society, and the university tended to have tight control. For example, they wanted to know whether you were in the office or not. I was not used to this,” explains Lu. Over the years, it became less rigid with the focus shifting from controlling people’s behaviour to controlling the outcome of their actions, she says. But eventually, Lu got bored of Singapore and wanted to take her career to the next level. So they moved to Australia. She had dreams of doing something more entrepreneurial, something like starting a research centre. She was offered the James Riady Chair Professor position at the University of Melbourne. While conducting teaching and research as a professor in management, she also worked as the director of the Centre for Asian Business and Economics to implement the faculty’s Asia strategy. In Australia, there were even more cultural differences: “In Asia we are more used to explicit rules, regulations, and in Australia people tend to use their own judgement and trust you more,” says Lu. On the other hand, she missed being part of a well-organised system.



Lu on the golf course

“When you want to do something [in Australia] nobody knows how to get it done. Basically, every time you have to do everything from scratch,” says Lu. She thinks Australians are a bit too relaxed, especially for someone like her who appreciates efficiency and consistency.

## ACADEMIA

Practical by nature, once she received her PhD Lu started researching international strategy of Japanese FDI. It was a prominent phenomenon during her PhD study so data on Japanese FDI were readily available. Her goal is to find out what strategy can lead to firm success. She enjoys working with data, and she is quite pleased that more and more Chinese data is becoming available. “I look at the emerging markets... China or the so-called BRIC (Brazil, Russia, India and China), and I still look at the determinants and outcomes of internationalisation of these firms.” Another focus of her research is Chinese domestic firms. “Recently, I have been looking at CSR, environmental issues and also corporate governance as such issues are becoming important for many firms once they have secured their survival and basic profitability,” she says. She can relate to all these topics given her work experience and her genuine interest in market and non-market strategies. She thoroughly enjoys being an academic.

“We have a level of flexibility

that cannot be compared to any career in the world. I can decide when and where I want to go or even whether to go or not. I can decide my daily schedule. You can rarely find this amount of flexibility in companies,” she explains. She also loves the fact that her job gives her an endless opportunity to learn, and she has the option of focusing on teaching, research or administrative service. At the moment she is more interested in the latter. “I feel like an entrepreneur, but I do not have the risks of an entrepreneur who has to bear financial consequences if he fails. I don’t have these downside risks but I have all the excitement,” she says.

Lu has amassed a wealth of knowledge and experience as her career took her across three continents, so what would she say to a young Chinese thinking of doing a CEIBS MBA? Without taking a moment to think, she starts listing CEIBS’ advantages: “First of all, I would highly recommend a CEIBS education because of the career advantage it brings. During the year



Lu’s husband Andrew with their two sons  
George and Andrew (left)

I spent at the bank, compared to the graduates from other schools or universities, I felt I could add more value to the company. Second, as early as 1995 CEIBS already had a full English-language-taught programme. Even today many Chinese schools struggle to offer an MBA programme in English. Also, the CEIBS faculty was and is very world class. Even if we didn’t have permanent ones then as they do today, we had professors from famous universities across the world. For anyone who wants to have a professional career, who really wants to learn and to make a career change, CEIBS is the best choice!”





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