

From Entrepreneur to Venture Capitalist to MBA

■ By Charmaine N Clarke



Shaolei Hong's CEIBS MBA studies have taken him full circle. The school's Shanghai campus in the well-heeled Jinqiao area of Pudong is a stone's throw away from a neighbourhood he's very familiar with, one where he had his first taste of life as an entrepreneur. Shaolei was one of the founders of Northern Media, a video streaming company located in an industrial cluster near Hongfeng Road. He and his partners thought they had the perfect strategy, one that could not fail.

But it could. And it did.

The business plan seemed solid. Northern Media was lucky enough to be in possession of one of the few licenses to provide pay-to-view content to China's three big phone companies. They would make shorter clips of popular videos and stream them to mobile phone users. The best part of the deal was that, unlike similar services at the time, users paid the phone companies before they viewed the content, a solid source of revenue from which Northern Media benefitted after it began operating in 2012. "We thought we had a very good business model because we would be protected by the government.

That was the whole point,” says Shaolei with the hint of a British accent he has held onto years after studying abroad. The company started out with 10 people, earning about RMB100,000 a month. At its peak they were up to 30 employees, most of them editing video content, and they were raking in almost RMB1 million a month.

But lax enforcement of the regulations soon saw big name players entering the obviously lucrative market. Northern Media simply could not compete. “In the beginning we thought we were in a very good position, but we were actually operating in a market economy and we eventually had to get out because our business model just wasn’t smart enough,” says Shaolei who, at heart, is a firm believer in the market economy. While his partners held onto the hope that the regulations that protected their share of the market would be enforced, he realised it was time for a change in company strategy.

While his initial role at the company was more of an operational one that covered aspects of content selection, marketing and financing, Shaolei soon found himself mostly trying to raise funds to keep Northern Media afloat. “The business was going down and we were relying on it to make a living,” he says of those days.

Then something completely unexpected happened.

One of the VC companies he approached for funding offered him a management position. The only catch was that he would have to go back to his hometown, Shenyang, which was a lot slower than fast-paced Shanghai which he had grown to enjoy. It was a good life, but after about four years Shaolei was aching for something a bit more exciting than Shenyang. He decided, on his 31st birthday, that it was time to do his MBA – and it had to be in Shanghai. He had already lived

more lives than most people can only dream of. With thoughts of eventually being a songwriter, he had spent about a year trying to break into the industry by scouting talent for a music label. He was eventually signed by Warner Music as a lyricist but never actually sold any songs so now he knows the life of a songwriter is not for him. He was educated abroad and has already been an entrepreneur and venture capitalist in China. All these experiences have left him with a very important lesson: dreams are great but you need a healthy dose of reality to survive. He also has the added advantage of knowing exactly what it’s like to be an entrepreneur desperately in need of funds, *and* an investor looking for a venture that will pay off.

Both sides, he says have their pros and cons. Venture capitalists get to see the big picture, have an opportunity to learn about new companies and industries and have access to valuable



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information. On the other hand, he says, venture capitalists spend about 60% of their time *talking* while entrepreneurs are actually *doing*. “From my experience as a venture capitalist, we don’t really execute anything in a real industry; we just look and analyse. That’s the major thing that we do,” says Shaolei. He does acknowledge, though, that the capital injection plus the vote of confidence that comes from getting VC funding can mean a lot to the success of an entrepreneurial venture.

In the first few weeks of his CEIBS MBA, a personality test gave Shaolei an idea of what his future holds. It turns out that he may not be ideally suited for entrepreneurship. He scored highly in the skills needed to develop new products, he was in the mid-range for a venture capitalist and his skills were said to be the least suitable for being an entrepreneur. He thinks after CEIBS he will try his hand at being a venture capitalist once again. “I’ll specifically try to look for opportunities in venture capital firms that focus on media and entertainment. That will be my priority after graduation,” he says. “Then eventually I want to be at a company that I am really passionate about; that’s pretty much my plan so far.”

China, Shanghai and CEIBS are a big part of his plans. He went to high school in the UK, lived in the US for a while then had another stint in the UK. Now he needs to be in China. “I did think about doing my MBA abroad. But I already know what overseas looks like, and if you study abroad you have

to spend at least two years rebuilding your network when you get back to China. I wanted to be at the centre of the universe. From Shanghai you can witness China’s development,” he says frankly. His choice of city was reinforced by influential friends in the financial sector. All that was left was to choose a school. “I chose CEIBS because people I consulted said I needed a business school with an international environment. I’m very happy with my choice so far,” he says. He also feels that CEIBS, with the vigour of its relative youth and its entrepreneurial spirit, is exactly what he needs right now. “You can feel when a place welcomes you, you can feel the energy, it’s very positive. I’m fortunate because I’m in an environment that has a very good entrepreneurial [spirit],” he says with a grin.

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