

当代领袖 THE THOUGHTS OF CHAIRMEN NOW

The times have changed but the focus has not. We still are a window for the world and continue to attract steady growth and investment from overseas as well as from the interior of China. China is changing. There are more regulations. But it's not the same as in the West. You are more on your own without a guide. And you need to find your way out. So the business environment is more complicated. In the West, everything in business is black and white. But in China it is about balance. To find the middle way, to achieve balance, the win-win situation in everything we do. We believe that it's possible for Chinese companies to build strong brands. But it will take more than a decade to have the kind of global brands that some western companies built over a century. Simply put, love is the energy driving contribution, productivity and creativity. China's rapid economic development during the past 30 years depended in part on government policy favouring growth. Those days are over. For a company to grow, risk management is the first step. After this, you will be able to realise rapid growth. Companies need a breather. They need time to make improvements and refinements to help ensure that the next fast-growth period will be healthier. This is a national issue. Chinese businesses need to compete on an international level and seize opportunities overseas. I have been here 12 years. That is a full cycle on the Chinese calendar. The way we cross the street, with traffic moving in all directions and drivers ignoring the lights, is a good metaphor for operating in China. The rules are not as apparent as in the West. The growth of Chinese businesses and the expansion globally is not just about copying and making fakes. Chinese business is about doing something that provides personal satisfaction. As societies prosper people have more money and time for other interests, like entertainment. Until then the main focus is work. That's where China is today. That work ethic characterises Chinese companies. We have a long history and 5,000 years of culture to build on. This gives us an intangible competitive advantage and a positive and generally balanced perspective on the things we do and our thinking about the future. Our employees come first. We think of our people as our most important asset, much more important than plant or equipment. Some people take a political view and mythologise China. Others take a more cultural view and mythologise China. Both of these perspectives are limited and distorted. We aspire to be a strong international brand, and I believe we can accomplish this goal. Most of the major global brands were first leaders in their domestic markets. I feel that it is part of the responsibility of enterprises to leverage their business in providing solutions to social problems.

Wisdom from China's
business leaders and
entrepreneurs

With insights for sustained
business success in a
rebalancing China

Jonathan Geldart
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and

David Roth
罗大卫



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当代领袖 THE THOUGHTS OF CHAIRMEN NOW

Wisdom from China's business leaders and entrepreneurs

In a remarkable series of candid conversations, diverse leaders discuss the challenges as China rebalances following 30 years of high-octane growth. Added research and analysis, informed by our extensive China experience, yield unique insights for achieving sustained business success in this shifting landscape.

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PREFACE



WELCOME TO “THE THOUGHTS OF CHAIRMEN NOW: WISDOM FROM CHINA’S BUSINESS LEADERS AND ENTREPRENEURS.”

China is rebalancing.

After 30 years of unprecedented economic expansion, the new leadership seeks to realise a “Chinese Dream” that pairs more evenly paced growth with widely shared prosperity, domestic harmony and global stature.

What does this “national rejuvenation” mean for companies doing business in China?

Questions are more abundant than answers. But with over 30 years of combined experience living and working in China, we believe that in a time of transition it’s most important to ask the right questions of the most knowledgeable people.



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Welcome to *The Thoughts of Chairmen Now: Wisdom from China's business leaders and entrepreneurs*.

With the benefit of unusual access, we addressed our questions to C-Suite executives from 14 important Chinese companies. Our book takes you into these candid meetings as business leaders share insights about the changing China, the strategies and tactics they employ and the prerequisites and subtleties required for sustained business success.

We believe that *The Thoughts of Chairmen Now* is essential reading for anyone planning to enter China or currently doing business there. It's also beneficial for Chinese executives, analysts, journalists, academics and anyone else interested in the unfiltered thinking of Chinese business leaders.

You'll learn not only what Chinese business leaders think, but also how they think and why deeply understanding business in China requires viewing it through the prism of Chinese history and culture. Topics covered include:

- Attitudes of management and the workforce and how they're shaped by China's history and culture.
- Opportunities and barriers facing Chinese brands as they expand at home and abroad.
- Challenges of rapid growth, such as the need for an educated workforce qualified to deal with complexity and change.
- Values guiding business leaders, including honesty, hard work and serving both individual and communal wellbeing.
- Leadership approaches for fostering staff devotion and more open communication.

Clarity and balance

We're grateful to each of the 14 leaders and to the many other experts and advisors, who contributed their time and knowledge to this important project. They share a desire to present China with clarity and balance and provide a realistic appraisal of how doing business in China compares with other markets.

They also share a need to improve the image of "Brand China." Many of these companies are present overseas or plan to be in the near future. International expansion success depends in part on "Brand China," the image of the country and the reputation of Chinese goods and services.

For these leaders, this book is a platform to address preconceptions well expressed by He Fulong, chairman of ITG, a major conglomerate. "People misunderstand China," he told us. "Some people take a political position and demonise China. Others take a more cultural view and mythologise China. Both of these perspectives are limited and distorted."

How to achieve a comprehensive and undistorted perspective? For us, the hours we spent with each of the Chinese leaders were illuminating and an exciting first step. These conversations form the heart of the book, which we divided into 14 sections, one for each company. Each section features a summary of the company, a profile of the leader and an interview Q&A.

And because the deepest understanding of Chinese companies comes from being in China, from personally interacting and seeing the country with your own eyes, we illustrated the book with remarkable photos to capture the essence of the businesses and the personalities that lead them.

We also added relevant commentary, including exclusive market research and analysis from Millward Brown China, a WPP company and BrandZ™, WPP's brand equity and analytics database.

Finally, to make the extensive material maximally useful and accessible, we organised it into

relevant themes that appear in a series of analytical Overview essays and prescriptive Take Aways. We also included contact details at the back of the book for additional help and information.

Next steps

Appreciating China in all its diversity and complexity is critical for business success. We intended *The Thoughts of Chairmen Now* to reflect this appreciation and inspire further inquiry. For the specific strategic insights that can help assure your business success in China we invite you to turn to us—and the extensive experience we represent.

To learn more about building a business in China, contact Grant Thornton Zhi Tong. With our "one China, one firm" approach, we work together seamlessly across China and Hong Kong, forming a network of 17 offices with access to 120 partners and over 2,700 professionals. We serve a broad base of clients including over 150 public companies and more than 2,000 SOEs (Stated Owned Enterprises), private companies and MNCs (Multinational Companies).

To learn more about building brands in China, contact WPP. Located in Shanghai, Beijing, Guangzhou and many other cities and provinces, WPP companies—with all our significant resources, including over 14,000 employees in Greater China—are here to help you gain competitive advantage. We offer insights, advertising, digital, PR, promotion, marketing, media, retail and shopper marketing—the knowledge and implementation necessary to understand China and build and sustain brand value.

We believe that you'll enjoy *The Thoughts of Chairmen Now* and find it immensely useful to consider the collective wisdom of China's business leaders and entrepreneurs. The remaining challenge is using this wisdom to full advantage. For the name and contact details of someone who can assist you, please reach out to the China experts listed at the end of the book, or feel free to contact either of us directly.

INTRODUCTION

OPTIMISTIC AND DETERMINED, CHAIRMEN FACE NEW CHALLENGES

The business leaders we interviewed for this book do not speak with one voice.

The 14 men and women are a diverse group, varying in age, temperament, background, industry, leadership style, geographic region and the kind of company they manage, which range from large and state owned to small and entrepreneurial.

Some began their careers before the period of opening and reform initiated by Deng Xiaoping in the late 1970s. Others were children at that time and spent their early adult years studying abroad. They spoke to us at a decisive moment, as the government evaluated progress halfway through China's twelfth Five-Year Plan.

The leaders provided a business perspective. Their experiences and viewpoints yielded insights about the complicated Chinese business universe today, during a transition period marked by new national leadership, a slowdown in the rate of economic growth and the pivot from an economy driven by manufacturing to one driven by services and domestic consumption.

How these business leaders and entrepreneurs address the growing affluence and sophistication of Chinese consumers in

both the major and lower tier cities, build their company brands and burnish and redefine the reputation of "Brand China" will have global repercussions and especially impact companies doing business with China.

They share in common an optimistic determination to navigate this period of economic and social rebalancing and succeed not simply for personal gain but also for the benefit of their companies, their employees and the future of China.



Preparing for future growth

"The country's image will impact the level of investment we receive," said Gong Yuegiong, vice president at Foton, the car and truck maker. "China will need to change over the next 10 years so that we are accepted globally and can market our products."

These changes include the need to restore eroded consumer trust; strengthen the critical thinking skills of the workforce; and balance growth with respect for heritage. The erosion of trust follows 30 years of rapid growth whose unintended consequences include traffic congestion, air and water pollution and food safety hazards, problems facing many industrial economies.

The executives don't blame the government for these problems. But they expect the government to work collaboratively with business to find solutions. Alice Fan Yang, of NCAM, which manages insurance company assets, reflected philosophically on a well-known Chinese saying: "There are no fish in clear water," meaning impurities are a natural by-product of life.

"Companies need to take a breather," said David Sun, chief executive of Home Inns, the hotel chain. "They need time to make improvements and refinements to help ensure that the next fast-growth period will be healthier." Reflecting on the current period of rebalancing, he added, "This is a national problem."

Educating the workforce

When Sun outlined plans to double in size to 5,000 hotels over the next eight-to-10 years, he emphasised the need to find people who are capable of making decisions in a large, multi-brand enterprise.

The problem for Alice Fan Yang is finding qualified people who understand complicated

insurance products, because prospective employees too often are poorly educated, having migrated recently from countryside to city. "It requires selecting people who have reached a certain level of schooling and then educating them about insurance," she said.

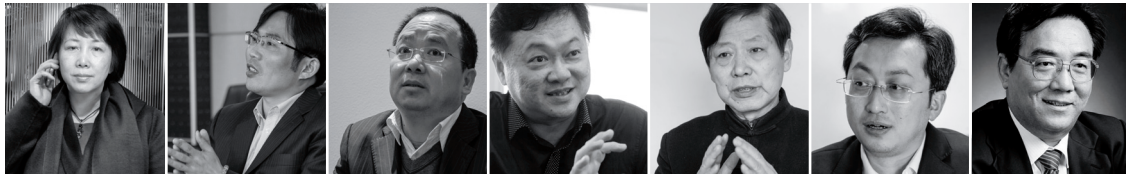
To an extent, the labour shortage in a land of over 1.3 billion inhabitants is a symptom of success. As affluence spreads there's less incentive for people to seek employment in cities, where wages are rising, but at a slower pace than the cost of living. The government's urbanisation policy may help correct the imbalance. As industries move to lower tier cities, China's wealth, infrastructure, education, medical care and other benefits will become more equitably distributed.

Over half of China's population now lives in cities compared with less than 20 per cent in 1980. Rapid urbanisation altered the character of many Chinese cities. Reminders of the country's long history disappeared as progress took priority over preservation. "Slow is not necessarily better," said Chairman He Fulong of ITG, a conglomerate, "but moving too fast can be like pulling on a plant to help it grow."

Strengthening "Brand China"

All of these issues impact "Brand China," which encapsulates China's core values, the quality of its products and its reliability as a partner. For Chinese business leaders, impressions of China will determine how easily their companies can find receptive markets, access to capital and strategic acquisition investments.

They expect "Brand China" to propel growth not inhibit it. "The government will need to continue addressing challenges, such as narrowing the gap between rich and poor people," said Gong, vice president of Foton, the motor vehicle manufacturer.



The goal is not to imitate the West, however. Regardless of their age or background, the executives see China as different in important ways from developed economies, particularly those in the northern half of the western hemisphere. China's people are more industrious and willing to place the common welfare above personal wellbeing, they say.

Similarly, in our conversation with the Chinese business leaders, we were struck by how their priorities differed from those we often hear from executives. They spoke less about sales and profits and more about being exemplary organisations that achieve commercial success with modesty, frugality and respect for all constituents—employees, the local community, shareholders, customers and the state.

Employees reciprocate with loyalty to company that imitates devotion to family. From our perspective, this phenomenon potentially provides a competitive advantage over businesses from the West, where the primacy of the individual and greater affluence reduces mutual commitment.

China and the West

We observed key differences in Chinese and western business operating styles, too. In Chinese companies, the effort to achieve consensus can slow the launch of new initiatives. But once out of the gate, Chinese companies can execute nimbly, pragmatically and at lightning speed. They excel at adapting and managing risk on the run.

The executives suggested that Chinese businesses could learn more about formal planning from the West. We believe that a fusion of western planning cycles with Chinese executional adeptness would produce

management best practices that are neither eastern nor western, but rather universal. Confucianism, Buddhism and other influences during 5,000 years of history have shaped Chinese ways. Imperialism and the hardships endured during the past two centuries inform the relationship with the West. The desire to engage is also influenced by the belief that China's cultural distinctiveness needs to be reclaimed and protected.

From our interviews and analysis it's clear that the country is changing and those seeking to do business with China will engage both with business leaders whose careers began 30 years ago, at the dawn of China's economic reform and those of the next generation. All are adjusting to the current period of social and economic rebalancing.

We also found general agreement on this point: People in the West understand little about China and its long and complicated past. Complete knowledge of this history is neither possible nor expected. Some knowledge, however, is a necessary context for doing business in China. Pursuing it with humility is a gateway to deep personal relationships on which sustained business success depends.

"China is neither as terrible and chaotic as some people allege, nor is it as great as other people assert," said ITG Chairman He. "The reality is in the middle. China is moving forward continuously."

Jonathan and David

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CHINA

AT A GLANCE

Key Facts and Figures

Geography

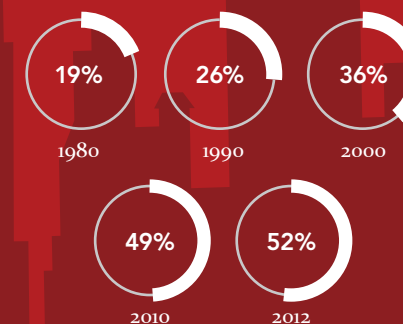
Land Area

9.6 million km²/3.7 million mi²

China is one of the world's largest countries in land area, smaller than Russia and roughly equivalent in size to Canada and the United States.

Urbanisation

More than half of China's population lives in cities today compared with less than 20 per cent when the period of opening up and economic reform began in 1980.



Per cent of the population living in urban settings

People

Population

1.35 billion (2013)

Median Age

36.3 years

The number of people over age 60 will double during the next 20 years and China will face the challenges of an ageing society. The recent relaxation of the one child policy by government may help in the long term but the challenge of an ageing population will be present for at least a generation, possibly two in China.

Employment

Employment to population ratio 71%



Women in the workforce 51%

China leads the world in the number of senior management positions held by women, 51 per cent, compared with a global average of 24 per cent.

THOUGHTS ON CORPORATE RESPONSIBILITY



责任
Responsibility

INDIVIDUAL AND CORPORATE WEALTH ARE GOOD, BUT MUST SERVE SOCIETY

Judging from the unprecedented rise of several hundred million people into the middle class and an unquenchable desire for western luxury brands, it might seem as if accumulating personal wealth has been China's sole motivation during the past 30 years of rapid economic growth.

It might seem that way, but as is often the case in China, the surface appearance may be wrong, misleading or only a thin slice of a much more nuanced and complicated story.

The Chinese have a long association with money. They introduced paper currency to the world during the Song Dynasty, in around 1000 CE (Common Era). Chinese merchants traded internationally, along the Silk Road, starting roughly 200 BCE (Before the Common Era), during the Han Dynasty. For much of China's population, the only novelty about money during the past three decades was having some.

As in the West, China's market economy tries to balance—and now rebalance—the needs of the individual with those of the wider society. The Chinese, however, mediate the ideas of Adam Smith with the teachings of the Buddha, Confucius and other Chinese thinkers. Consumption is only one aspect of a "Chinese Dream" for a more stable, prosperous and equitable society.

"The leaders of businesses in China have a lot of heart for what they do," said Wang Xianrong, chairwoman of C&D, a holding company. "The Chinese people will put their energy and efforts into what they do. It's not just for the money. They want to realise their dreams and do something valuable for China."

Improving society

Wang Zhenghua left a career in government service to open a travel agency during the 1980s, the earliest years of Deng Xiaoping's economic reforms. Today, Wang operates one of China's most successful travel agencies and Spring Airlines, a low-cost carrier. At age 70, making money remains important, but making air travel affordable to more people is the goal that really excites him.

"China has many low-income people who have never flown on an airplane," said Wang. "It is my dream to help them fly."

Around a decade after Wang Zhenghua left government, Wang Kaixue left his job as a professor of engineering. He's now president of CITMS, a transportation technology company. The career shift happened unexpectedly when Wang encountered an opportunity to create surveillance systems that monitor vehicle traffic and reduce congestion, improving the quality of city life.

He views himself as part of the "Generation of '92," a group of fellow entrepreneurs who started businesses around the time of Deng's famous "Southern Tour" to promote the success of the Special Economic Zones. Many members of the "Generation of '92" who became wealthy now find less satisfaction from making money than from contributing to the betterment of society.

"Originally, my colleagues and I thought about our company from a financial and business perspective," said Wang. "Later developments changed our thinking. And we realised that what we do is closely related to people's lives and wellbeing."

Paying taxes with a smile

In the West, successful entrepreneurs traditionally give back to society through foundations or some other mechanism that improves a favourite institution and often includes a naming opportunity. The funding supports the common good, while also promoting the individual.

Because of personal modesty and a system in which the state, not the private sector, is charged with taking care of the public welfare, Chinese entrepreneurs are less likely to use private wealth to build and name a hospital wing. "In China, if businesses really take their social responsibility seriously, then the government will distribute more resources and opportunities to them," said Wang of CITMS.

The commitment by businesses to the larger community is both an affirmation of Corporate Social Responsibility (CSR) and an extension of the centrality of family in Chinese society. The attitude toward paying taxes illustrates the contrast in western and Chinese approaches to building businesses and serving the greater good.

Expected to maximise return to stockholders, increase profit, elevate share prices and retain earnings for investment, western companies generally attempt to minimise their tax liability. That's not the practice in China.

"In measuring achievements, the hard KPIs (Key Performance Indicators) and financial data are just one side," said Li Fucheng, chairman of Yanjing Beer. "Another side is corporate responsibility." Included in Li's examples of corporate responsibility, along with caring for the environment and offering employment opportunities, is honouring the tax obligation.

"We are a big tax payer," he said with pride.

DEFINITIONS

State Owned Enterprises (SOEs)

Many of the companies studied in this report are State Owned Enterprises (SOEs), businesses run by the government.

China's central government runs almost 120 SOEs, according to the country's National Bureau of Statistics. At the same time, local governments operate numerous businesses, also considered as technically state owned.

SOEs often lead their product category in China and many enjoy global presence. With over 740 million subscribers, China Mobile is the world's largest telecom provider. It's China's most valuable brand, with a value of \$50.6 billion, according to the BrandZ™ Top 50 Most Valuable Chinese Brands 2013. (www.brandz.com/china) SOEs fall into these three classifications based on the extent of government ownership and control:

- **Pure SOE:** The state often owns these companies outright. Sometimes the state engages in joint ventures, but retains ultimate control.
Examples: Petro China, Sinopec
- **State Holding Enterprise:** This category, where the state is a shareholder in a publicly traded company, divides into two parts: (a) Companies in which the state owns the majority of shares; and (b) Companies in which the state, as a minority shareholder, maintains control.

Examples: (a) Wu Liang Ye (Baijiu liquor), (b) Yunnan Baiyao (healthcare)

- **State Owned Shareholding Enterprise:** In these publicly held companies, the state is neither a majority shareholder nor in control.

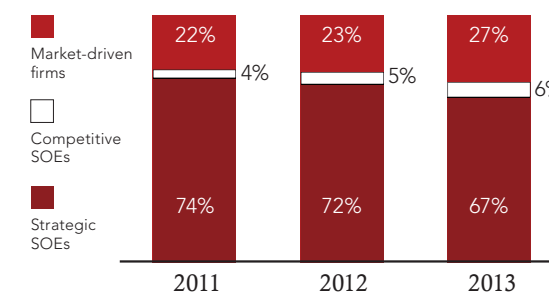
Example: Ping An (financial services)

Based on how SOEs go to market, the BrandZ™ definition further divides companies into two types: Strategic and Competitive.

- **Strategic SOE:** These companies operate in categories, such as banking and oil and gas, which are important to China's national interests and are comprised mostly of other SOEs.
- **Competitive SOE:** These companies operate in categories, such as healthcare, food or liquor, where they face private entrepreneurial competitors. Market forces compel these SOEs to cultivate consumer loyalty and build brands.

Among China's largest businesses in sales turnover and brand value, SOEs comprised 74 per cent of value of the BrandZ™ Top 50 Most Valuable Chinese Brands 2013, down slightly from a year earlier. And as China's economy evolves, brand is becoming more important to consumers facing expanding choice in competitive industries and categories. Consequently, brand value is growing at a faster pace for Competitive SOEs and market-driven firms, compared with Strategic SOEs.

Brand Value Grows for Competitive SOEs



Reflecting the growing influence of Chinese consumers, brand value is increasing more rapidly for market-driven firms and competitive SOEs compared with strategic SOEs.

Source: BrandZ™ / Millward Brown, a WPP company

DEFINITIONS

City Tiers

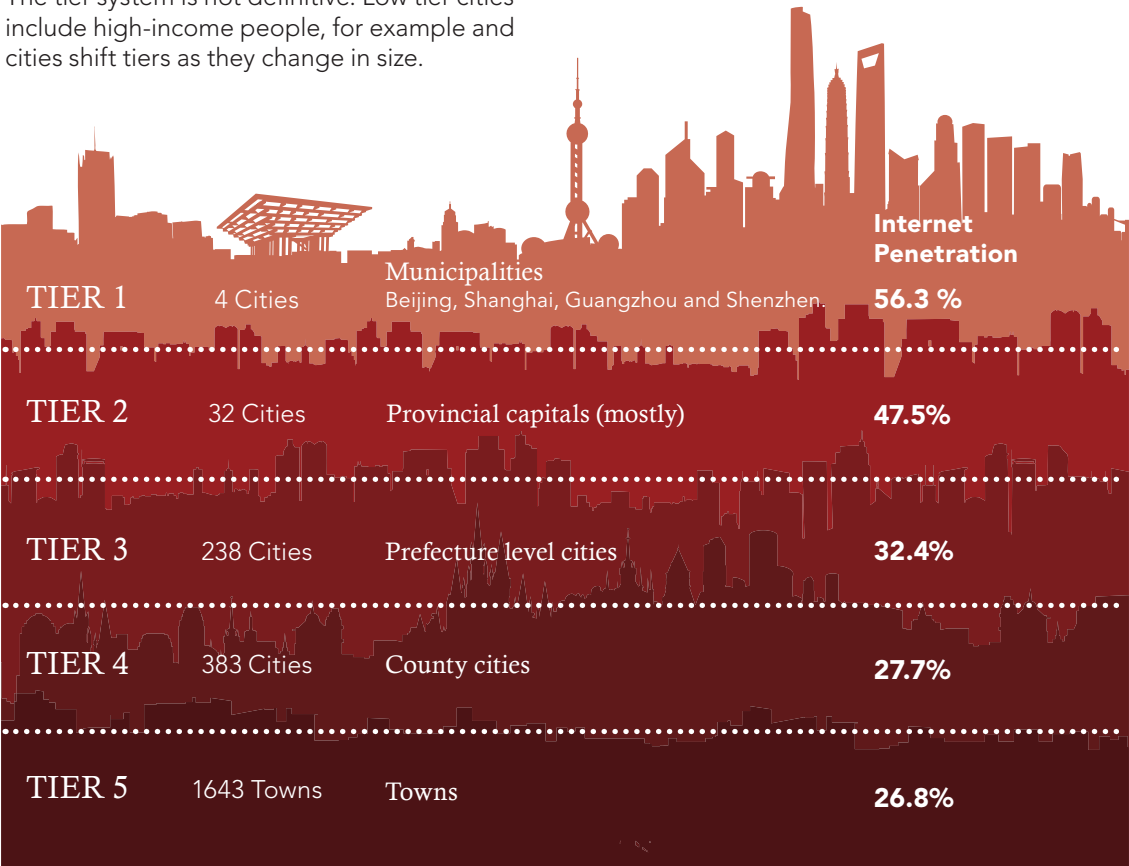
For over 2,000 years, since the Qin Dynasty, China's rulers have attempted to organise the vast territory into a hierarchy of political entities.

The government today divides the People's Republic of China into five administrative divisions roughly based on geography and population: province, prefecture, county, township and village.

Separately and with some overlap, an unofficial system organises cities into tiers, based in part on size but mostly on economic development. The tier system is not definitive. Low tier cities include high-income people, for example and cities shift tiers as they change in size.

This fluidity, along with China's size and diversity, make it impossible to create a perfect system for categorising the nation's cities. Despite its shortcomings, the tier system is a useful classification device for companies attempting to understand and do business in a country as sprawling as China.

Research by Millward Brown, a WPP research company with a major presence in China, compares the city tiers by levels of Internet penetration, for example. The research highlights the disparities within China and the opportunities.

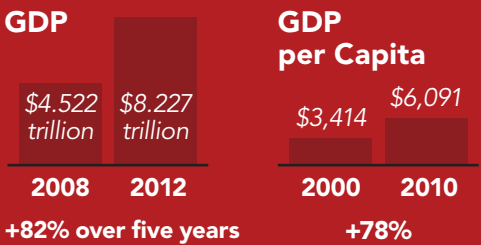


Research and analysis by Millward Brown, a WPP company

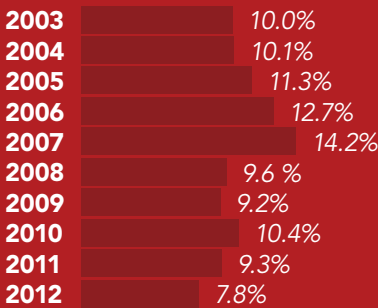
CHINA
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Key Facts and Figures

Economy



Annual GDP growth over the past decade



In GDP, China is second only to the United States (\$15.685 trillion GDP), which it is expected to surpass in less than a decade.

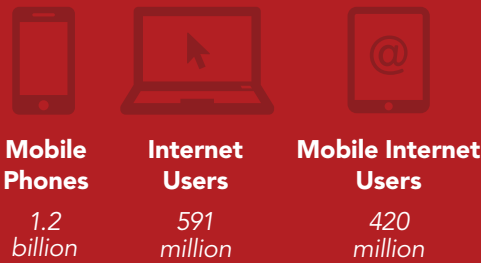
Savings Rate 53% (2011)

Chinese people are savers. The overall national savings rate is 53 per cent of GDP. In comparison, the savings rate for the United States is 12 per cent, the United Kingdom, 13 per cent; Brazil, 17 per cent; France, 18 per cent; Japan, 22 per cent; Germany, 24 per cent; and Russia, 30 per cent.

Foreign Direct Investment \$253.5 billion (2012)

China leads the world, just ahead of the United States, in FDI, investments made by foreign entities acquiring an interest in local enterprises.

Communication



China leads in number of mobile phones, followed by India, the United States and Brazil.

Transportation



China is rapidly adding airports to accommodate burgeoning air traffic, but it currently ranks number 14 in the world, after Germany. The country is third in railways after the United States and Russia and second in roads, following the United States.

Consumers

People who believe brand matters 51.2% Brand

The importance of brand is growing. In just the three-year period between 2009 and 2011, the percentage of people throughout China who believe that brand matters and affects how others view them increased from 45.3 per cent to 51.2 per cent.



**HOLDING
COMPANY
PROVIDES
GATEWAY
TO THE
WORLD**

Xiamen C&D Corporation, Ltd.

CHAIRWOMAN	WANG XIANRONG
INDUSTRY	DIVERSIFIED HOLDING COMPANY
OWNERSHIP	LOCAL SOE
SALES TURNOVER	(2012) RMB 94.1 BILLION (\$15.4 BILLION)
HEADQUARTERS	XIAMEN
YEAR FORMED	1980

C&D is a holding company focussed on four broad businesses: supply chain logistics; real estate development; tourism and hotels; and conferences and exhibitions.

The company's supply chain businesses include shipbuilding and terminal operation, mining and the import and export of both industrial products and consumer products, including wine and cars. Its real estate holdings include commercial developments, such as the Xiamen International Conference and Exhibition Center.

Located along China's southeastern coast, Xiamen historically had been a trade gateway connecting China to the outside world. As Deng Xiaoping attempted to stimulate China's economy in the early 1980s, Xiamen was a logical location of a Special Economic Zone with more liberal commercial policies.

The government established Xiamen Construction and Development Corporation as one of China's many "window companies," a point of entry and exchange for international trading. This predecessor company subsequently was named Xiamen C&D Corporation, Ltd.

In 1998, Xiamen C&D Corporation, Ltd., established Xiamen C&D Inc., a subsidiary to focus on the supply chain and real estate development businesses. Xiamen C&D Inc. was listed on the Shanghai Stock Exchange in 1998. Xiamen C&D Corporation, Ltd. operates two other subsidiaries: Xiamen C&D Tourism and Hotels Inc. and Xiamen Conference and Exhibition Group Inc.



Workers at a C&D construction site in Xiamen.



Home Ownership



Real estate investment will help stimulate shift from saving to spending

Private investment in real estate is a key element of the Chinese government effort to develop an economy driven more by domestic consumption than production and export.

The stimulus that real estate could provide is especially critical, given current saving and consumption patterns in China. In 2011, Chinese consumers saved 52 per cent of their annual income compared with 38 per cent in 2000, according to the China Statistical Yearbook. At the same time, the consumption rate declined to around 48 per cent from 62 per cent in 2000.

Shifting how people allocate their income, from saving to spending, requires government action to address the core societal reasons that influence this balance. People save in part because they lack confidence in current national programmes for covering basic needs, including healthcare, retirement and education.

The government also can stimulate spending with policies that encourage real estate development beyond the major cities. The development in lower tier cities is inevitable as Chinese and foreign companies expand into these areas, producing jobs and increasing affluence.

The price of an average home in Tier 1 and 2 cities increased to over RMB 5,791 per square meter in 2012 (\$946), from RMB 2,063 (\$337) per square meter in 1998, according to the National Bureau of Statistics of China. Meanwhile, in Tier 1 cities the price soared to an average of over RMB 15,261 (\$2,492) and continues to rise.

CHAIRWOMAN WANG XIANRONG

Pioneer entrepreneur builds major enterprise

She now plans for more growth and succession

Chairwoman Wang Xianrong occupies an office in Xiamen, one of the country's initial Special Economic Zones.

It was in locations like this that the government of Deng Xiaoping opened China to permit foreign investment and the export of Chinese products to the West. Wang was among the first generation of entrepreneurial managers.



"Back then we were searching for foreign trade so we had a lot of contact with foreign companies," she said. "We saw a different world long before State Owned Enterprises (SOEs) in the rest of China. We knew we were special and privileged to have that opportunity."

Wang graduated from Xiamen University with a degree in economics. She joined Xiamen C&D Corporation, Ltd., in 1984, as an accountant and went through two years of training in international economics and trade studies. Steady career advancement culminated with her appointment as chairwoman in 2007.

"The times have changed but the focus has not," said Wang. "We still are a window for the world and continue to attract steady growth and investment from overseas as well as from the interior of China."

About to retire, Wang delegates much responsibility to her trusted staff. Her goal now is to push company growth over RMB 100 billion (\$16.5 billion) by 2015 and to facilitate the smooth transfer of leadership to her successor.

"I was talking to my only grandson the other day," she said. "I told him he must do what he loves and be happy. That is what I have done. I have followed my dreams. I just want him to be happy and do what he loves to do. But I also told him he must have principles and then let them guide every small thing he does."

XIAMEN C&D CORPORATION, LTD.

“

We still are a window for the world and continue to attract steady growth and investment from overseas as well as from the interior of China.”



IN HER OWN WORDS



Q&A with Chairwoman Wang Xianrong

PERSPECTIVE ON A CHINESE COMPANY

How do you make rapid decisions in a complex company?

We are agile. We are specialised in the many businesses we have and the people who run them deal with the day-to-day detail. I do not. I deal with the overview and the principles and policies we have. These principles and policies provide guidance for those operating our various businesses.

We are very clear about our business model. We manage the business by industry. We make macro-level adjustments to policy and the leaders in the business make the micro-level changes that are needed. We make very fast changes to manage our inventory and supply chain arrangements.



How do you choose the people to run the business?

I have only two criteria. First, can they delegate and make the team beneath them deliver the required outcomes? Second, what are their personal ethics? It is only when these two things are in balance that we will give people more responsibility.

How do you recruit the people you need at the highest levels?

It is not easy. This is an issue for businesses across China. It is very difficult to recruit the high level people. They may be good in the interview but then they do not perform well in the job.

So we prefer to develop our own people. We are just starting to use executive recruiters. Also, I have to admit that if we work with other companies and find good people, then we will hire them.

How do you ensure excellence in management succession?

Normally, local government will make these executive appointments to SOEs. But I do not agree with this approach. I believe the business must have the right people leading it to a sustainable future.

That means picking the right people and not simply a government appointed, ex-official who may not understand the business. I must convince the local government leaders to let us decide who should take over.

“

We are agile. We are specialised in the many businesses we have and the people who run them deal with the day-to-day detail. ”

C&D apartment complex under construction in Xiamen.





KEEPING PACE WITH RAPID CHANGE

How do you plan for the future?

From a company perspective, we live in uncertain times. We can no longer write a five-year plan easily. We can no longer write even an annual plan. We now have a quarterly plan, but we review it every month to ensure we are moving fast enough to capture the opportunities as they emerge. We need to think very carefully. The decisions we make each month could have impact 10-to-20 years in the future.

How has the global economic slow down impacted your business?

About 90 per cent of our business has been affected by the slow down. About 50 per cent of the business is supply chain related, so things like global steel and raw materials prices have hit construction costs hard. Pricing is so sensitive. We have to watch it every month.

What are your expectations for the next 12 months?

I am not too optimistic about the global economy, but there may be some regional variations. Real estate prices across Southeast Asia offer some opportunities, if you are careful. Also, depressed prices in North America and Europe offer more opportunities.

Africa is good but the volumes are not there even though the rates of growth are. We have to be careful and agile. Asia has the best opportunities. That is where I am most hopeful. The countries around China are interesting. The people in Asia have the energy and drive to do something and they have the ambition to achieve it, too.



A Shanghai skyline suggests the intensity of real estate development and the rapid rise in home ownership.



Workers select building materials.

“From a company perspective, we live in uncertain times. We can no longer write a five-year plan easily. We can no longer write even an annual plan.”

CHINA AND THE WEST

What's the key difference between the Chinese and western view of business?

In the West, everything in business is black and white. But in China it is about balance. To find the middle way, to achieve balance, the win-win situation in everything we do. To find the middle way for all is a good thing. We try to find a way for us to communicate how we can do things for the benefit of all.

To succeed in China, western people need to understand this approach. It's possible for Westerners to learn it. I am a board director at a local investment bank and I have a fellow director who is an American. Over the years, he has learned more and now he will consult me for my opinion before he speaks on an important matter. He is learning the Chinese ways. To draw back and be reflective before acting is not bad.

What do western people most need to understand about China?

The leaders of businesses in China have a lot of heart for what they do. The Chinese people will put their energy and efforts into what they do. It is not just for the money. They want to realise their dreams and to do something valuable for China.

There are opportunities everywhere. There are challenges, of course and the key challenge is the changing society in which we live. We need to influence that environment. But we are resilient and diligent and we will achieve what we set out to do.

What is China's main challenge now?

The local government faces important challenges. How will it continue to lead this convergence with capitalism? How will it continue to encourage this spirit in the people? We need the government to have the commitment to do the good things. We need to see how it can really help the people to succeed. That is the challenge for China now.

How do you think China will meet these challenges?

My view is the middle way, neither pessimistic nor optimistic. I am optimistic by temperament. I arrive at the middle way by being pessimistic about the big issues that face China right now. Further reforms are necessary. We have had fast growth in China from the great opening up, but now we have less growth. I am not sure that the new leadership has the appetite for further reforms, but we need them. The national leaders need to push things forward. There are many problems and they are not easy to solve.

“
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Lunch break
near a C&D
development.





GROUP
EXEMPLIFIES
SUCCESS
OF CHINA'S
SPECIAL
ECONOMIC
ZONES



Xiamen ITG Group Corporation, Ltd.



CHAIRMAN	HE FULONG
INDUSTRY	CONGLOMERATE
OWNERSHIP	LOCAL SOE
SALES (2012)	RMB 46 BILLION (\$7.5 BILLION)
HEADQUARTERS	XIAMEN
YEAR FORMED	1980

ITG Group is a large conglomerate with diversified interests managed through 16 subsidiaries. The key businesses include: trade and logistics, real estate development, optical electronics, culture and tourism and investment.

The trade business, for example, includes the import and export of natural resources as well as consumer products including cars and clothing. ITG also offers shipping, warehousing and other related logistical services. The company owns extensive real estate, with a concentration on upscale residential developments.

ITG Group was established in 1980, in Fujian Province on China's southeastern coast, in a Special Economic Zone. Listed on the Shanghai Stock Exchange in 1996, the company is publicly traded.

Some of the company's subsidiaries also are publicly traded. ITG Group is owned in part by the city of Xiamen.

Container ship in the port of Xiamen, where ITG has operations.



CHAIRMAN HE FULONG

“I have been here 12 years. That is a full cycle on the Chinese calendar.”

Professional manager produces strong results

Seeks to balance growth with preservation of heritage

He Fulong heads one of China's largest diversified trading companies, based in Xiamen, among the country's first Special Economic Zones. As the chairman builds the company, he worries about balancing the pace of rapid growth with respect for China's past.

Trained as an accountant, Chairman He has overseen a period of consistent growth since joining ITG in 2001. Revenue has increased from around RMB 2.2 billion (\$360 million) when He arrived, to RMB 46 billion (\$7.5 billion) today. In 2006, He led the successful effort to list the ITG on the Shanghai Stock Exchange.

“I have been here 12 years. That is a full cycle on the Chinese calendar. Our management team is better informed and clearer about strategy. But we still need to unify our business more. That takes more time.”

He believes that the company needs to find more sustainable businesses. The company had been one of China's largest suppliers of iron ore, for example, but factories have many sources for their raw materials, both in China and abroad.

“So we must develop a more vertical business that's not so dependent on natural resources. We need to continue to mine natural resources, but also invest in steel manufacturing. And we need to leverage our logistics and network advantages to expand the business and increase sales and profits.”

ITG must simultaneously move forward and adjust as necessary along the way, He suggests, to balance speed with quality and the acceptance of western influence with the maintenance of Chinese distinctiveness.

He recalled a recent visit to Chengdu and being moved by the mountains and rivers of Sichuan and the preservation of Chinese heritage. “Here in Xiamen, the city is very modernised,” he said. “But we have erased a lot of culture and Chinese heritage. Maybe we're moving too quickly. Slow is not necessarily better, but moving too fast can be like pulling on a plant to help it grow.”



IN HIS OWN WORDS



Q&A with Chairman He Fulong

PERSPECTIVE ON A CHINESE COMPANY

What business philosophy guides ITG?

The famous Chinese philosopher, Hu Shi, from the first half of the last century, said that you can dare to make big “ifs,” but you must have small “proofs.” We should be full of hopes and dreams, but in the practical world we must be steady and strong with our feet on solid ground. This philosophy guides ITG.

We seek steady improvement. Our goal is not size alone, but size that we achieve as a respected, exemplary organisation. Our name ITG means International Trading Group, but we take the letters to signify our core values. “I” is for integrity, being persistent in pursuit of our dreams. “T” is for trust, being faithful to our jobs and colleagues. “G” is for growth, which is the outcome.

What are the key contributors to the success of ITG?

As a preface, I’ll first correct the impression that our business is so successful. We have enjoyed some success, but I believe that it’s important to remain self-critical. We start with strategy. The strategy takes into account where we are now, our strengths and weaknesses, where we want to go and how we want to get there—what we will and will not do.

How do you form corporate strategy?

We rely on six Chinese characters to shape our strategic thinking. We organise these characters into three groups of two. The pairs of characters are: Respond and Make the Right Decision; Obtain and Drop; Study and Collaborate.

These pairs cause us to reflect. With every response we make, we need to consider whether it’s right. When striving to obtain an objective, we need to drop our pursuit if the objective proves to be a bad choice or detrimental to the business. When we study, which is an important but solitary activity, we must be mindful of the need to collaborate, so that study is not simply academic, but leads to action and efficiency.

Can you summarise other parts of the business with Chinese characters?

Yes. Once you have a strategy, the next challenge is finding and cultivating the right people to help execute the strategy. All of us, myself included, are here to serve ITG. In a sense, people come first because people create the strategy. The Chinese word for enterprise or business is made up of several characters. The character symbolising “people” or “person” is on top and the character for “stop” is underneath, which implies that without people everything stops.



“We seek steady improvement. Our goal is not size alone, but size that we achieve as a respected, exemplary organisation.”

“We need to keep running fast, but also adjusting simultaneously to address important issues, such as quality and sustainability.”



KEEPING PACE WITH RAPID CHANGE

How has the business changed during the time that you've been with ITG??

This question is very difficult to answer. It's a long period of time. It's the full 12-year cycle of the Chinese zodiac. But I have been reflecting on this subject recently. I should say that our senior management team is much better informed today. Our strategy is much clearer.

We're more confident about our direction. At the same time, it's important to remember that the company is just 32 years old. We are not like a business that has been established for 100 years. There are levels of greater coordination and sharpening core competencies that grow better with more time. We have more improvements to make..

What will be your top priority over the next few years?

I think we still want to go back to the original thought of "cash is king." This is what we must remember in the next few years. You could have a lot of ambition and everything lined up, but you won't be able to do anything without cash. That's why it's the most important thing. Perhaps I think that way because I used to be an accountant. To do your job well as CEO, you must control the cash well. This is our first commandment.

What will be your second priority?

The second thing I often say is, "adjust as you run." In the past, we sometimes ran too quickly, with little regard for the staff and team left behind and this is something we have to avoid. We need to keep running fast, but also adjusting simultaneously to address important issues, such as quality and sustainability.



CHINA AND THE WEST

How will China's economy perform in the near future?

I'm not an economist and cannot offer an expert opinion. But I can share my experience. Recently, I had dinner with a group of 18 senior managers and I posed this multiple-choice question to all of them: What do you think our business will be like next year—better, worse or not sure? Half of the group answered, better. And half answered, unsure. No one said that business would be worse.

This response in part reflects their Chinese ways. For example, if I invite a western person to my home and ask if the guest would prefer coffee or tea, I get a definitive response. A Chinese visitor is more likely to answer, "Whatever you prefer." I realise that some who responded positively to my poll may have held a negative opinion. Still, research I've seen and other factors make me tentatively optimistic about the economy.

What other factors influence your optimism?

First, there has been research that shows that the economy improves the year following a change in the government and party. Second, urbanisation is still going strong. The needs of people in the cities drive growth. Third, the government is paying more and more attention to improving people's lives and driving consumption.

How do you see the place of China in the global economy?

It's over 30 years since our economy opened at the end of the 1970s. We immediately became the world's workshop, producing low cost goods for the West, which brought wealth into the country. We were a poor country working for rich countries that created financial products to sell back to us. This cycle has changed.

The workshop has moved to other countries, like Vietnam and Malaysia. But those countries are too small to provide enough resources to support the old pattern, so it can't last long. And it's important to note that the global economy is about more than economics. It depends on many factors including: politics, history, geography, military power and currency fluctuations. It's very hard to have a clear vision. In all, China has a bright future, but the plan must be prudent.

Do people in the West understand China?

I believe that people misunderstand China. Usually, they have an opinion on one extreme or the other. Some people take a political position and demonise China. Others take a more cultural view and mythologise China. Both of these perspectives are limited and distorted. China is neither as terrible and chaotic as some people allege, nor is it as great as other people assert. The reality is in the middle. China is moving forward continuously.

MANAGING PEOPLE

Drawing wisdom from China's past

“Managing a large workforce is critical but challenging. To explain the ITG approach I need to provide some background. It comes from a writer named Sima Guang, who lived in the 11th century during the Song Dynasty.

He wrote about the ideas of Cao Cao, a famous king, military leader and strategic thinker during the Three Kingdoms Period. Cao Cao believed that any person—even someone petty or corrupt—could be talented and make an important contribution.

Sima Guang disagreed. He organised humanity along two dimensions: knowledge and ethics. He then divided people into four groups. People at the extremes are: the ‘saintly,’ those endowed with both knowledge and ethics; and the ‘foolish,’ those lacking both knowledge and ethics. In the middle are: the ‘good,’ lacking knowledge but having ethics; and the ‘petty,’ having knowledge but lacking ethics.

Sima Guang argued that ‘petty’ people should never be used in an enterprise, but people from the other three classifications would be fine. I disagree with Cao Cao and with Sima Guang. Both views are oversimplified. The institution can control ‘petty’ people. And there are not many ‘saintly’ people in the world.

Most people are a mix, sometimes ‘petty’ and sometimes ‘good.’ A person who seems like a saint is probably faking it. In a business organisation, a good management system helps build individual loyalty and unify people around common goals.

This unity can be achieved when people exhibit three qualities: being honest, being reasonable and being willing to work hard and earn their salary. The core of accounting is to establish comprehensive management systems with a clear organisational structure that enables people to understand their responsibilities and roles.

You need to watch out for people who say they’re motivated by ‘love of party’ or ‘love of country.’ They’re being false. ”



Towers at the port in Xiamen.



UNDERSTANDING CHINA

Preconceptions usually wrong

“I am 60 years old this year. As children we read histories about Great Britain and we read the books of Charles Dickens. After visiting Britain a few times your preconception changes. Not to say that we understand Britain, but at least we no longer either demonise or mythologise the country. Similarly, people should come to China more often to have a look around. In the past 30 or 40 years the country has changed. It’s opened up since I was a boy. There is a Chinese saying, ‘Seeing once is better than hearing 100 times.’ ”

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CARRIER
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CHINESE
SPREAD
THEIR WINGS

Spring Airlines

旅游

Travel

CHAIRMAN	WANG ZHENGHUA
INDUSTRY	AIRLINES
OWNERSHIP	PRIVATE
SALES (2012)	RMB 11.1 BILLION (\$1.8 BILLION)
HEADQUARTERS	SHANGHAI
YEAR FORMED	2004

Spring Airlines is a leading Chinese low-cost carrier. The company's stated mission is to make air travel affordable and available for more people throughout China.

Young people comprise the core customer base, which the airline attempts to reach with innovative online marketing, including a major presence in Chinese social media.

Spring operates 50 routes, mostly connecting domestic cities, but the airline also flies to Japan and Thailand, as well as to Hong Kong and Macau. The company has major operations in Shanghai, Beijing and Shenyang.

A subsidiary of Shanghai International Travel Service, Spring Airlines received government approval in 2004 and began operations in 2005. Shortened to Spring Airlines in English, the name in Chinese characters is Spring and Autumn Airlines.

Spring Airlines area at Shanghai Hongqiao Airport.

SPRING AIRLINES



CONTEXT INSIGHT

Air Travel

Air travel booming both domestically and internationally

Air travel in China is booming, both to domestic and international destinations.

China is expected to become the world's number one tourist destination and number four in outbound travel by 2015, according to the World Tourism Organisation. The country already has the world's second largest domestic airline network, after the United States.

The number of air passengers carried by Chinese domestic and international carriers reached 318.5 million in 2012, up from 191.0 million in 2008, an increase of 66 per cent over five years, according to the World Bank. In contrast, passenger traffic for the United States, the world leader, grew only 5 per cent during the same period, reaching 736.6 million in 2012.

The highest concentration of air travel takes place during two traditional holiday periods, the fall Golden Week and the Chinese New Year, in early winter, when businesses and schools close and people spend time with family or vacationing. At these times the number of people flying almost doubles and most flights are full.

The majority of air passengers, 64.5 per cent are relatively young, age 20 to 40 and predominately male. But over the past five years, the number of people travelling for personal reasons rather than business has increased. And more people from lower tier cities are travelling by air as their incomes rise and airlines expand service.

The rapidly expanding market is drawing competition from United States and European low-cost carriers. The need for government approval and the lack of terminals at major airports has slowed their market entrance so far.

Research and analysis by Millward Brown, a WPP company

CHAIRMAN
WANG ZHENGHUAState worker becomes
leading entrepreneur

Chinese fly high on his dreams

Wang was six years old in 1949, when Mao formed the Peoples Republic of China.

He worked in government until age 40, leaving in the early 1980s, around the time when the reforms of Deng Xiaoping permitted individuals to operate small businesses.

With the opening of China, tourism boomed. The number of foreign visitors surged from 300,000 in 1979 to almost 1.5 million by the mid-1980s. Wang established Shanghai Spring International Travel Service. Today, about 30 million foreign visitors arrive annually in China and Wang is one of China's most successful entrepreneurs.

"Working for the government meant following orders," Wang said. "In business, you can make your own decisions."

He focusses on Chinese travellers whose increased income enables them to fly. By 1994, his agency ranked first in domestic travel in China and he began to plan the next strategic step.

After studying the United States and European travel businesses, Wang concluded that the expanding industry could be divided into three categories:

credit card and banking services, conference companies and charter flight airlines.

The first two categories were state controlled, so Wang decided to launch a charter flight airline. He started modestly, in 1997 and within seven years operated more than 30,000 charter flights, most of them filled to capacity. The government granted him a licence to operate an airline.

Wang again studied western models—Southwest Airlines and Ryan Air among others. He initially marketed Spring Airlines to the younger generation that grew up during China's economic boom and is comfortable with air travel. Sales continue to increase 10-to-20 per cent annually. But Wang has another dream.

At age 70, at a time when others retire, Wang arrives for work early each morning to begin the day on basketball courts in back of the Spring Airlines headquarters, practising tai chi and contemplating the next 10 years of company growth.

"China has many low-income people who have never flown on an airplane. Perhaps it is their dream to fly, but they can't afford the fare. It's my dream to help them fly."

“

China has many low-income people who have never flown on an airplane. Perhaps it is their dream to fly, but they can't afford the fare. It's my dream to help them fly. ”



IN HIS OWN WORDS



Q&A with Chairman Wang Zhenghua

PERSPECTIVE ON A CHINESE COMPANY

What is the essence of the Spring Airlines brand?

The most important aspect is safety. We invest heavily in our pilots and other professionals who guarantee the safety of the airline. Second is low cost. After that we try to create something special.

Our target customer is young. In fact, about 80 per cent of our ticket sales happen online. And we've created programmes and marketing communications aimed at young people.

How do you staff the cabin crew to best represent the brand?

Salaries are important to attract the best talent. But there's another factor, which is the spirit in the workplace and the opportunities provided. We like to find people with career ambitions and then we try to create conditions that will help them grow with us. We like people who challenge the status quo to obtain their dreams.

How do you reach young people, your target customers and keep them loyal?

First, we try to reach young people in ways that appeal to them. We promote the brand and sell tickets online and we sponsor events, like concerts, to build brand exposure. We have over two million followers on Weibo (the Chinese social media equivalent to Facebook and Twitter).

And we try to understand our young customers and project a youthful attitude. We enable passengers to share personal information when they book a flight. This way, passengers willing to provide personal information can find a good match when they select their seats.

Where do these innovative ideas come from?

We have a professional marketing team. And we have people who specialise in Weibo. They research worldwide to understand the latest trends and to learn what's popular with young people. They present ideas that we discuss and decide whether or not to adopt them.



The red sash worn by the greeter at check-in says, "Welcome."

PEOPLE

Our employees grow with us

“

Of course it's important to guarantee competitive salaries. But beyond that, a company must create a work environment where people feel like they can fulfil their ambitions and advance their careers. I feel that a lot of people want to grow with us and I like to help them grow. I encourage our people to strive for these qualities: to work hard, have vision and be frugal.”



KEEPING PACE WITH RAPID CHANGE

How do you keep your youthful perspective?

I am 70 years old. But my heart and my attitude are much younger. I still have a lot of energy and ambition. I read and keep up with the latest business developments in an effort to understand what will be important in the future.

Because I keep a young mind and heart and I still have many dreams, I can attract and keep a young team. And together we can build something different.

How do you see the future for Spring Airlines?

I look forward to continuing our strong growth. Since our founding in 2004, we have achieved our 10-year plan and we continue to grow at a steady rate, usually 20-to-30 per cent annual increases in sales. That's because we have very clear market positioning.

How will you be able to sustain a rapid growth rate as the company gets larger?

There are two ways to achieve it. One is organically. The other is through acquisition. Some people today are tempted to take steps in directions they're not good at because they think they can make money, at least short term.

This way is not our way. We will continue to focus on what we do well. We will expand within our core business, adding new products and services that we think match our strengths.

Looking back over the past 30 years, what are you most proud of?

I still believe that if you work hard you create value. Don't waste your time or your talent. Everything can be possible but it depends on the individual to make the effort. This is the advice that I give to my staff and they are doing well.

What dreams remain for you?

I had a dream when I began this business and it remains a strong motivator for me. China has many low-income people who have never flown on an airplane. Perhaps it is their dream to fly someday, but they don't have the money. It's my dream to help them fly. I will achieve this dream as I have achieved other dreams—with hard work.



Check-in counter at Shanghai Hongqiao Airport.

NUANCE INSIGHT

勤

[Industrious]

The character 勤 means industrious and hard working. It is probably the single character used most often to describe the Chinese people. The one character suggests that everything is achievable through hard work.

Industriousness is a core value for many of the business leaders in this report. Chairman Wang says that industriousness is in the DNA of the best Chinese companies and a competitive advantage.

“We will continue to focus on what we do well. We will expand within our core business, adding new products and services that we think match our strengths.”

CHINA AND THE WEST

What values drive the business?

We encourage people to work hard, that's number one. Second, we want people to have foresight, to plan ahead. Third, we believe in being frugal. We don't like extravagance.

And we want people who are devoted to what they do, who make a contribution to the enterprise. I try to influence people in our company to follow these values.

What brands to you admire?

I like America's Southwest Airline. And I like Ryanair in Europe. These airlines have innovative ideas and effective cost controls. Domestically, I like Xiamen Airline because of its low cost structure and profitability.

“As societies prosper people have more money and time for other interests, like entertainment. Until then the main focus is work. That's where China is today. That work ethic characterises Chinese companies.”

How are you adapting your knowledge of western airlines to China?

When I started in the tourism business in the 1980s, I looked to Europe and the United States for the roadmap of that industry. Today's airline industry in Europe and the United States is our future.

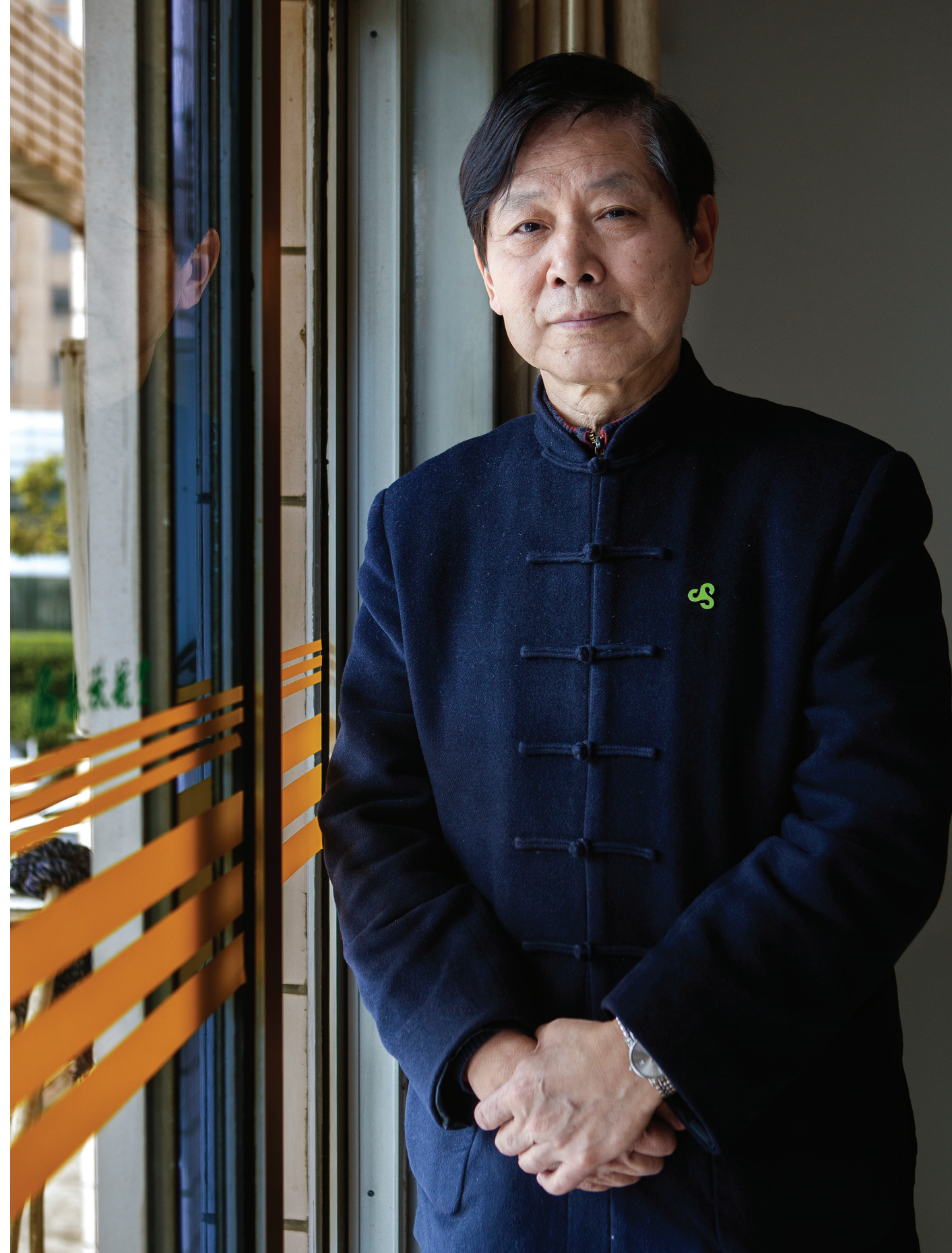
The popularity of low cost airlines in Europe and the United States signals the trend of the next 10 years in China. To adapt this model for China I will consider Chinese culture, the needs of our customers and the government regulations.

What can the West learn from Chinese businesses?

Study the best Chinese companies. You will discover that they share the same DNA. They are motivated and work hard. We are still at a relatively early development stage, perhaps similar to where Japan was in the 1950s.

As societies prosper people have more money and time for other interests, like entertainment. Until then the main focus is work. That's where China is today. That work ethic characterises Chinese companies.

Chairman Wang in his office.



CONTACTS

GRANT THORNTON
INTERNATIONAL

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GRANT THORNTON
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WPP IN CHINA

WPP in China employs over 14,000 people in Beijing, Shanghai, Guangzhou and many other cities and provinces. Areas of expertise include: advertising, branding and identity, digital, insight and consultancy, public relations, promotion, marketing, media, retail and shopper marketing. WPP in China provides the knowledge and implementation necessary to understand China and build and sustain brand value.

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BRANDZ™

Established in 1998 by WPP and constantly updated, the BrandZ™ database of brand analytics and equity is the world's largest and most authoritative containing over two million consumers interviews about more than 10,000 different brands in over 30 countries. BrandZ™ is proprietary to WPP companies. For further information about BrandZ™ contact any WPP company or:

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Jonathan is responsible for the Grant Thornton global brand. He rebranded the organisation in 2008 and in 2012 launched the globally adopted strapline and brand promise for Grant Thornton – “An Instinct for Growth”.

He advises the Grant Thornton organisation around the world on strategy, brand and business development matters. In this regard, he has worked in China for many years as well as in other emerging economies. He rebranded and renamed the Chinese firm Grant Thornton Zhi Tong, in 2012.

Jonathan is a regular speaker on brands, branding and leadership around the world. In 2011, he became the first non-Chinese lecturer on brands and branding at training sessions sponsored by the Chinese government. He is an accredited speaker, writer, teacher and advisor for the CICPA (the Chinese accounting institute) on brand development in the Chinese accounting profession.

A keen outdoor enthusiast, Jonathan trekked to the North Pole in April 2006, has climbed in the Himalayas and is a qualified “mountain leader” and “mountain medic” with the British Mountaineering Council. He is a member of the UK Marketing Society, a Fellow of the UK Institute of Directors, the UK Chartered Institute of Marketing and a Freeman of the Worshipful Company of Marketors in The City of London.

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David is an acknowledged China expert and has been travelling to China for almost two decades and continues to advise retailers, manufacturers and brand owners in many sectors about China, market entry strategies and the changing Chinese consumer.

He started his career at the House of Commons where he worked for a Member of Parliament. Swapping the cut and thrust of politics for the cut and thrust of advertising, David joined Bates Dorland, becoming a main board director for strategy and the managing director of the consulting and digital divisions.

After establishing his own strategy consultancy and working with leading technology and retail brands, David joined Kingfisher's B&Q plc, one of Europe's largest retailers, sitting on the main board of directors as UK and international marketing director. He was a leading member of the project team that developed, launched and ran B&Q home improvement stores in Taiwan, China and Korea.

David joined WPP as CEO of The Store – WPP for EMEA and Asia, WPP's Global Retail Practice. David also leads WPP BrandZ™, the world's largest brand equity study. David is the author of a number of publications including the “Retailing in a Recession” playbook series and “The History of Retail in 100 Objects”.

A frequent speaker at international events and lecturer on management development programmes for senior Chinese business leaders and entrepreneurs, David is a non-executive director of TFT, an NGO dedicated to sustainable production and sits on the board of the Centre for International Business and Management of the Judge Business School at the University of Cambridge.

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The times
have changed but the focus has not.
We still are a window for the world and
continue to attract steady growth and investment
from overseas as well as from the interior of China.
China is changing. There are more regulations. But it's
not the same as in the West. You are more on your own
without a guide. And you need to find your way out. So
the business environment is more complicated. In the
West, everything in business is black and white. But in
China it is about balance. To find the middle way, to
achieve balance, the win-win situation in everything we do.
We believe that it's possible for Chinese companies to build
strong brands. But it will take more than a decade to have the
kind of global brands that some western companies built over a
century. Simply put, love is the energy driving contribution,
productivity and creativity. China's rapid economic
development during the past 30 years depended
in part on government policy favouring
growth. Those days are over. For a company
to grow, risk management is the first step.
After this, you will be able to realise
rapid growth. Companies need a
breather. They need time to make
improvements and refinements to
help ensure that the next fast-growth
period will be healthier. This is a national
issue. Chinese businesses need to compete on
an international level and seize opportunities
overseas. I have been here 12 years. That is a full cycle
on the Chinese calendar. The way we cross the street,
with traffic moving in all directions and drivers ignoring the
lights, is a good metaphor for operating in China. The rules are not
as apparent as in the West. The growth of Chinese businesses and the
expansion globally is not just about copying and making fakes. Chinese
business is about doing something that provides personal satisfaction. As
societies prosper people have more money and time for other interests, like
sports. Until then the main focus is work. That's where China is today.
This characterises Chinese companies. We have a long history and
are here to build on. This gives us an intangible competitive advantage.
I have a generally balanced perspective on the things we do and our thinking.
Our employees come first. We think of our people as our most
valuable asset, more important than plant or equipment. Some people take a
short-term view of China. Others take a more cultural view and mythologise
the past. Perspectives are limited and distorted. We aspire to be a strong
brand. We believe that Chinese brands were first leaders in their domestic markets. I feel that it is part of the responsibility
of enterprises to leverage their business in providing solutions to social problems.

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