



Preface of
China's Disruptors'
Chinese Version
《创业家精神》

By Edward Tse

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This is a preface for the Chinese version of my latest book, ***China's Disruptors***, which was first released this July in the US and the UK. The Chinese title is «**创业家精神**», which literally means “Entrepreneur’s Spirit,” was published by the CITIC Press. The book’s main theme explores the rise of China’s private sector to its eminence today, as well as the Chinese entrepreneurs who run them in China’s climate of innovation and entrepreneurship.

My conception of this book started over a decade and a half ago, when China’s private-owned enterprises (POEs) and the culture of entrepreneurship were still in their infancy, although many people were already operating their own businesses. At that time, many businesspeople in China were opportunistic, trying their luck to bank on the opportunities that China’s rapid economic development brought. Many of them did not have much knowledge or experience in running companies, certainly not on a sustainable basis. However, I have also come across many different entrepreneurs over the years. Despite coming from a diverse range of backgrounds, industries and demographics, they seemed to share some underlying common characteristics – immense ambitions and forward-looking optimism coupled with an almost insatiable curiosity. Many sought my expertise to understand deeper about business strategy and management, and to broaden their knowledge of “international best management practices.” This was also around the time of the rapid growth of China’s Internet industry, and many entrepreneurial business minds saw the opportunity to incorporate internet technology into their businesses.

Yet during this same period, the rest of the world – especially the mainstream western media – perceived China very differently. China was portrayed as a predominantly state-owned economy with often large-scale enterprises, some of which held monopoly advantages in industries that were closed to non-state companies. At the core of China’s economy, in their view, was the controlling one-party leadership fueling unfair (or sometimes

even non-existent) competition. Some called this phenomenon “State Capitalism” and it carried negative connotations. To be sure, the state economy played, and still plays, a critical role in the Chinese economy, but the western media had for a long time almost completely ignored the other side of the Chinese economy -- the growing private sector and the associated entrepreneurship. In my view, this phenomenon has major implications not only on China but also increasingly on the rest of the world and my book introduces this phenomenon to readers.

The first wave of reforms and opening up of China’s economy under Deng Xiaoping spurred its first generation of entrepreneurs in the 1980s. These entrepreneurs typically had little or even no access to knowledge of modern business management. Some even lacked post-secondary education. At the time, they were pioneers who were remarkably bold to start their own businesses. In the early 90s, a number of government officials from various departments and positions, inspired by Deng’s “Southern Visit”, left their government roles and ventured into businesses. This was a rather speculative move that required great courage – if they failed, they would not be allowed back into the Government or be restored to their previous positions. Fortunately, the majority of this “Gang of 1992” were quite successful in their entrepreneurial pursuits and some of them eventually became industry leaders. The first wave of internet entrepreneurs emerged in the mid to late 1990s, including contemporary giants Alibaba, Tencent and Baidu. The burst of the first internet bubble took out a fair number of Chinese internet companies, but soon thereafter the growth of internet industry resumed and gained momentum. The number of entrepreneurs grew again throughout the 2000s – leaders from Xiaomi, JD and Qihoo 360 are all prime examples from this era. Apart from the internet and mobile technology sectors, many entrepreneurs started appearing in other industries – energy, healthcare, consumer, retail among others, where businesses are increasingly intertwined with the rapid growth of science and technology.

Today, we see numerous young people who were born in the 1980's and 1990's with entrepreneurial aspirations. They come from not only the metropolis like Beijing, Shenzhen, Shanghai or Guangzhou. We also see them in second-tier or even smaller cities. Undoubtedly, a fair number of them would not succeed, but a few may. China is large – a small percentage of a large base is still a large number. Unlike their predecessors, these youngsters are unafraid of failure. For them, "trial and error" is an inevitable part of the process. The outcome, whether positive or not, both add to their experience and will open up even more future opportunities.

I am not trying to predict which specific companies would succeed and which would not. I do not have a crystal ball. Those which succeeded in the past may not do so in the future. That is the essence of a market economy. And, many of businesspeople in China are still trying to take short cuts and muddle along. The central thesis of my book concerns the advent and development of a new era in China and its implications. It is an era where entrepreneurship is spreading fast; entrepreneurs are getting younger and growth is often exponential. It illustrates the vitality, creativity and increased productivity as an important driving force for China's next stage of development. As Premier Li Keqiang points out, "mass innovation and entrepreneurship" is the engine of China's sustainable long-term growth.

I wrote this book with great support from numerous friends, clients and colleagues. In the process, I interviewed many entrepreneurs and relevant industry experts, many of whom were my clients or acquaintances already. I was honored to have received a large number of endorsements from both local and international highly-esteemed business executives, academics and entrepreneurs. This gave me significant encouragement. For my book launch in July, I went on a book tour to London and New York City where a number of international media and institutions showed great interest, interviewing me on the topic. The reception was largely very positive; my book has sparked

interesting debates and discussions and has since been featured in many top international media and received positive reviews. Of course, this could not have been possible without the English publisher Portfolio/Penguin Press, and Chinese version by CITIC Press. I am deeply grateful for each and every one of their contributions and support.

At the heart of ***China's Disruptors*** are China's entrepreneurs with a shared dream for success, a pursuit of objectives brimming with creativity and a relentless sense of mission to realize their goals which ultimately rewrite the rules of business for China and increasingly for the rest of the world. Within the context of a challenging, complex and rapidly evolving China, they persist to beat the odds to achieve their ambitions, for which I have a lot of respect.

* This Viewpoint is a translation from the author's Chinese original Preface in 《创业家精神》。

About the Author:

Edward Tse is founder and CEO of Gao Feng Advisory Company. A pioneer in China's management consulting industry, Dr. Tse built and ran the Greater China operations of two leading international management consulting firms for a period of 20 years. He has consulted to hundreds of companies – both headquartered in and outside of China – on all critical aspects of business in China and China for the world. He also consulted to the Chinese government on strategies, state-owned enterprise reform and Chinese companies going overseas. He is the author of over 200 articles and four books including both award-winning *The China Strategy*(2010) and ***China's Disruptors***(2015) (Chinese version «创业家精神»).