Electric mobility remains resilient amid auto slowdown

By Effy He

Japanese native and CEIBS MBA 2015 alum Ichijo Futakawa is the President of Nissan Mobility Service and VP of China New Business Development at Nissan China Investment. We caught up with him to discuss his work at the Japanese automaker, and the current state and future prospects for electric vehicles (EV) in China.

Following nearly 10 years at Toyota, Ichijo joined Nissan after completing the CEIBS MBA programme. He assumed a new position in China in 2021, after steadily growing his career to reach a highly demanding role spanning business development and operations for mobility service and other non-traditional OEM business in the Chinese market.

As a seasoned professional in the auto industry, Ichijo notes that although the COVID-19 pandemic presented challenges to global auto sales – disrupting supply and logistics chains and reducing consumer demand – the EV market has shown positive momentum against the downturn trend, especially in China.

“EV is actually progressing, because while the pandemic reduced the demand for cars, it didn’t

Ichijo Futakawa
CEIBS MBA 2015

> ***Autonomous driving is not independent technology – it is just a ‘brain’ which sits in a vehicle (the ‘body’).***

stop engineering and R&D efforts. Given the fact that “intelligent” EVs require more software skills, people could actually work from home instead of being on site to test the hardware,” he says.

Recent Chinese government policies aimed at stimulating electric mobility have also contributed to the growth of EV sales, with the emergence of numerous domestic EV makers and start-ups and enticing purchase incentives.

“Intelligent EV is a national trend backed by a series of supportive policies. The country-level strategy means that the government is investing more resources in technology, production facilities, talent and the market [...]. If you buy EV, then you get a lot of subsidies, and the requirements for obtaining an EV license plate are also different from traditional fossil-fuel vehicles, which is very unique in China,” Ichijo explains.

As with other foreign companies in China, Nissan is seeking ways to partner with local market players to best engage with the country’s auto market. One of the ways to do so, Ichijo points out, is to work together with leading Chinese autonomous driving start-ups, such as WeRide, to achieve win-win results.

“Our strategy, particularly in China, is that we made an investment in WeRide five years ago. In China, we are not only doing our own development in intelligent EVs, but we also aim to help Chinese companies to thrive with our strategic support,” he explains.

“Autonomous driving can’t be realized only with driving technology, you need a body, which is our core asset and strength. So we help them and they help us, and we integrate both assets together to make autonomous driving mobility happen. That’s how we are working in China,” Ichijo says, adding that Nissan’s country-by-country strategy reflects the speed of the market development and the partnership that the company wants to build in each region.

Now, eight years on since graduation, Ichijo continues to reflect on everything he learned during his time at CEIBS. While there are plenty of industry-specific factors to consider when looking to expand beyond China’s borders, he believes that the key considerations are more cultural in nature.

“Leverage your international experience. It’s a good opportunity to understand the intercultural gap and how to adapt to those gaps. Go out and immerse yourself to understand how you are different from Chinese people. There is no good way to copy and paste what the Chinese do, so you need to identify the intercultural gap and adapt to overcome it.

Flexibility emerges as new normal in post-pandemic auto industry

By Effy He

From lockdowns and travel restrictions to global supply chain disruptions, the automotive and mobility industries were amongst the hardest hit by the COVID-19 pandemic. Now, as China reopens, what is the current status of the industry? And, what opportunities and challenges are out there?

Pierre-Yves Demeer, Global EMBA 2018

To answer these questions, we caught up with Global EMBA 2018 alum Pierre-Yves Demeer to hear about how COVID-19 has affected the auto industry and what is ahead for years to come.

With a technical and business background in the US, France, and Chile, Pierre-Yves has more than 20 years of experience in the automotive, transport and chemical industries. He now leads the purchasing and global commodity business unit of French Automotive OEM Novares Group APAC in Shanghai, and he is responsible for finding the best solution to different functions in the company at the most competitive price.

Having lived and worked in China on and off for over 15 years, Pierre-Yves has witnessed and been part of many big changes in the country's auto market.

Stable volumes and forecasts that were the essence of the automotive market in the past; are now gone and flexibility has become the norm.

"The competitive landscape in the industry is completely different now. Stable volumes and forecasts that were the essence of the automotive market in the past; are now gone and *flexibility* has become the norm," Pierre-Yves says.

Along with unpredictability comes shifting market demand, Pierre-Yves admits, as consumers nowadays don't see vehicles as a symbol of status, but rather as a commodity to fulfill their mobility needs.

"In the old days, the auto industry competed on prestige; you would label your car as high end or economy, sports or family. But now, vehicles are considered a mobility commodity which has led to a change in the development cycle," he says.

"What used to be a seven-year project life cycle could turn into a one-to-two-year cycle, which puts a lot of strain on supply chains," Pierre-Yves adds.

Despite increased pressures on purchasing timelines, the new trend also presents opportunities for companies to stand out from the crowd.

"If your company can be more agile and flexible to meet customer demands, you could have an enormous competitive edge," he says.

As with multiple industries across different geographic regions, the pandemic brought a host of unforeseen challenges to Pierre-Yves and his company, and Novares was pushed to the edge of bankruptcy due to a lack of cash in 2021.

"Our customers withdrew or postponed payment commitments while we had already invested in our supply chain – such as equipment, toolings and project investment for future markets," he says, adding that as a Purchasing Director, he and his team had to work 24/7 to support the company to keep machines rolling and make the impossible *possible*.

"As an automobile manufacturer, it's impossible to stop manufacturing and delivering to our customers, not only because of huge cost penalties; but also because the impact on the organisation and the market is always greater than expected," he explains.

With a good understanding of shifting trends in the global supply chain, the senior procurement professional put *"localisation"* at the very core of his business strategy.

"Even before the pandemic, the global trend for supply chains was steadily shifting from globalization to *glocalization*. 'Global approach and local supply' means that you could have global suppliers that have local manufacturing plants. The pandemic just accelerated this trend," he says.

With COVID-19 now played out and the world reconstructing itself, Pierre-Yves reflects on everything he has learned at CEIBS and how he puts his China knowledge to practical application in a European company.

"The Global EMBA programme is a great balance between theory and practice. It helped me learn more about myself and change my mindset to better interact with other people in the organization," he says, adding that understanding local codes and culture is essential when addressing a market.

Experience is essential but being able to listen to others' perspectives that challenge your own assumptions is equally important.

Ultimately, he says that it is very important to understand that what you encounter today is part of who you will be tomorrow.

"Experience is essential but being able to listen to others' perspectives that challenge your own assumptions is equally important," he concludes.

From nothing to Forbes: The couple-preneurs behind Chinese electric two-wheeler brand Yadea

By Thalia Jiang

As couple-preneurs, Dong is the one who controls the accelerator, while I'm on the brake.

Compared to new energy cars, two-wheel electric vehicles have remained largely out of the limelight. A high-profile trailblazer in this field, however, is Chinese electric two-wheeler brand Yadea, whose ads recently popped up at the 2022 FIFA World Cup in Qatar as part of the company's plans to expand its global footprint.

Born in Wuxi in Jiangsu Province, Yadea's sales exceeded 13.8 million RMB in 2021, and it has maintained its position as the industry leader in national sales for five consecutive years, taking nearly 30% of the market share. In 2016, Yadea Technology Group was listed in Hong Kong, making it the first to become the first two-wheel electric vehicle brand to go public in China.

To the surprise of many, the company was founded by husband-and-wife team Dong Jinggui and Qian Jinghong, who serve as Yadea Chairman and CEO, respectively. From humble beginnings, the couple started a small motorcycle assembly plant from scratch, which has since grown it into what Yadea is today.

Throughout it all, they have reminded themselves to never leave others with the false impression that they are a perfect couple – as arguments are inevitable in every relationship. That said, they do deserve the title of "model partners."

Starting a business in two-wheel electric vehicles

Born in a poor, mountainous area of Anhui Province in 1970, Dong was recruited into the army at the age of 17. It was there that he learned

about auto mechanics and became a repairman. Meanwhile, Qian started a garment business with 1,000 RMB from her parents after graduating from high school. The two met on a blind date when they were about 20 years old and fell in love at first sight.

After getting married, the couple started a motorcycle parts assembly plant in a 1,000-square-meter tin-roofed factory, and grew their business from a few dozen motorbikes per month in 1998 to 5,000 in 2000. With the implementation of a motorcycle ban across the country, however, the two-wheel electric vehicle industry took off in 1997.

"The two-wheel electric vehicles were hot products back then. Companies were running out of supply, and even our OEM found it hard to deliver on time," Qian recalls.

When starting out in the electric scooter business, the couple had simple goals: "First, it was to produce products of better quality; second, it was to find good suppliers and turn good materials into good products; third, we wanted employees to grow together with the company each year," Qian says.

"Back then, we had no idea of brand positioning, and knew little about the concept of positioning the brand as high-end and selling at a high price. We just wanted to make the best product," she adds.

One controls the gas pedal while the other controls the brakes

During the first 15 years of their start-up, Dong and Qian worked around the clock.

"We were so busy at that time that we barely looked up at the sun – only the stars and the moon," Dong says.

Despite the overwhelming workload, the couple would spend half an hour every night having intimate conversations, which helped them develop good communication habits. The benefit of starting a business together as a couple was instant communication, while the downside was the fact that the discussion "never ends."

"We used to make a rule that we would have no work talk at home, then no work talk in the bedroom, and finally no work talk after going to bed. But each time either he or I broke the rules," Qian says.

As couple-preneurs, Dong is the one who controls the accelerator, while Qian is on the brake.

"Sometimes we can work together very well, but sometimes it can be complicated," Qian says, adding that there are times when they disagree with each other about corporate decisions. Nevertheless, they always reach an agreement in the end.

To mitigate corporate risks and avoid disagreements between the couple, Yadea has adopted a collective decision-making system in its daily operations, where important proposals and decisions require the approval of 80% of the company's committee members. Dong and Qian each have one vote and one veto per person.

In 2020, with a total wealth of 21.6 billion RMB, the business partners were ranked 170th on Forbes China's Top 400 Richest in 2020, and have moved up the list continuously since then.

Having been married for three decades, the couple admits that while arguments are inevitable in starting a business, it is mutual understanding, trust, and love that has made them inseparable.

> ***When starting out in the electric scooter business, we had simple intentions: First, it was to produce products of better quality; second, to find good suppliers and turn good materials into good products; third, we wanted employees grow together with the company each year.***

In 2008, Qian enrolled in the Advanced Management Programme (AMP) at CEIBS, where she developed a strong thirst for knowledge and a management philosophy in talent development.

Exploring the global market

Despite topping national sales as a listed company, Yadea aims to explore overseas markets. With global efforts to cut energy consumption and emissions to achieve the carbon goals by 2050, there is great potential for promoting electric bikes.

In 2019, Yadea set up an overseas production base in Vietnam, the first of its kind in its industry. The Yadea couple is well on its way, fueled by an ambition to become an integral part of a global market made up of industries that are constantly evolving.

Ten years on, how did a new media company stay ahead while ensuring profitability?

By Thalia Jiang

Transitioning from traditional media to the digital world

In 2019, China entered an era of microblogging with massive amounts of online user-generated content are now being produced and disseminated in a faster, more convenient and insightful way through social media platforms. This shift brought about disruptions in two essential components of communication — the way content being produced and the way it is distributed.

In 2012, Huxiu CEO Li Min (CEIBS EMBA 2010) resigned as Executive Editor of *China Entrepreneur* magazine and secured an angel investment of 1 million RMB to start a tech news platform.

With the aim of being a business information platform with a unique perspective, Huxiu focused on major internet companies before expanding to the broader business sector.

"We needed to discover the potential needs of users before serving them with our capabilities, resources and values," said Li, adding that Huxiu's goal has never been to help users kill time, but to offer them more efficient access to business and tech information.

> ***What we aim to do is to screen information and deliver the most relevant information to our users. That's our mission.***

Bearing that in mind, Li reorganized the business' approach to content production and distribution. Unlike traditional media, more than half of Huxiu's content comes from a pool of external writers instead of its in-house editorial team.

"The internet is already over-saturated with information. There's no need to create original content unless it's exclusive or in-depth coverage," Li says. "What we aim to do is to screen information and deliver the most relevant information to our users. That's our mission," she adds. To date, Huxiu has built up a large pool of nearly 9,000 authors.

Unlike other platforms which measure the value of published content by traffic, Huxiu promotes information to users with different priorities based on certain algorithms, and the platform is driven by "content" rather than "technology." In this sense, content is not equal to traffic. "That's the limitation of Huxiu, but that's also what makes it what it is," Li said.

How to commercialise good content

In 2019, the company started to build a paid-content APP named ProHuxiu, a platform dedicated to providing decision-making-oriented information services for secondary market investors with a focus on research analysis and the latest updates on promising areas and companies in the secondary market.

Li believes that companies in the A-share market will become more mature and more promising

businesses will be listed on the domestic capital market. On the other hand, investors need to hone a more rational understanding of industries and companies to obtain valuable information.

However, there's a significant information asymmetry between enterprises and retail investors.

"There's no investor-facing content service platform in the market," Li says.

As such, she adds, it is often hard to tell whether the equity research reports issued by securities brokerages are targeted at "buyers" or "sellers" (companies or users), and most of the content is quite general. What ProHuxiu aims to do is to shield investors from the chaotic market by providing authentic information, such as interpretation and analysis of data, analysis of the factors behind industries' development and companies' future development. With an annual subscription fee of 1,298 RMB, ProHuxiu has not yet posted a profit due to a limited paid user base.

"It's impossible for a new-born baby to make a living right away. Unlike media businesses that require low threshold and a small initial investment, ProHuxiu and the think tank business Huxiu is working on need to develop relatively solid products and services that users are willing to buy, which poses a big challenge for our product and operational capabilities," Li says.

Entrepreneurship is a long-term endeavor

As CEO of a startup, Li faces lots of complex questions: How can we grow a business? What are our users' needs? How can we serve users' long-term needs? How can we create greater

> ***At the end of the day, it's all about organisation. It's about whether a CEO can make the organisation more efficient, enabling better and faster improvement of employees' personnel skills and the synergies between them.***

business value through services? Why is there a gap between reality and expectations? And, how can we bridge this gap?

"In the end, corporate competition is about your core team's judgment of things and circumstances, and about whether they have the ability and efficiency to build a system around this judgment to achieve corresponding goals," Li explains.

"At the end of the day, it's all about organisation. It's about whether a CEO can make the organisation more efficient, enabling better and faster improvement of employees' personnel skills and the synergies between them. A failure in doing that will present challenges," Li says.

In a year-end summary of Huxiu's second year of business, Li reflected that, "New media won't become what it is unless it breaks away from the content-driven mindset (I do not mean that content is unimportant or unnecessary). Entrepreneurship is a long-term endeavor."

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