

# Haier 海尔



saving refrigerator reached A+ energy-saving standard. Holland and Germany began granting buyers of Haier refrigerators an energy-saving rebate.

In 2001, Haier's factory in South Carolina was granted an award in recognition of its contribution to the community.

## HISTORY

Haier was established in 1984 and in just over 20 years has become a major global home appliance brand, recognised as a multinational company of significant international stature.

In 2003, Haier achieved global sales of Rmb80.6 billion.

## THE PRODUCT

Since it created its first refrigerator in 1984, Haier has taken the domestic and global home appliance markets by storm. Today it makes 15100 items in 96 product groups, and exports to more than 160 countries.

Facing the challenges brought by E-commerce and China's accession to the WTO, Haier began the re-engineering of the business processes driven by the market chain in 1998. During the first five years, Haier focused on organisation

restructuring, decentralised management utilising advanced information technologies and network systems order processing, market-chain performance, logistics, capital operation, after-sales service, product inventory and operational cost reduction. By 2002, Haier had gained significant strength in the household

furniture, telecommunications, software and finance arenas. In 2003, Haier was given the authority to lead the development of four national standards.

## RECENT DEVELOPMENTS

The goal of Haier's development is to foster customer loyalty around the world. Its research and development team now competes on an international stage, and constantly acquires new skills that add to its innovative ability as a national enterprise.

In a live interview recently on the *Moving China* program on CCTV, Zhang Ruimin, CEO of Haier, said, "If everyone puts his heart to innovation and invention, to do his or her work really well, then there is no problem we cannot overcome."

## THE MARKET

The Haier Group is a Chinese home appliance manufacturer which has become an established international brand. Haier has 18 design centres, 22 overseas production facilities, and 58800 sales agents worldwide. In China, Haier enjoys market share of about 30% in all four primary product groups – refrigerators, coolers, air-conditioners and washing machines. Haier's products can now be found in 12 of Europe's 15 largest retail chains, and all of America's top ten retail chains.

## ACHIEVEMENTS

In April 1992, Haier became the first household appliance enterprise to be awarded ISO 9001 Quality Assurance Certification.

In 1997, according to statistics in the industry publication *Appliance* Haier ranked first in speed of development in the household appliance industry.

In November 1998, Britain's *Financial Times* rated Haier 7<sup>th</sup> among the most prestigious enterprises in Asia Pacific.

In May 2000, in recognition of remarkable business performance, Haier became the only Asia Pacific winner of the Best Operated Company in the World Award, as judged by AC Nielson and *Fortune* magazine.

In February 2001, *Appliance Manufacturer* rated Haier 9<sup>th</sup> in its list of the World's Top Ten Household Appliance Manufacturers.

In May 2002, the Academy of Science of the UN International Ecological Security named the

Haier Group Best Enterprise of Global Ecological Security. Haier CEO Zhang Ruimin was also named as one of the World's Most Respected Entrepreneurs.

In October 2002, *Euromonitor* listed Haier as 5<sup>th</sup> in market share in the global household appliance industry. It was also rated the world's top brand in the refrigerator market.

In December 2002, the Hong Kong-based *Far Eastern Economic Review* named Haier Best Enterprise in Asia Pacific.

In another ranking of the global home appliance industry in 2002, *Euromonitor* reported that Haier had grown to be the world's second-largest maker of household appliances.

In January, 2003, Haier was placed first among Chinese companies in the list of the World's Most Respected Companies announced by *The Financial Times*.

In August 2004, *Fortune China* ranked Haier second in its list of Most Admired Companies in China (behind IBM China). And in another list of the World's Most Respected Companies announced by *The Financial Times* and PwC, Haier was once again ranked first among Chinese companies.

In 2000, with the announcement of an ecological tax in Europe, Haier's super energy-



In Haier's R&D process, every product is managed by a single manager from start to finish and throughout its product lifecycle. Customer needs are analysed first, then the R&D team brainstorms how to meet those needs from a technological standpoint. After production and launch of the product in the market, customer feedback is gathered and the manager kicks off a new round of modification efforts. New features that can sell are built into the product, and the team focuses on finding the right product for the customer (rather than the right customer for the product). In this way, customer needs are met and customer loyalty is created.

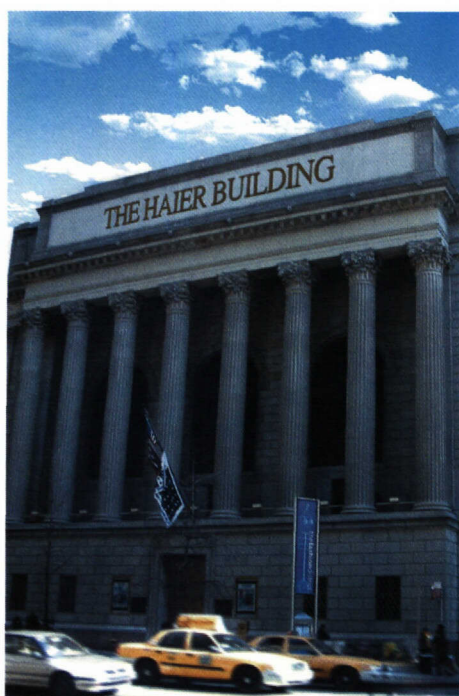
Haier's R&D approach will continue to be product manager oriented. It will focus on creation of order resources with high added values and the development of human resources, so that Haier can some day be counted among the Fortune 500.

The main themes of Haier's development are speed, innovation and strategic business units. About 30,000 employees are now receiving training to lead their own self-managed strategic business units. Haier aims to be among the world's top three makers of home appliances and is making great headway in this direction.

#### PROMOTION

Management guru Peter Drucker once said, "Some companies are in a mad rush to slash prices and give cash rebates. They really are just wasting their margins and worst of all, they are losing buyers." As prices of products fall, the reputation of the enterprise in the heart of the customer also falls. With this in mind, Haier aims to first build a name for itself before selling products. In everything it does, it adopts a customer-centric approach.

In moving forward with its internationalisation strategy, Haier has also begun developing multi-level cooperation, in place of competition, with internationally renowned enterprises. On January 8 and February 20, 2002, Haier established strategic relationships with



Japan's Sanyo and Taiwan's Sampo respectively. These companies have committed to complement each other, share resources and to work for win-win relationships.

On March 4, 2002, the Haier Group bought a property in mid-town Manhattan as the headquarters of its North American operations. The purchase marked another step towards its goal of becoming the China's first global brand. The move has taken Haier further in its

localisation in America, and Haier is being assimilated into the brand landscape of America. On August 20, 2003, Haier became the first

and predicted Haier would also find the road long and arduous.

Why should Haier go to the US at all? The strategy opposed conventional wisdom at the time, and Haier would have to find in the US what it had yet to find at home – technology and funds.

The values of Haier's staff constitute its corporate culture and the core of this is innovation. This has been worked deep into the fabric of Haier's unique culture. Haier is all about the innovation of concepts, from creative strategy to creative work structures to technological innovation and to the reinvention of markets. Haier started as little more than a dream, and has grown surely and steadily, from China to the world. Its staff members are confident that active participation is the hallmark of Haier's culture. Haier's most immediate goal is to create a strong Chinese brand that will make China proud. This goal is what unites and joins the hearts of Haier's staff.

Haier has gained a lot of attention for its contribution to and innovations in, management and enterprise culture. More than ten Haier case studies are now part of the MBA courses being offered at Harvard University, Insead and Lausanne University business schools.



Chinese enterprise to put up a neon billboard at Tokyo's Ginza 4-Chome, one more significant step in taking the brand to the world.

#### BRAND VALUES

When Haier, hardly known in China at the time, established manufacturing facilities in the US, a journalist wrote an article headed "A Reminder to Zhang Ruimin" said few Chinese enterprises had found success in the US

#### THINGS YOU DIDN'T KNOW ABOUT HAIER

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