Common Sense and Truth: Customer Centricity
Customers: The Only Reason Huawei Exists

Alcatel: The Lost Captain of Industry

One June day in the early 21st century, Alcatel chairman Serge Tchuruk received a Chinese guest at his private chateau in Bordeaux, France. The visitor was Ren Zhengfei, Huawei’s CEO.

The sun was warm, and the endless estate of grapevines was packed with purple fruit that shone like gemstones. The air was filled with the unique charm of Bordeaux: quiet, proud, romantic, and dignified.

After they sampled two different wines, Serge Tchuruk got serious:

In my life, I’ve invested in two companies: Alstom and Alcatel. Alstom is a nuclear power company. The business is very stable. The only variables are coal, electricity, and uranium. The technology does not change quickly and the market is not very competitive. In contrast, Alcatel is in a cutthroat market. You cannot predict what will happen the next day or the next month in the telecom market.

Ren Zhengfei could not agree more. The quiet and intoxicating air turned heavy and somber.
Serge Tchuruk is a widely respected industrialist and investor, and Alcatel was a leading telecom manufacturer at the time. After the dotcom bubble burst in 2001 in the United States, Alcatel was considered invincible, as were certain other European telecom companies such as Ericsson, Nokia, and Siemens. The open and liberal spirit in Europe had also nurtured a number of global telecom operators such as British Telecom, France Télécom, Deutsche Telekom, Telefonica, and Vodafone. While based and operating in Europe, they provided network services across all continents. American, Japanese, and Chinese telecom companies were far behind.

In the early 21st century, Huawei was still fighting an uphill battle. Ren Zhengfei was shocked when he heard about the troubles of Alcatel, the captain of the industry. After he got back to China, Ren shared Serge Tchuruk’s views with Huawei’s senior executives and asked them, “Does Huawei have a future? What is the way out?”

Huawei then became immersed in a great debate. A consensus was reached that the company must continue to embrace “customer centricity.” The underlying principle that had taken the company so far would remain fundamental to its future—that customers were the only reason for the existence of Huawei, and, as a matter of fact, of any company.

Of the four strategic statements that Huawei later developed, the first one reads: “Serving customers is the only reason Huawei exists. Customer needs are the fundamental driving force behind Huawei’s growth.”

**Turn Your Eyes to Your Customers and Your Back to Your Boss**

On a flight from Shenzhen to Beijing, a passenger about 60 years old sat in the last row of the first-class cabin. Throughout the three-hour journey he was reading quietly. This passenger was Ren Zhengfei. When the plane landed in Beijing, he stood up, picked up his luggage, and joined the crowd just like other travelers. He didn’t have an entourage and no one picked him up. When he travels for meetings or other purposes, he usually doesn’t inform people from local offices. He simply takes a taxi straight to the hotel or to the meeting. He is used to taking taxis, which occasionally makes headlines when he is spotted.
This is also the custom of most other senior executives at Huawei.

A deputy chairman of Huawei said, “This habit does not mean that Huawei’s leaders are all more sensible than others; that’s not why we do it. It’s important because it’s a manifestation of one of Huawei’s core values: Are customers important, or our executives? This is the founding principle of right and wrong at Huawei, and is critical to the company’s success.”

Ren Zhengfei also cautioned many times:

There seems to be this air in the company that people’s bosses are more important than our customers. Perhaps because management has too much power, some people care more about their bosses than their customers. They develop fancy PowerPoint slides to present to their bosses, and they make extremely thoughtful arrangements for executives traveling on business. The question is: If they spend so much thought on this, how much is left over for our customers?

Ren, therefore, commanded:

Everyone in the company must turn your eyes to your customers and your back to your bosses. Do not go crazy doing slides to impress your bosses. Do not assume that you will get promoted just because your boss likes you. If this happens, it will weaken our ability to fight.

At a meeting in 2010, Ren Zhengfei proposed:

Huawei should and will promote those who turn their eyes to their customers and their back to their bosses. For those who turn their backs to their customers while focusing on their leaders, we will absolutely let them go. The former are value creators for the company, while the latter are just a bunch of lackeys who are in it for personal gain. Managers at every level of the organization should recognize the value of employees who turn their backs on you. You may feel uncomfortable at first, but they are the right people for the company.

Huawei is a typical private company in China. It started as a trading company and is therefore intimately familiar with the path to success as a
vendor. It is committed to serving its customers, and holds true to the maxim that “the customer is king.” It’s in the company’s blood and has helped it tremendously when it began to develop its own products. Although its products were not as good as those of its competitors at first, Huawei was still able to win its customers’ understanding and support through its excellent service. Later, when its products became as good or even better, customer loyalty came naturally. A firmly held belief that customers always come first has essentially served as Huawei’s guiding light over the past 27 years.

Who am I? Where do I come from? Where am I going? These are the fundamental questions all companies have to answer. Without fail, every successful company can answer them correctly, although the answer may vary in different periods of development. Some enterprises embrace customer centricity from day one, but after an initial bout of success, they end up losing sight of who is most important: their shareholders, their employees, their customers, or their managers? Different answers to this question reflect different attitudes in the pursuit of success, and eventually, they determine the fate of the company.

Magic does not exist and truth can’t be reversed. The alchemy behind Huawei’s growth simply lies in its core values: customer centricity, dedication, and perseverance. They are plain and unadorned—nothing deep about them. However, from the day Huawei was founded, Ren Zhengfei and his colleagues have believed this to be true, and these three values have imbedded themselves in the very bones of Huawei’s culture. They have become the tenet for each and every member of the organization.

In December 2010, Ren Zhengfei gave a lecture titled “Embrace Customer Centricity, Value Dedicated Employees, and Remain Long Committed to Dedication” to the senior executives of a large European telecom company. He told the audience:

This is the entire secret behind Huawei’s ability to surpass its competitors, and this is the guarantee for Huawei’s continued success. It’s not a message of foresight, but a lesson we have drawn from practical experience. The three pillars are interconnected and support each other. Customer centricity sets the
direction for dedication; dedication is the means to customer centricity; and dedicated employees drive long-term commitment to customer centricity.

From this speech it is clear that the “soul” of these three pillars is in fact “customer centricity.” Without it, what would be the direction and meaning of dedication? Without customer centricity, how to evaluate the value created by the dedicated employees? Not to mention distributing that value back among them.

Distorted Common Sense

Customer centricity was not invented by Huawei; it’s a universal business value. The idea that “the customer is king” was invented in the West and has permeated its business history. The idea is very simple: Businesses are about making money and companies that fail to generate profit are worthless. And where does the money come from? From customers, of course. Therefore, the companies with the most potential are those who can find a way to make more of their customers dig willingly into their pockets as deeply as possible, for as long as possible. This business philosophy in the West has evolved for centuries around a permanent theme: The mission of a company, its managers, and its products is to satisfy customer needs.

This is a plain fact. A business has to pay taxes to the government, pay its employees, and pay its suppliers for goods; customers are the only source of incoming money. Yet, no customer would give the business money for nothing. Customers are rarely that altruistic. They have the right to choose and will only pay companies who provide high-quality products or services, and at a reasonable price. In this sense, you can’t go wrong with customer centricity.

Therefore, management expert Peter Drucker believes that the purpose of a business is to create customers.

With the rapid development of the securities market, capital has been the king of the world for 30 years, and traditional business ethics based
on customer centricity have been wildly distorted. In the US market, for example, it’s now a common business ethic to maximize shareholder value. Businessmen are focused on the stock market and make business decisions based on the opinions of securities analysts. As a result, companies might expand rapidly or burst overnight. They might become industry giants in three to five years, or see their market value plummet within days or even hours. The Chinese market is no exception. Industrialists become rising stars in the capital market, but their companies inflate and burst like balloons. They are crazy opportunists; as for their companies, they either burn bright and burnt out fast, or struggle for breath in an endless chase to keep up with their shareholders’ short-term expectations.

Common sense has been distorted. Customer centricity, once common sense in the business world, has become the solitary pursuit of a select few leading enterprises.

**Who Will Feed Us If We Forsake Our Customers?**

Huawei is among the few that seem to have maintained a grasp on common sense. Huawei’s management believes that the company lives and dies by its customers’ value chains, and that its own value depends on the value of the whole chain. In other words, Huawei derives sustenance from its customers—it would starve if it didn’t serve them. Huawei can only stay alive and prosper with customer centricity as its guiding force.

In July 2001, *Huawei People*, the company’s internal publication, featured an article titled “Serving Customers Is the Only Reason Huawei Exists.” The title was originally “Serving Customers Is the Reason Huawei Exists,” but Ren Zhengfei revised it. He believes that Huawei was born to serve its customers and that the company has no other reason for existence. Serving customers is the only reason.

Qian Zhongshu, a renowned Chinese scholar and writer, once said that “truth is naked.” Huawei’s executives say something similar: “We must not complicate Huawei’s culture, or dress it up with too many details.” Customer centricity is the very essence of commercial activity. A company can only survive if its customers are satisfied. This is a simple
truth, and yet it is extremely difficult to put into practice. Whoever can stick to it will be the winner.

Huawei was once accused by some Western companies of having destroyed the telecom industry’s value chain. Huawei’s Deputy Chairman of the Board and rotating CEO Hu Houkun responded this way:

They only saw the price of certain products drop, but overlooked a basic law of value: that is, when prices drop to a critical point, there’s an avalanche effect in customer demand, growing explosively—many thousand times fold. On the one hand, Huawei’s contribution was to reduce the purchasing cost of its customers. After prices reached a reasonable level, we helped spur the potential demand for information services among billions of people around the world, thereby benefiting the entire industry.

In fact, it was Huawei’s global expansion, combined with its customer centricity that, in a way, helped expedite the human race’s entry into information society by at least 20 to 30 years across multiple dimensions.

Professor Huang Weiwei, a management advisor to Huawei for 20 years, once told a story: A group of EMBA (executive master of business administration) students from the School of Business at Renmin University of China visited Lancaster University in the United Kingdom. They were deeply impressed by the UK’s glorious industrial history as well as its modern development. One of them mentioned Huawei to their British professor.

The professor said, “Huawei is walking along the same path that some of the world’s most remarkable companies once travelled. Before they reached the top, they were all customer-oriented, completely dedicated. And yet when they reached their peak, they became complacent, stop listening to their customers, which marked the beginning of their eventual decline.”

But it’s the plain and simple truth. Huawei does not believe in short-term economic magic. While competitors such as Ericsson and Motorola create plans for each financial quarter or year, Huawei plans its development by the decade. According to Xu Zhijun, Deputy Chairman of the Board and one of the company’s rotating CEOs, this is one of the secrets
behind Huawei’s ability to catch up with and surpass its competitors. If Cisco and Ericsson had not gone public and had focused entirely on their customers, Huawei wouldn’t have been able to get close to them.

Of course, public companies don’t necessarily ignore their future or their customers. Apple is a success story. When Steve Jobs died, the whole world lamented the loss of a man imbued with the true spirit of innovation. However, to be more precise, Jobs was a great listener and was superb at integrating resources. Apple’s products are characterized by simplicity plus aesthetics, which are precisely what consumers want. A simple life is good, but a bit of art makes life even better.

Fundamentally speaking, technology and products are not at the heart of Apple’s success, but rather the humanistic spirit of Steve Jobs and his manic sensitivity towards customers. The question is, without Jobs, who will keep the company focused on customers and who else has the natural capacity to see directly into their hearts? Under Tim Cook’s leadership, Apple will face great challenges.

The Fall of “Century-old Empires”

An Age Where Change Has Outpaced Our Ability to Adapt

The history of business since the 1990s has been brutal, verging on downright gruesome. If the Industrial Revolution had started with violent plunder and nakedly cruel conquest, the commercial world today, in an age of globalization and informatization, is also engaged in a war that is no less bloody. This war is even larger in scale and more catastrophic. In short, the past two decades have been one giant debacle. The telecom industry, for example, has been basically overturned, and then overturned again. This veritable rollercoaster of disruption and being disrupted has shaken those involved—both participants and witnesses alike—down to their very core.
Take, for example, Lucent Technologies—named by *MIT Technology Review* as the world’s best technology company in the telecom field for two consecutive years. In January 1999, the company had a total market value of US$134 billion and its share price was at a record high of US$84. But in September 2002, its share price was no more than US$1 and their stock was rated as junk. In its peak years, the company had 153,000 employees, but by this time they had been reduced to 35,000. Eventually, Lucent Technologies was merged with Alcatel in 2007. However, the Alcatel–Lucent conglomerate did not fare well. Post-merger Alcatel–Lucent suffered from declining income and continuous losses for five consecutive years, amounting to US$12.4 billion. They were forced to cut jobs. Worse yet, the company was implicated in financial scandals and cultural conflicts. They went from top to bottom faster than lightning itself.

Motorola shares a similar story. The company was once hailed as a money printer in the telecom industry. Established in 1928, Motorola distinguished itself as an innovative pioneer. It developed the world’s first prototype cellular phone and the first commercially available mobile phone. Motorola is unquestionably the father of mobile phones. But the market was relentless. In its peak year of 2001, Motorola had approximately 150,000 employees, but by the end of 2003, this number had dropped to 88,000. At that same time, Huawei had only 30,000 employees. Today, Huawei has just as many employees as Motorola had at its peak.

An authoritative figure in the Asia Pacific telecom scene once commented that the 1990s were a “Neolithic Age” in the history of human telecom, and that whoever took hold of that decade would take over the world: “If it was not for those 10 years, Motorola would have bit the dust long ago. That decade not only saved a bunch of old Western companies such as Motorola, but also cultivated Huawei—a company severely overlooked by the West. For a long time, the Americans never viewed Chinese companies as their competitors. In their eyes there were only European and Japanese ones....”

On October 15, 2011, Google bought Motorola Mobility at a price of US$12.5 billion, and almost at the same time, in 2012, Huawei decided
to recruit 28,000 new employees. In 2012 and 2014, Google resold its set-top box and mobile handset business—both outside of Motorola’s core patents—to Arris and Lenovo respectively.

Does that mean Motorola has reached the end of its line? Or will it reenter the sector as part of an Eastern company? Only the future can tell.

There is no secure place in the world. In 2006, Finland’s Nokia and Germany’s Siemens announced that the companies would merge their telecom equipment businesses to create one of the world’s largest network firms, Nokia Siemens Networks. Several years have passed and this mammoth has also suffered the unfortunate fate of its species, having served as proof that one plus one is in fact less than two. By the end of 2013, Huawei took over Ericsson’s position as number one and became an equal leader in the global telecom industry.

In April 2015, Nokia announced a plan to acquire Alcatel–Lucent for €15.6 billion. Analysts predicted that the global telecom suppliers’ scene would see a competition between three great powers: Huawei, Nokia, and Ericsson.

As a Chinese saying goes, every generation has its heroes, and each may lead the way for decades. These days, however, influence can die off after only a few years. Spring flowers bloom both strong and bright, and yet the ground is littered with yellow leaves, almost overnight.

An age in which change outpaces our ability to adapt has definitively arrived.

**Will of Capital or Will of Customers?**

Many analysts believe that the fall of Lucent Technologies was owing to the bursting of the telecom bubble in 2001. Some scholars attribute the decline of Motorola to its arrogance, which led to bad decisions and the inability to make a comeback.

They are right to some extent, but they haven’t touched upon the key question: What were these companies’ core values? Were they based on customers or something else?
Paul Galvin, the founder of Motorola, had never believed that profit is the sole or highest aim of the company. Instead, he believed that the mission of the company was much nobler than making a profit. Likewise, his son Bob Galvin, when facing the challenges brought about by Japanese semiconductor companies in the 1980s, also stressed that efficiency wasn’t what was most important, but rather having a good grasp on the future. As a result, Motorola was able to turn out a revolutionary product that catered to customer needs: commercialized mobile phones. According to Bob Galvin, the key to the success of a company was everyone working towards the same goal and proactively serving its customers. This is exactly why Motorola was able to go from good to great. But when the company deviated from this principle, it inevitably slipped from greatness into mediocrity.

In 1991, Motorola decided to invest in a global communications system: the Iridium Project. Yet, the project survived for less than a decade. In March 2000, Iridium Satellite LLC went into bankruptcy, with Motorola incurring a loss of US$5 billion. Iridium Satellite was once highly acclaimed as a revolutionary communications tool, but was hindered by a lack of subscribers and a prohibitively high tariff. The project had not moved along and this was a watershed for Motorola. At the time, Motorola had not only grown insensitive to customer needs, but had also confined itself to a closed-off ivory tower of its own creation. The company rejected the commonsense position that the customer is king, instead believing in the omnipotence of technology.

Many other companies that failed or died out behaved in the same way. Established in 1996, Lucent Technologies was one of them, and its fall was even more shocking. It was formerly a division of AT&T and had been a favorite among investors from the very beginning. The influx of investment, however, had pushed the company into a path of utilitarian expansion. Within six years, the company acquired 36 businesses with the aim of rapid growth. Lucent was engaged in a profit-making rush to satisfy the endless desire of the capital market. The result was a floating organization with diverse and incompatible cultures, and finally came the shocking debacle.

Lucent Technologies was torn between utilitarianism and idealism. On the one hand, it had to cater to the stock market, trying its best to keep
up with the pace of expansion. On the other hand, it had the best research lab in the United States and even in the world—Bell Labs. Producing 12 Nobel laureates, Bell Labs had been the pride of the United States and a global leader of scientific research and development since the early 20th century.

In 1997, when he visited Bell Labs, Ren Zhengfei was deeply impressed. Stirred with strong emotion, he said, “I was told more than 10 years ago that Bell Labs could produce one patented invention a day, and now it can produce three inventions every day. That's so amazing. My feeling for Bell Labs is stronger than love.”

However, as a core asset of Lucent Technologies, Bell Labs suffered serious conflict between the venturist culture of the capital market and the tradition of scientific research. Bell Labs traditionally put great emphasis on basic research, but now, quite inevitably, had to focus more on pragmatic, market-oriented inventions. The organization has gradually lost its future-oriented idealism.

In fact, neither the profiteering of the capital market nor an idealistic commitment to the future is fitting for the true mission of a business: Neither approach is focused on the customer. Therefore, Lucent Technologies’ fall from greatness seems to be all the more logical in the business world.

**Opportunism: The Golden Cup of Poisoned Wine**

Taking risks is a common characteristic of entrepreneurs. But taking risks is not the same as gambling, which is a game of intellect that relies on cleverness, intuition and luck. Ren Zhengfei once said that everyone has the inclination to gamble, but that he had to control himself. He said he had to control such inclinations and learn to manage them. When he was in Las Vegas, he would visit the casinos as well as anyone, but he never placed any bets. He would just hang around. He said with a smile, “I'm afraid of getting sucked in. . . .”

A man called Wu Ying is just the opposite. Ying in Chinese means hawk, and this name is not far off from his personal disposition. He has sharp
eyes, and with them he spots the very best opportunities. He was the one who bought the Personal Handyphone System (PHS) technology from Japan at just the right moment when China decided to open up its communications market to competition. As a result, he won an almost impossible game, and a company called UTStarcom rose in the market. PHS was considered outdated technology at the time, so leading international telecom companies, including Huawei, did not believe that the technology had any prospects. However, the Chinese market had a strong demand for this system. PHS was adopted by China Telecom, which had not yet obtained the license to operate mobile phone services. PHS, as an extension of the fixed-line connection, fits in well with the ability to provide both fixed and mobile services.

Owing to its adventurism and speculation, UTStarcom quickly rose to stardom. In 2003, UTStarcom occupied over 70 percent of the device market. When the PHS market slowed down in 2005, it still maintained a 60 percent share of the systems market and 50 percent of the device market. Its 2003, its sales revenue was about on par with Huawei.

UTStarcom’s PHS was a huge gamble, causing excitement in the capital market. In 2000, UTStarcom was listed on NASDAQ, and in the same year, the company made it into the Fortune 1000. For 17 consecutive months, its performance exceeded the expectations of Wall Street analysts. Sales ballooned, growing by a factor of 100. In October 2003, Business 2.0 magazine ranked the company number one among the 100 fastest-growing technology companies of the year. Wu Ying, the company founder, became an overnight celebrity in the telecom sector.

This momentum, which on the surface was highly positive, ended up spoiling UTStarcom. Opportunism is like a coin with two sides: Luck has it that opportunities don’t usually fall to the same company or person over and over again. A company has to depend on its strength and capability to succeed. On June 1, 2007, International Children’s Day, Wu Ying resigned from UTStarcom. A company which had grown to a size that belied its age was about to sink.

Putting the market first is not the same as putting customers first. A company should not just follow trends or simply cater to short-lived
market opportunities. Great companies like Apple and IBM have stuck to the creed of customer centricity. They are committed to satisfying both their immediate needs and their potential longer-term requirements, and therefore offer customers the best products and services. Luck in the market is a golden cup that is sometimes filled with poisoned wine. Anyone who drinks from the cup becomes shortsighted, lazy, speculative, complacent, and insensitive. Even their muscles begin to atrophy.

A company that pursues excellence and long-term development must not depend on mere luck.

**The Hand That Holds a Torch against the Wind Is Certain to Get Burned**

Society has entered an era in which stars tend to burn up quickly, while outbursts of short-lived meteors crowd the midnight sky. New technologies emerge in waves as the Internet threads the world together like a spiderweb. All this is destructive to tradition and has caused a global organizational crisis. Systems of organizational theory and practice developed over several thousands of years now stand at the cliff’s edge, with business organizations affected most.

Over the past 30 years, many companies have rapidly emerged and disappeared. Names like Wang Laboratories and Yahoo entered the stage from nowhere, only to swiftly fall into decline. Some time-honored companies, likewise, have turned from stars into meteors in this period of dramatic change: AT&T is a perfect example.

AT&T was a truly prestigious player in the global communications sector. Established in 1877 by Alexander Bell, father of the telephone, it gave birth to many distinguished organizations, such as Bell Labs, Northern Telecom, and Lucent Technologies. It also produced Claude Elwood Shannon, the father of information theory, and a number of Nobel Prize, Turing Award, and Claude E. Shannon Award winners. After two antimonopoly movements in the 20th century, it hadn’t lost its edge and had, in fact, become more competitive. Regrettably, it was unable to survive new technology and the capital market that hit the world like a
storm in the early 21st century. The AT&T family withered away, and these days it isn’t much more than a shiny shell of its former self.

This seems to be an unavoidable fate for telecom companies: If they are committed to innovation, they destroy themselves; if they stay away from innovation, others will kill them.

There is yet another fate: Willingly or not, they end up in the slaughterhouse of the capital market. Wall Street, for example, is well known as the butcher of the world’s real economy. Financial capital incubates a number of tech start-ups with astonishing speed, but kills them just as quickly. Not even AT&T’s business empire could escape this fate. It was rent into three parts and abandoned after being stripped of all its flesh. Its ending is as gruesome as most other stories in the capital market: Capital and professional managers, or capital alone, are the only winners, and companies are left to suffer or die out entirely.

In this globalized world, worship of capital and technology has destroyed a number of great companies and entrepreneurs. On the dead or critically ill list are Wang Laboratories, Motorola, Lucent Technologies, Northern Telecom, AT&T, and Yahoo, to mention just a few. Motorola and many other public companies are nothing but marionettes strung on the golden fingers of financial capital these days.

Over the past two decades, Huawei has had many opportunities to wed itself with venture capitalists, but Ren Zhengfei chose to avoid them.

Huawei hasn’t joined the series of short-lived meteors because it has resisted the siren call of the capital market. The capital market can quickly fatten up companies and entrepreneurs alike, but can just as quickly destroy them and their delusions of success. As the Buddhist precept goes, “Desire is like holding a torch against the wind: The hand that holds the torch is certain to get burned.”

In other words, the leadership of Huawei has kept a clear mind: The underlying factor for the company’s sustained success is its customers, rather than technology or capital. This is a core value of the company. What Huawei needs is a customer-oriented culture, not one that rubs shoulders with capital investment.
Customer Centricity: The Result of 27 Years of Contemplation

1987–94: Survival Was Everything

If you travel across the canyons of Mount Wuyi, you will be amazed by its tranquility, all the chirping birds, and the fresh air. You may also notice countless ants carrying dirt from the bottom of the cliff to small clefts higher up the mountain, where they use the dirt to build their nests. They are busy working to prepare for the cold winter or the rainy season. If they fall to the ground, they start over again, but if they happen to fall into the flowing stream, they are washed away.

This is, to some extent, symbolic of the fate of many small- and medium-sized enterprises (SMEs) in China.

SMEs play a significant role in China’s economy. There are now over 40 million such enterprises in China, most of which are privately owned. They account for 60 percent of the GDP, 80 percent of all jobs, and 50 percent of China’s tax revenue. However, they are rather short-lived. According to the statistics, the average lifespan of Chinese enterprises is less than 2.9 years, and each year, more than a million go out of business. As of 2010, the average lifespan of Chinese SMEs was 3.7 years; in Europe and Japan, it’s 12.5 years, while in the United States it’s 8.2 years. Since the beginning of China’s reform and opening-up program, there have been a number of Chinese companies cited as successful cases for MBA students, but by now 80 percent have fallen. In other words, people are rushing toward the glass door regardless of risk, but most end up seriously hurt and some even lose their lives. They go through the process of registration to cancelation in a short period of time, with their start-up investment leading to nothing but a mess and a body covered in scars.

Survival is a tough task for companies, as Huawei chairwoman Sun Yafang once said. It is especially daunting in the company’s infancy. According to Ren Zhengfei, Huawei’s success is attributable more to market opportunities than the company’s capabilities.
Huawei started as a trading company with a dozen employees. This was a poorly equipped team: They had neither product nor money. However, they fought through the lines of foreign companies and Chinese state-owned enterprises and found a hope of survival. At that time, Huawei’s slogan was, “Let us drink to celebrate success, but if we fail, let’s fight tooth and nail to come out alive.” In this specific context, success meant survival. Ren Zhengfei was never a mere merchant aiming at making money. Yet reality was cruel: He had to make enough money to survive and get stronger.

At Huawei, suffering is nothing in the pursuit of ideals, but it’s unbearable when your ideals turn into a joke. At the very start, Ren Zhengfei called on his colleagues to build a world-class enterprise. Most would rather believe that this was an honest pursuit, but he himself was clear from the start that this was a mission impossible. To accomplish world-class repute, the company should first struggle to survive and live long enough. Therefore, from the first day of the company, Ren Zhengfei and Huawei came to embrace a proper fear of death. Survival became Huawei’s most basic—and perhaps most lofty—strategic goal, and pragmatism was its only choice.

A review of Huawei documents and speeches from Ren Zhengfei before 1994 would unearth terms like “wolf and Bei spirit,” “call for heroes,” and “to be shameless” (“shameless” here means to possess the nerve to face customer complaints and the courage to challenge oneself). Customer centricity was hardly mentioned, let alone discussed at length.

During that period, Huawei was still one of millions of ants struggling for survival in the Chinese market. It was a small trading company with ideals, but without values. Its ideals were abstract, and it could not define its values because just surviving was a challenge.

Customers Are the Heart and Soul of Huawei

Starting in 1994, Huawei started to outgrow the chaos. After groping for stones in the river for seven years, fighting in the jungle for survival, Huawei began to put on some muscle. In October 1994, Huawei launched

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1 Creatures in Chinese mythology that are almost exactly like wolves, but with extremely short front legs and long back legs.
its first telephone switch system, the Huawei C&C08. It was a milestone in the history of the company because it marked the end of its trading days without products or technology to call its own. Huawei had entered a new era.

In June 1994, Ren Zhengfei delivered a victory toast in which he said:

We are faced with price pressure as the market fills with both good and bad products. But I believe our sincere commitment to customer service will move our “kings.” They will know that our products are worth the money they pay. This will ease our difficulties, and we will surely survive.

In a speech in 1997, Ren Zhengfei said:

Huawei is a profit-seeking entity and everything we do is to create commercial value. Therefore, our culture is called corporate culture, not any other culture—and certainly not politics. Huawei’s culture is a culture of services, as only through services can commercial value be created. Service is a broad term. After-sales services, product research, production, upgrade, and optimization are all part of it. It has to steer the way we build our teams. If one day we no longer need to serve, we’ll have to close the company. In this sense, service is the lifeline of our company and for us as individuals.

For a long time, “Huawei” meant low prices, poor quality, but excellent service. A Chinese domestic operator still clearly remembers the following:

In the early years, Huawei’s switches were used mostly by county-level telecom operators. They were not very reliable and often broke down. But Huawei did a very good job at providing service; its people were available around the clock. At that time, the staff of telecom operators fell into the habit of bossing people around, often scolding Huawei’s staff, and even Ren Zhengfei himself. None of the employees would argue with their customers; instead, they would sincerely apologize and get the system up and running again as soon as possible. This was in great contrast to Western companies, who were used to blaming the customers for problems, and were insensitive to customer
needs. As a result, Huawei left people with a deep impression. How can you refuse anyone who really treats the customers as king? In the 1990s, service was a rare concept in China, but Huawei had made service into an art form.

Nevertheless, this was still one-dimensional thinking in an age of trade, an outcome of forced acceptance and cognitive restraints. It wasn’t until 1997 that Huawei explicitly introduced its concept of treating customers as the company’s foundation and looking towards the future. Ren Zhengfei explained, “If we are not tuned into the needs of our customers, there would be no foundation for us to exist; if we are not oriented towards the future, there would be no traction for us to move ahead, and we then slack off and lag behind.”

Since then, with some slight changes to his wording, the concept of customer centricity has become the guiding principle for every activity of the company at every stage of its development. In 2002, Ren Zhengfei said:

Customers are the heart and soul of Huawei. As long as we have customers, Huawei’s soul will always persist, no matter who leads the company. A company is very fragile and will run into trouble sooner or later if it depends too much on one leader.

In 2003, Ren added:

We’ve always stressed that we must stick to customer-orientation. This should be a rational, unequivocal, and unforced orientation that represents universal truth in the market. Any forced, vague, or policy-mandated demand is not a real customer need. We must be able to distinguish real needs from opportunistic demand, and maintain a rational approach to meeting customer needs. And we must not rule out adopting different approaches at different times.

On an existing foundation of customer centricity, Huawei executives further deepened their understanding of the company’s approach, the premise that Huawei should orient itself in a “rational, unequivocal, and unforced” way towards customer needs, a way that represents universal truth in the market. It was with this understanding that the company refrained from investing in PHS. This led to a heated debate within the company.
At the time, had Huawei invested CNY20 million and 30 key engineers, in six months they could have churned out products that would bring in around CNY10 billion. The company’s top management, however, went against external and internal pressure, choosing instead to focus on the research and development of the WCDMA (Wideband Code Division Multiple Access) technology. Helplessly eyeing the rapid rise of UTStarcom and other domestic companies, and at the same time suffering the company’s first bout of negative growth, some Huawei employees started spreading doubt within the company. But Ren Zhengfei’s position remained firm: Huawei would not pass up any business opportunity, but it was also a company with lofty ideals.

Customer centricity is a general concept, but it has concrete meaning for Huawei: not only to meet customers’ current needs, but also to build long-term customer satisfaction. In 2014, when Russia was facing a new economic crisis, someone suggested that Huawei lower its product quality to ensure lower costs. Rotating CEO Guo Ping immediately declined the suggestion. To him, this was against the essence of customer centricity: “We should not aim to simply please our customers. To be accountable for customer satisfaction, we need to take their perspectives into consideration, and then draw clear lines for product quality and innovation that we will not cross.” This would be truly sustainable development.

Since 2005, Huawei’s relationships with its hundreds of customers have grown beyond the purely transactional. They have become symbiotic and mutually enhancing strategic partnerships. This was a fundamental change for Huawei. But companies at this point are even more likely to lose their grasp on common sense. Their concept of customer centricity, as well as their system of values, may become distorted. It was precisely at this stage that some Western companies began their downward spiral in spite of rosy prospects. The decision makers at Huawei stood in awe as they bore witness to the collapse and fall of these companies like so many mountains caving in on themselves. And through this process they came to realize the incontestable strength of common sense and essential truth. As a result, between 2006 and 2010, Huawei exhorted customer centricity widely throughout the company and organized a series of training sessions to reinforce the idea at all levels.
The minutes of an Executive Management Team (EMT) meeting in 2010 clearly state:

Our long-term strategy is to make the company more competitive in the market through improved quality of products and services, and enhanced delivery capability. This will help us develop and maintain a balanced position between ourselves and our peers from the West. Competing on price, not on service quality, would not place us further ahead of the strategic competitors, while we might pressurize the room for development of Western vendors.

This was a new interpretation of customer centricity after Huawei began building strategic partnerships with its customers. Huawei also changed its approach towards its competitors, and its market space has thus been extended.

In 2010, “customer centricity, dedication, and perseverance” were officially incorporated into Huawei’s core values.

“The Misplaced Winner” and Huawei’s Position on Innovation

“How could they possibly beat us?”—While some people in the West were expressing astonishment over Chinese companies like Huawei, David Wolf, an American consultant and industry analyst, answered this very question. In his book *Making the Connection: The Peaceful Rise of China’s Telecommunications Giants*, he gave the following warnings to his peers in the West:

The telecommunications sector is the first of China’s industries to step out and challenge global giants. And it is important that we get into the habit of doing so, because by lumping all Chinese industries and companies together into a single mass and painting them all with a tarred brush would not only deprive us of opportunities to work with, learn from, and prosper with the best of these companies, it would also build a wall of intolerance between China and the West that the world can ill afford….
David pointed out that, after the establishment of the new China, there existed two latent but important elements: opportunities and entrepreneurs. He stresses this proposition in the introduction of his book: The historical opportunities brought about by China’s reform and opening up, coupled with a bunch of adventurous, visionary entrepreneurs such as Ren Zhengfei and Liu Chuanzhi, created the right “time, place and people” that led to the development of Chinese multinationals such as Huawei and Lenovo.

After mountains of research, Wolf came to another conclusion: In the competition against telecom giants in the United States, Europe, and Japan, the “final winner” shocked almost everyone—the companies expected by the government to lead the industry had all failed, but “a few tenacious local players like Huawei survived the competition through perseverance, agility and independence.”

On the blanket criticism from foreign media about “China’s lack of innovation,” Wolf had a different view. He called China “an innovative country” and defined Shenzhen as a “Chinese-style Silicon Valley.” Wolf pointed out: “China telecom equipment companies pursue what we can call ‘customer-centered innovation.’ This pursuit leads them on a long path of innovation that keeps on going... Real breakthrough occurs when the customer asks: ‘Can you...?’ and gets answered not with ‘We can’ or ‘We can’t,’ but ‘Leave it to us!’”

The story of the distributed base station is a Huawei legend. Huawei invested CNY6 billion into 3G (the third-generation mobile communication technology) R&D, but because of China’s delay in issuing a 3G license, Huawei’s 3G business had almost no income for about three years. Every time Ren Zhengfei met with Huawei’s head of wireless products, he would ask, “When are you going to earn that CNY6 billion back?” Bear in mind, back in 2003, only very few developed countries and regions such as Europe, the United States, Japan, Hong Kong, and Saudi Arabia were building 3G networks.

Huawei wireless products penetrated the “iron curtain” in the European market with distributed base stations. Prior to this, customers in Europe had habitual distrust towards the Chinese. In a bid for Telfort, a small
operator in the Netherlands, the customer bluntly asked, “Your price is so low, why should I buy from you? You can’t guarantee my success.” The head of wireless product sales at Huawei was frustrated: “Our price is 20 to 30 percent lower than others, but still got rejected. What exactly are the customer’s pain points?” After several exchanges with the customer, he found out their main difficulty was indoor coverage, and said to the customer: “Leave it to us.” He drew a few sketches for the customer, and the latter said, “If you can do this, we’ll buy it.”

In response to the customer demand, Huawei’s wireless R&D department gathered a number of its best engineers, who worked overtime for over half a year to come up with a satisfactory product. This led to a breakthrough in the European market for Huawei’s 3G products.

The distributed base station is known in the industry as a “disruptive architectural innovation,” in parallel with another of Huawei’s disruptive innovations: SingleRAN, which uses a complex mathematical algorithm to integrate 2G, 3G, 4G, and future systems together through a single base station. This greatly reduced operators’ costs and became a benchmark in the industry. At the same time, it substantially enhanced Huawei’s competitiveness in the global market.

Ding Yun, the executive board member in charge of Huawei’s entire R&D division, said: “SingleRAN was a revolutionary innovation, but we do not innovate for the sake of innovation. The SingleRAN solution came out of a demand from Vodafone. Huawei invests more than 70,000 R&D staff in technological innovation, but our innovation philosophy is that innovation has to center around customer needs, both visible and invisible.”

Li Yingtao, the first director of Huawei’s Sweden Research Center, now a board member and the president of Huawei’s 2012 Laboratories, repeatedly stressed in a four-hour conversation with the author: “The genes that determine a company’s success are the logic behind its choices. Huawei chose to be customer-centric; hence, all acts of innovation that meet customer needs are well grounded. The success rate is much higher this way, because all innovation is centered around customers’ visible and invisible needs.”
During the period in 2011 when the IT bubble burst, Huawei’s current board director Zhang Ping’an actively pursued an opportunity to preside over the acquisition and integration of a Silicon Valley optical transmission company. That company had invested US$140 million in total, but Huawei only spent US$4.2 million on the deal. While competitors believed that optical transmission technology had been overdeveloped and unworthy of further investment, Huawei had keen insight into the company’s technology, knowing that it was not only suitable for long-distance transmission, but also great for countries with different optical fiber transmission. In the future, it could also be upgraded to higher rates of transmission, like 40Gbit/s and 100Gbit/s, which would be hugely significant for the development of customer networks.

The use of microwaves in telecommunications is a mature industry that hasn’t seen much development for the past 50 years. In 2008, Huawei introduced the concept of the Internet Protocol (IP) microwave for the first time, causing an “arms race” in this industry. The idle transmission rate of traditional microwaves was 2–8Mbit/s; Huawei was able to make it reach 1.6–2.5Gbit/s. This development was also based on customer needs. After base stations are built, customers want to backhaul data received by the base stations at the fastest speed possible and, at the same time, make it easier to configure fixed networks. These two major demands were overlooked for a long time until Huawei came along and integrated IP with microwave technology. Again, this disrupted the entire industry while resolving customers’ pain points, which naturally nudged Huawei into the top position in the market. Huawei is ranked number one in optical transmission, core network, and fixed access products globally and number two for its wireless products. Without exception, this is the result of a rigorous focus on customer needs.

Mao Shengjiang, the former president of a submarine cable company, joined Huawei in 1991 and headed the development of the C&C08 2000 program-controlled switches. Reflecting back on that time, he commented: “From early on, Huawei rarely had any detours in terms of technology development. This is mainly because we are very close to our customers—I don’t see any telecommunications company around the world that is as close to the customers as we are. In addition, we strongly emphasize the success of our customers, so innovation at Huawei always
leads to breakthrough products... Especially in recent years, I myself am amazed by the explosive growth of Huawei’s R&D capabilities. It’s like a hot knife cutting through butter—whatever we set our minds to, we succeed. IP microwave and SingleRAN were good examples....”

David Wolf pointed out that in Shenzhen, the “big melting pot” where free competition was introduced, Huawei hyped up a Chinese-style innovation, a style that differs from the stereotype of “imitation innovation” in the eyes of Western media.

**Renouncing Sentimentality, Clamor, and Glamour**

In 2002, the Chinese magazine CEOCIO published the article “Evolution from Wolves into Lions”. The author divided telecom manufacturers into three types. The first type are lions: Western companies that boast comprehensive advantages in technology, products, capital, and management and that have a self-perceived sense of superiority are typical examples. The second type are leopards, referring to Sino–foreign joint ventures. The third type are wolves, or local companies, such as Huawei, that lack advanced technologies and produce poor-quality products, but are highly aggressive in the market, trying to survive through natural selection. Wolves are serious threats to lions and leopards.

This was the most insightful article on Huawei to date, but Huawei’s management did not agree that they were wolves; they even felt insulted. Huawei refused to be sentimental. Ren Zhengfei once said, “Our company has succeeded because we have not paid attention to ourselves. Instead, we have focused on maximizing value for our customers. It is our goal to create maximum benefits for telecom operators, and we have tried every means to realize this goal.” Concerning how the company has fought its way in the market, he said, “Huawei has consistently focused on its customers, rather than its competitors.” Therefore, Huawei’s culture is quiet and simple. It has two syllables and a single color. There is no redundancy, ambiguity, bustle, or splendor.

While the lions and leopards stopped hunting, cursed as they were with ample resources, Huawei, the wolf, gradually evolved into a lion. How has it managed to do so? Ren Zhengfei explained:
We must adapt to changing circumstances, rather than follow any rigid tenet. The key is to satisfy customer needs. We must act like businesspeople. A scientist can focus throughout his entire life on one hair on the leg of a single spider, but if we do the same, we would starve. Therefore, we must not focus exclusively on spider legs; instead we must study and understand the needs of our customers.

These remarks were made in 2002 when Lucent Technologies, one of the lions, was about to fall and Motorola, another huge lion, was also sick.

The most essential resource of Lucent Technologies, Bell Labs, was known for its research on “spider legs,” “butterfly wings,” “horse tails,” and other fundamental research subjects. Bell Labs had been a boost for the growth of Lucent Technologies, but later became a huge burden. Motorola had invested heavily in its Iridium Satellite system, and this cutting-edge technology threw Motorola headfirst into its own Waterloo. Like most other lions, both Lucent Technologies and Motorola had actually suffered from the resource curse, or the paradox of plenty, and been dragged down by excess capital and technology.

On the other side of the spectrum, Huawei has grown up in hunger. It suffered from inadequate resources, so its aim has been very simple: satisfy customer needs with good products, low prices, and excellent services. When Huawei grew into a lion after becoming the second-largest telecom equipment manufacturer in the world, the company came to possess more ample resources, including capital, technologies, talent, and management expertise. Nevertheless, Huawei’s leadership team does not only hold fast to the common sense of customer centricity, but also gives the concept new meanings.

In 2009, Ren Zhengfei visited the Dujiangyan irrigation system, an irrigation facility in the Sichuan Province built in 256 BC. During the tour, he was told the story of Li Bing, the man who planned and built this system, and his son. He was greatly inspired, and later wrote the article “To Dig Deep Channels, and Build Low Weirs,” in which he said for the first time, “Competition in the future will be between industry value chains. The robustness of the entire value chain is the key to Huawei’s survival.”
From 2009 to 2010, Ren Zhengfei continued to elaborate on this idea. In various speeches and essays, he has stated that to dig deep channels means to tap further into the company’s inner potential. The company must ensure sufficient investment in its core competitiveness and its future, even during times of financial crisis. From 2005 to 2014, Huawei’s R&D investment amounted to CNY190 billion, CNY32 billion in 2013 alone and CNY40.8 billion in 2014, accounting for 12.89 percent and 14.2 percent of its annual sales, respectively.

“To build low weirs” means the company must not pursue short-term goals at the expense of long-term ones. We have to share the benefits of growth and create more long-term value for our customers. By digging deep channels and building low weirs, our purpose isn’t to make as much money as possible, but of course we can’t afford to lose money all the time, either. What we need is a modest profit, leaving the rest of the water to overflow the low weirs, reaching our customers and the supply chain. In this way, we will be able to survive. Those who survive the longest are the best, because they have to contend with strong competitors in every partnership they build. Those who survive will become the stuff of legend.

Clearly, this is a significant extension of customer centricity, a core value at Huawei. These statements describe its further commitment to the industry, and also a new mission that Huawei defines for itself: to open up, build partnerships, grow through self-reflection, and be a hero that can accommodate the world.

The 100-Year Business and the 1,000-Year Temple

Supernatural Force: Religion and Values

There was once a very popular, widely quoted short blog post on Weibo, a microblog website: “The Greatest Business Model in the World.” In this post, the blogger states that the greatest business model in the world
was not created by Steve Jobs, but by the Buddha. Buddhist temples are the most successful chain stores. They don’t sell products, but they have the largest number of loyal customers. Buddhist temples are among the most-visited tourist destinations in the world. They have a consistent visual identity, management system, and culture. They don’t need to advertise. Customers come to them in droves.

There is another short article with similar content. Titled “Buddhist Temples are Real Estate Businesses Superior to Apple,” the article argues that Buddhist temples have quite a few advantages:

1. They have a clear and distinctive theme and represent universal values and spiritual authority.
2. They have a huge number of loyal believers. People from all walks of life—from beggars to billionaires to government officials—have strong faith in Buddhism.
3. They have a unique profit-making model. There is no compulsory consumption, yet they still make a lot of money.
4. They can satisfy huge demand with very few resources. They are typically located in remote areas, but they still have many followers.
5. They operate nationwide and pay no taxes, yet enjoy government support wherever they are.

Although these articles may seem frivolous or even profane, they both touch on quite a few questions that may point to the truth: Why does religion possess such timeless power in communication? How can religious faiths like Christianity, Islam, and Buddhism last thousands of years? How have they crossed the boundaries of nations and of socioeconomic class?

What is the answer to these questions?

As Plato argued, Forms are the most real existence in the world. The grandeur and endurance of religion is in part because it represents a supernatural force that exists in the superhuman world of Forms. Religion is directly attuned to our hearts, transforming humanity and guiding our ethics and behavior. More importantly, in the wisest possible way,
it answers the ultimate questions we have as human beings: Who am I? Where do I come from? Where am I going?

Religion then extends to the concepts of redemption and universal salvation. It allows people to understand what it means to exist and provides them with spiritual support. To put it metaphorically, religion points out where the river is flowing and at the same time prepares the boat with which to cross the river.

Buddhists believe in the law of karma, with strong punitive and incentive implications: If you practice goodness in this life, you will be blessed in this life and the next; if you are a proponent of evil, you will be punished in this life and enter hell in the next.

There are many rituals in Buddhism, such as praying, scripture recitation, incense burning, and meditation. A Buddhist temple is also characterized by grand and solemn buildings and slow, pacifying music. These are all physical vehicles of the religion that signify, demonstrate, and pass on its values.

Will religion one day fade away? According to the Buddha, everything in the world has a life and every life will eventually end. This is also true with any religion. Religious belief, however, is greater than any human organization because it can adapt to the vagaries of time and circumstance. It finds new ways into our hearts through evolving on its own, while still maintaining its core values.

It’s rare that any political, governmental, or business organization can achieve this.

**Common Sense, Pushed to the Extreme, Is Religion**

To some extent, the most outstanding business leaders in history can be compared to religious leaders. In the first instance, these leaders practically worship the perfection of religious organizations, and such worship is intuitive and instinctive. As a successful businessman, Steve Jobs was also an artist, a dictator, a priest in the black gown, and a godfather who had stubbornly worked for extreme perfection all his life.
During his last years and even after his death, he had billions of fervent followers who remained loyal to him. He was their godfather or guru. *Time* magazine listed Steve Jobs as the most celebrated, successful business executive of his generation, stating that he will be remembered for at least a century, for he is far greater than any of his contemporaries.

In what ways was Steve Jobs so great? *Forbes* answered: Jobs knew what people wanted. James Marshall Crotty writes:

> Early Jobs was satisfied with producing innovative, beautiful, yet deceptively simple hardware and software. Late Jobs wanted users to feel welcomed and heard. The Apple Store is the clean, bright, and ordered example of that ethic. In my view, it is Jobs’ most enduring legacy... The Apple Store is the human glue that connects the user with technology in a way that is precise, compassionate, and patient. Call Mr Jobs what you want, but his greatest achievement is that, in the end, he understood what all us in the 21st century secretly need to hear: a friendly voice reassuring us that machines are not in charge, we are.²

Jobs was considered the consummate genius of the business world because, to him, the customer’s needs were the be-all and end-all of his business. He was born with a sensitive heart. He knew that truth could be found in common sense and that common sense pushed to the extreme was religion. This process of transforming ordinary consumers into product addicts, and then to loyal followers of the product designer, is not unlike the story of creation itself. People remain loyal to God not only because God created them, but also because God has taken good care of them.

So therein lies the question: How can religion last so long, while businesses die so soon? This is a question that troubles almost every entrepreneur. To build even a century-old business has already seemed an elusive goal. Microsoft, for example, was once hailed as the best in history, but it remained on top of the world for a mere 50 years. Now the sun is

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beginning to set on this particular empire. Similarly, we may also wonder how long Apple will last now, in light of Steve Jobs’ death.

On a sunny afternoon, I visited Wenfeng Temple in Lijiang, Yunnan Province, and had a talk with Tian Liang, a secular disciple of Dongbao Zhongba Rinpoche, the living Buddha. Tian Liang was about 30 years old at the time. He had worked for Hunan Television as an editor and director, and was once a keen paraglider and mountaineer. He was acquainted with Wang Shi, the former chairman of Vanke Real Estate, and other entrepreneurs. A year ago, Tian withdrew from all secular activities. He came to Lijiang and became an informal lama, or a secular monk. Tian said:

Isn’t the culture of a company like a religion? You need to motivate every employee. Money is not enough. You need to give them some beliefs and values that will inspire them to work hard. You need to do the same with your customers. If we compare employees to monks in a temple, customers are believers who come to worship the Buddha and pay their respects to the temple. If you want them to buy your products, you need to care for their needs.

He uses an Apple phone, and I bet he knows about Steve Jobs.

On a flight from Lijiang to Beijing, I sat in the first row, next to Dongbao Zhongba Rinpoche, the *tulku*. After a simple meal, many passengers were waiting to use the restroom. The living Buddha said to me:

Everything changes; this is universal truth. A delicious meal turns into foul-smelling waste a few hours later. This is a natural change. You may be glorious now, but sometime later the glory will go. If you want to be blessed for long, you need to practice discipline for that length of time.

This is as true of business organizations as of people.

**All Methods Are a Practical Means to an End**

Things change; no company will last forever. For any entrepreneur, it is a dream come true to have a company that lasts a century. To that end, business leaders and management experts have engaged in various studies
and practices, proposing one theory after another. They dig deep into human nature and the concept of product cycle; they apply innovative business models, strategic management, performance appraisals, and team development; they also innovate in management and technology. All such endeavors are useful, but they are only a practical means to an end. A fundamental Tao—a universal principle, or path—underlies them all.

What is the Tao of business? “Customer centricity.” This is a piece of common sense that can stand the test of time and circumstance. Religions are able to last so long because they are built on common sense. Steve Jobs’ combination of simplicity and aesthetics exemplifies the notion that success is based on common sense.

Ren Zhengfei once said, “We will always treat our customers with religious faith.” He added, “Serving customers is the only reason Huawei exists. This should be a true belief of our people, and cannot remain a mere slogan. We need all our employees to take action. Huawei has only one clear value proposition: serve our customers.”

Ren is an adventurer. No one can become an entrepreneur without a risk-taking disposition. Entrepreneurs are sailors navigating the sea or knights riding through the wilderness. Generally speaking, Ren is not an extremist, but he has been stubborn to a fault when it comes to company values: “One cannot succeed without insane stubbornness.” This is a perfect statement to describe Ren’s position on corporate values. He is neither Christian nor Buddhist, but he uses the word “religious faith” in connection with customers. Time and again, he has emphasized the value proposition of customer centricity with uncompromising modifiers, such as “the only way” and “always.”

In our times, capital and technology are worshiped. Huawei is an exception. It worships a god, but that god is not of the Christian or Buddhist traditions. Huawei’s god is its customers: over 700 telecom operators and approximately one-third of the world’s population.

Huawei now employs 170,000 people, most of whom are knowledge workers. Before joining Huawei, each had his or her own unique personality and a different set of dreams. Many were romanticists or idealists. However, after they entered the company, they were regularly instilled with the company’s core values. Having gone through various training
sessions on the values that drive their daily work, almost every one of them has undergone a transformation: Every cell in the Huawei organism is trained to be customer-oriented. The people, workflows, business processes, R&D activities, products, and corporate culture at Huawei are all infused with life and continue to live by the grace of customer service alone, without which they would perish. At Huawei, the truth takes the place of fantasy, implementation is more important than creation, and performance is more valuable than the process. Not a single person or a single thing can deviate from their focus on the customer.

Common sense, pushed to the extreme, is religion. This is true for Apple, and it is also true for Huawei.

For over two decades, Huawei has never swayed from its core values. Even after Huawei became a world-class company, Ren Zhengfei remains vigilant. He has the following to say:

To better serve our customers, we should locate our command posts in places that are within earshot of the gunfire. We should delegate planning, budgeting, and accounting rights, as well as the right to make sales decisions, to the frontline, and let those who can hear the gunfire make the decisions. The back office can decide whether we should engage in a battle, while the frontline decides how to fight the battle. The back office should follow the instructions of the frontline, not vice versa. The headquarters is the support, service, and supervision center; it is not the command center.

Who shall call for artillery? That decision must be made by those who can hear the gunfire.

We have established an “Iron Triangle” in our account department to identify and seize opportunities, move operational planning out to the field, and to summon and organize the forces necessary to hit our targets. The Iron Triangle is not for checks and balances. Instead, it is a customer-centric joint operating unit where different roles are closely connected, and cooperate towards a common goal: meeting customer needs and helping customers to realize their dreams.