

## **A Matter-of-fact Culture**

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Here I'd like to talk about a matter-of-fact culture in Chinese enterprises. In my understanding, integrity and truthfulness has similar meaning in Chinese. But they differ in that the former emphasizes one's attitude towards others, namely, he should keep his promise made to others, while the latter is a requirement imposed on oneself or an enterprise itself, that is to say, one should seek truth from the facts and walk the talk.

Impractical style of work can be demonstrated in various ways, such as being overambitious and unrealistic, exaggerating one's achievement, talking aimlessly, solving no problems at the meeting, and so on. Such phenomena can be said to be deeply-rooted in China. Given their presence in every corner of the society, of course it penetrates in enterprises. In a sense, an enterprise is just like an army. Once the orders are issued, millions of troops will proceed separately on a common objective, and will eventually arrive at the same place at the same time. Success comes not only from correct orders, but also depends on execution.

Without a matter-of-fact corporate culture, however, the enterprise can by no means execute the orders well.

20 years ago, when I left Chinese Academy of Science to start an enterprise, I was troubled by a lot of problems, one of which was that we all talked and acted randomly and irresponsibly and we did not even recognize its gravity.

For example, everyone agreed that a meeting would be held at 3:00 pm, but there must be latecomers, who were late for a very long time and could find adequate excuse. This way, there were an increasingly large number of latecomers for meetings. At last, no meetings could be held as scheduled.

Another example comes from a task assigned to five different departments, each of which is responsible for one part of the task. The task can only be accomplished on the condition that all the five parts are well done. Given the promises made by the departments, there are always one or two departments failing to keep their promise, leading to the failure of the whole task. And these departments can always find adequate excuse to stay away from punishment. Consequently, people will become increasingly unconfident in their work.

When I worked in Chinese Academy of Science, I could still get all my pay even if I did not finish my work; however, if this is the case in our enterprise now, we will even lose our rice bowl.

Therefore, my colleagues and I began to realize that if we could not make changes to this kind of working style and try to stick to a matter-of-fact culture, the enterprise would achieve nothing at all.

During the following decade, we had been attaching great importance to a matter-of-fact attitude and got very good results. It has consequently become the major part of Lenovo's corporate culture.

Now let's take a look at a typical example.

Lenovo started to install ERP system early in 1998 and it was done in two years. With the ERP system, the management was able to know what was happening in each process and thus reduced sharply our cost. We can say that it has contributed a lot to the competitive advantage of Lenovo.

However, during the implementation of ERP system, we had met with great difficulties, which may have possibly resulted in its failure. For example, when we were on Business Process Re-engineering (BPR), managers in charge of each business department were required to hold discussions. Yet, it was then peak season for business, so all of them sent the deputies instead. Unable to make key decisions in business re-engineering, the deputies' words couldn't count. Thus the work was held up. About a month later, I called a meeting and asked all the staff responsible for ERP implementation and general managers of all departments to attend. At the meeting, I first reaffirmed the fatal importance of the task, and then I articulated that managers in charge of each department including myself would get severe punishments if the tasks could not be accomplished on time.

At last, we managed to accomplish the task as scheduled. The success came from extremely hard work of those who made final decisions in each department. During that period, they had to look after their respective departments in the daytime while attended the meetings for ERP at night.

What does this example have to do with a matter-of-fact culture? When I expressed explicitly in the way of issuing an ultimatum what the consequences would be if the task failed to be accomplished on time, all staff felt a shock and believed firmly that I meant it. Why? That's because numerous facts in the past ten-odd years proved that the words of us management would count and a matter-of-fact culture had been instilled in everyone.

Then how have we developed a matter-of-fact culture?

1. We always try to start from the most trivial and treat everything carefully.

### Example I

One of the rules and regulations adopted by Lenovo states that any one who's late will stand for a minute as his punishment. For the past ten-odd years, the rule has been strictly enforced, even though the employees has increased from several hundred in 1990 to about 20,000 at present. The secret underlying the enforcement is carefulness. When a new employee enters our enterprise, he or she will attend some classes to know the rules before they are enforced carefully. Though this is something trivial, it helps the employees feel the carefulness and strictness of our enterprise.

### Example II

In Huiyang, Guangdong Province, there is an industrial park set up by Lenovo in 1995. It is very neat, as is evidenced by the fact that no butt or paper can be found in its 500,000-square-meter area. Though this is quite common today, it was really hard for an enterprise to do this in 1995. When the park was newly established, new staff there often fought in bands and the whole park was in a mess. To deal with the situation, we took measures in two stages. During the first stage which lasted for two weeks, we focused on education and posted notifications, broadcast our policies, and made known the rules and consequences caused by violation of rules. We made it explicit that those who violated the rules for the first time in the two weeks would be given a warning. If they were found violating rules for a second time, they would be given a minor punishment. When it came to the second stage, however, severe punishment would be enforced. In the meantime, we provided training for security officers involved in enforcement of the rules to make them know how to handle different situations in good manners in case that some incidents might happen. Given the timely and proper treatment of the offenders at the first stage, very few employees had been found violating rules and regulations at the second stage.

It is therefore obvious that if you cannot treat trivial matters carefully, it will be hard for you to develop a matter-of-fact attitude in your work.

2. We spare no efforts to encourage people to walk the talk while do not accept the attitude characterized by the statement that "if you have tried your best, it is ok even the task is left unfinished."

More than a decade ago, managers in Lenovo tended to aim very high in formulating plans and would say that circumstances were to blame once they failed to attain the goal. This was really not what we wanted, since sometimes a large project depending on the cooperation of several task forces would turn out to be a failure if any one of them failed to handle the task properly. Therefore, any department within the enterprise should place great emphasis on its promise and try to keep it except for force majeure. When making plans, you need to take into consideration as many environmental factors as possible, such as changes in market and competition and so on, and strive for the best results in execution.

3. There is nobody and nothing in the enterprise that is unmanageable.

In Chinese enterprises, there is often someone or something that is unmanageable. For example, an employee may be the child of the boss or has something to do with a major client or leader. If they can escape punishment after breaking the rules, then it is impossible for us to develop a matter-of-fact culture. In Lenovo, we have established specific rules to prevent such things from happening.