Case 17 Haier Group: Internationalization Strategy

The transformation of the bankrupt Qingdao General Refrigerator Factory into the Haier Group, the world's biggest supplier of household appliances, is an epic tale that symbolizes China's rise to become the world's dominant manufacturing economy. In the process, Haier's CEO, Zhang Ruimin, has become a national hero and internationally-renowned business leader who has been ranked among the world's top-50 management thinkers.[1]

Since 2012, Euromonitor has recognized Haier as the world's leading white goods producer in terms of units sold. In terms of revenues, the ranking is less clear (see Table 1). This is due to the complex legal structure of the Haier Group: financial data is only available for Haier's listed subsidiaries, Qingdao Haier and Haier Electronics. However, with Haier's acquisition of General Electric's appliance division in 2016, it appears that Haier has become the world's biggest domestic appliance company in terms of both output and revenues.

Yet, Haier's rise to global leadership, while inspiring, has also been baffling. Its internationalization has flouted almost all conventional thinking concerning strategies for building global competitive advantage. Indeed, the whole history of Haier has involved unusual—even quirky—management principles and practices.

To what extent does Haier's unconventional approach to strategy and management also offer lessons for the leaders of Western multinational corporations?

And what about the future of Haier? Its global presence has been built upon a combination of opportunism, ambition, and determination. As it consolidates its position as a leading multinational corporation, does Haier need a more orderly and integrated approach to global strategy?

Building Leadership in the Home Market

When Zhang Ruimin was appointed general manager of the Qingdao General Refrigerator Factory in 1984, it was a cooperative enterprise with about 800 workers operating under the control of the Qingdao city government. Zhang's early efforts involved eliminating the obvious sources of inefficiency and poor quality and collaborating with foreign appliance makers—including Liebherr of Germany, Merloni of Italy, and Mitsubishi and Sanyo of Japan—to improve product design and process technology. In 1985, Qingdao Refrigerator formed a joint venture with Liebherr for producing refrigerators for the Chinese market.

Zhang Ruimin has viewed Haier's development as a sequential process with each phase lasting about seven years (see Figure 1). In the first phase, the key challenge was

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TABLE 1 The world's leading domestic appliance companies, 2018

Rank[a]	Company	Country	Sales ($bn.)	Profits ($bn.)	Assets ($bn.)	Market Value ($bn.)	Employees[b]
#245	Midea Group	China	37.8	2.7	40.1	55.7	96,418
#294	Gree Electric Appliances	China	23.9	3.6	34.7	45.1	71,610
#565	Qingdao Haier[c]	China	24.6	1.1	24.6	17.3	74,570
#748	LG Corp	South Korea	9.1	2.1	20.2	13.3	16,096
#1042	Whirlpool	US	21.4	0.3	20.3	11.0	93,000
#1254	Electrolux Group	Sweden	14.5	0.6	10.7	7.6	53,889
#1631	SEB SA	France	7.3	0.4	8.0	9.5	24,927

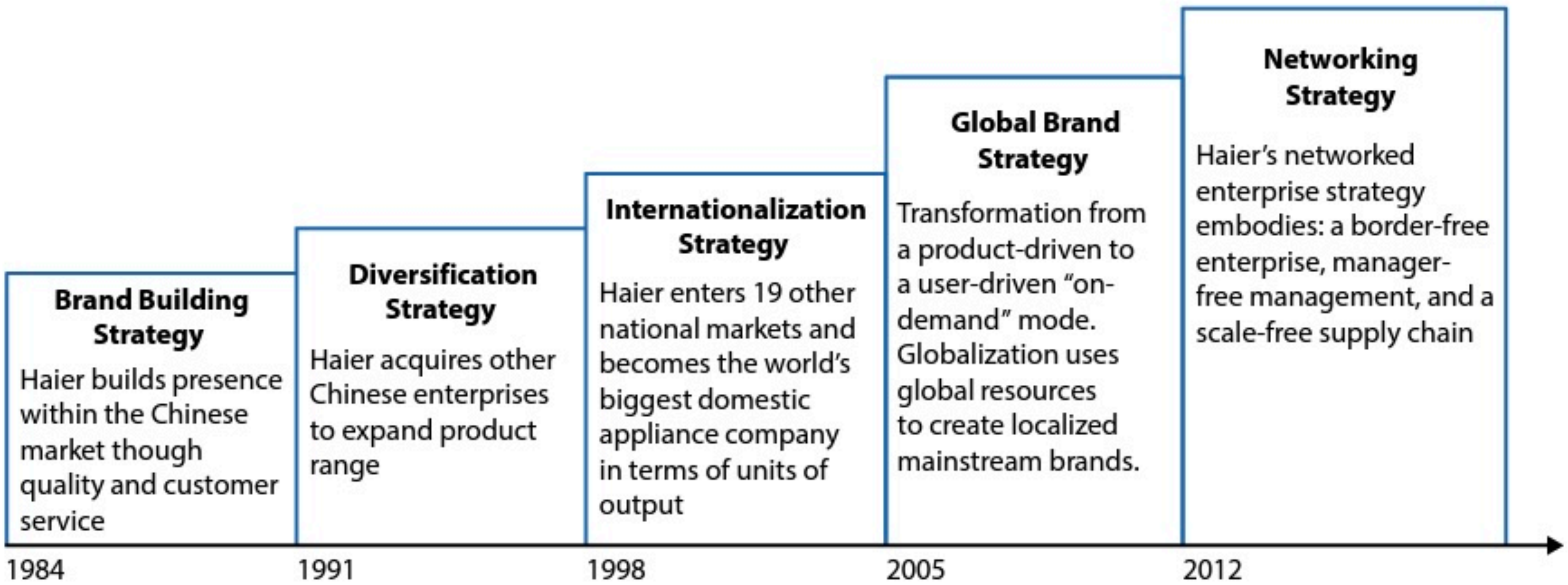
Notes:
[a]Ranking on Forbes 2000 listing of the world's largest public companies.
[b]Employment data is for 2016.
[c]Not including Haier Electronics or other parts of the Haier Group.
Source: Forbes Global 2000, 2018.

changing employees' attitudes to product quality. In one—now famous—intervention, Zhang ordered defective refrigerators to be removed from the production line and smashed to pieces.[2] Haier's quest for quality improvement was driven, first, by Zhang's constant emphasis on the consumer's experience and the decision in 1992 to apply for ISO9001 authentication, which provided a major impetus for the reformulation and upgrading of processes.[3]

Between 1984 and 1989, revenues climbed from 3.5 mn. to 410 mn. yuan and in 1992, a new factory complex and head office were built on the outskirts of Qingdao. In 1995, its refrigerator division was listed on the Shanghai Stock Exchange and in 2005 its subsidiary, Haier Electronics Group, was listed on the Hong Kong Stock Exchange.

Haier's successful turnaround resulted in government pressure for it to acquire other failing state enterprises. During the 1990s, Haier acquired 16 other Chinese companies broadening its range of domestic appliances and diversifying its product range into televisions, telecom equipment, and pharmaceuticals.

FIGURE 1 Haier Group: Strategy phases, 1984–2015



Source: www.haier.net/en/about_haier/haier_strategy/, accessed July 20, 2015.

Haier's Management System

Governance

Formally, Haier was a collective under the supervision of Qingdao municipal government. In practice, the ownership, organizational structure, and governance of the Haier Group Corporation were unclear.[4] Financial information was available only for the group's two listed subsidiaries, Qingdao Haier Company Ltd listed in Shanghai and Haier Electronics Group Company Ltd listed in Hong Kong. No consolidated financial statements were available for the group. The Haier website gave the group's revenues as 242 bn. yuan in 2017 (202 bn. yuan in 2016). Haier's two listed subsidiaries, Qingdao Haier and Haier Electronic, accounted for about 90% of the group total.[5] Table 2 shows financial data for Haier's two listed subsidiaries; Table 3 shows their major shareholders.

Zhang Ruimin

Despite its opaque governance structure—or perhaps because of it—power within the Haier Group was concentrated in the hands of Zhang Ruimin. This power derived partly from his formal position as chairman and CEO, partly from his reputation as the architect of Haier's remarkable development, and partly from his political ties. In addition to being the secretary of the Communist Party Committee of the Haier Group, he was also a member of the party's Central Committee. His political connections gave

TABLE 2 Selected financial data for Qingdao Haier and Haier Electronics

	2010	2011	2012	2013	2014	2015	2016	2017
Qingdao Haier								
Revenue ($million)	9743	11,638	12,628	14,102	14,422	13,838	17,230	20,709
Operating margin (%)	4.90	5.50	6.60	7.08	8.72	7.19	5.98	6.42
Net margin (%)	3.36	3.65	4.09	4.82	5.62	6.68	5.58	5.71
ROE (%)	28.45	32.26	29.38	20.85	27.5	12.94	14.23	23.1
Return on capital employed (%)	17.93	18.35	17.23	16.94	29.34	16.22	20.41	19.4
Employees	53,412	59,814	57,977	55,726	54,286	57,447	74,570	76,878
Haier Electronics Group								
Revenues ($billion)	5802	7893	8819	9659	10.5	9681	9241	10328
Operating margin (%)	4.01	3.75	4.18	4.36	4.89	4.23	4.23	5.53
Net margin (%)	2.69	2.82	3.05	3.27	3.74	4.35	4.36	4.47
ROE (%)	48.30	42.80	35.48	30.72	25.47	24.62	15.17	17.50
Return on capital employed (%)	47.58	39.07	31.74	28.11	23.05	23.17	18.72	20.85
Employees	18,204	18,406	17,304	16,506	15,637	15,491	15,476	15,240

Sources: Annual reports of Qingdao Haier Company Ltd. and Haier Electronics Group Co., Ltd.

TABLE 3 Biggest shareholders of Qingdao Haier Co. Ltd. and Haier Electronics Group Co. Ltd., December 31, 2016

Name of shareholder	Number of shares held (millions)	Percentage (%)
Qingdao Haier Co. Ltd.		
Haier Electric Appliances International Co., Ltd.	1259	20.64
Haier Group Corporation	1073	17.59
KKR Home Investment S.A R.L.	606	9.94
Hong Kong Securities Clearing Co., Ltd.	430	7.05
China Securities Finance Corporation Limited	168	2.76
Qingdao Haier Venture & Investment Information Co., Ltd	161	2.63
Haier Electronics Group Co. Ltd.		
Qingdao Haier Co. Ltd.	1562	55.95
Haier Shareholdings (Hong Kong) Ltd.	832	29.79
HCH (HK) Investment Management Co. Ltd.	337	12.06
JP Morgan Chase & Co.	140	5.02

Sources: Annual reports of Qingdao Haier Company Ltd. and Haier Electronics Group Co., Ltd.

Haier independence from municipal interference and valuable support from central and provincial governments and state banks.

Zhang was born in Qingdao in 1949. Despite a lack of formal education, he was an avid reader. His ideas about management developed during his career at Haier, where he began as deputy plant manager at the age of 33. His management philosophy draws upon Chinese traditions from Confucius and Sun Tzu to Mao Zedong and Western ideas derived from Joseph Schumpeter, Peter Drucker, and contemporary management thinkers.[6] At the same time, Zhang is dismissive of the management practices of many Western multinationals.

Zhang's management thinking developed in parallel with his strategy for Haier. His early focus was on building Haier's capabilities in relation to quality management, customer focus, brand building, and new product development. Gradually, Zhang's priorities shifted toward fundamentally rethinking Haier's structure and management systems. For example, customer orientation became the principle of "market chains" around which Haier's internal relationships were reformulated.

The idea behind "market chains" was that, in the same way that Haier's fundamental purpose was to serve its final customers, all interactions within the company could be redefined around supplier–customer relationships:

> Every unit, every operation and everyone was linked to a customer and every unit/operation/body was someone else's customer. In this way everyone within the enterprise, no matter how deeply inside the firm, felt market pressure directly.[7]

Developments in information and communications technology, especially the Internet, greatly influenced Zhang's thinking about internal organization. Increasingly, he devoted himself to moving Haier from a hierarchy to a decentralized, team-based structure. For example, Haier's sales organization for China was completely restructured:

> We used to have a pyramid-style structure for our sales in China. The people in charge of sales had to manage business at the national, provincial, and city level. After the arrival of the Internet age, we realized that under this triangular hierarchical structure, people had a difficult time adapting to the requirements of the times. So we reorganized ourselves as an entrepreneurial platform. We flattened everything out, taking out all the middle management…
>
> We are using digital technology to connect everyone… there is no "inside" the company versus "outside" anymore. As a Haier executive, my goal is no longer to be a maker of home appliances, but to be an agent of interaction and networking among people who might be anywhere. I want to turn the company into an Internet-based company, a company unrestricted by borders. Whoever is capable, come and work with us… In the long run, there won't be any company employees to speak of—only the Haier platform.[8]

Zhang's interest in communicating his management thinking and willingness to engage with western consultants and business schools established him as a management guru and visionary. He has lectured at Harvard and Stanford universities, received Yale School of Management's "Legend in Leadership Award," and been interviewed in *Harvard Business Review, McKinsey Quarterly, and MIT Sloan Management Review.*

Performance Management

A central feature of Haier's management system is rigorous performance management based upon accountability and individual incentives.

In the early years of this century, Haier introduced its "OEC" system. According to Haier's head of human resources, Wang Yingmin: "O stands for Overall; E stands for Everyone, Everything, and Everyday; C stands for Control and Clear. OEC means that every employee has to accomplish the target work every day. The OEC management-control system aims at overall control of everything that every employee finishes on his or her job every day with a 1% increase over what was done the previous day."[9]

OEC became part of a performance management system that began each December with performance targets set by corporate headquarters for every division. Each division submits a divisional action program that monitors actual performance against target performance on a month-by-month basis. Monthly divisional targets were disaggregated into daily targets for each employee. Each day began with team leaders briefing team members and ended with workers completing a self-checking assessment against OEC criteria. Assessments were linked to compensation through bonuses and penalties.

With decentralization, the basis for performance measurement and compensation shifted to the notion of creating value for users. According to Zhang:

> Now, compensation is determined by how much value is created for the user. When employees create value, they get paid. If they don't create measurable value, they don't get paid. Ultimately, if they don't create value, they have to leave.[10]

Innovation and New Product Development

Haier's product development was driven primarily by responding to customer needs Haier required its engineers to visit customers to learn of their experiences at first hand. In rural China, Haier engineers discovered that washing machines breakdowns often resulted from their being used to clean vegetables. Haier adapted its design and provided advice on using washing machines to clean vegetables and peanuts.[11]

To meet the preferences of specific customer groups, Haier adopted flexible modular designs. According to Zhang Ruimin, "Our products are based on modules and subsystems, and on basic platforms that we can vary. Periodically we will add some new features, but the basic model is there."[12]

Haier was an industry leader in providing Internet connectively for its appliances. In 2014, it launched its "Smart Living" appliances with embedded wireless connectivity allowing customers to monitor and control their appliances remotely. In the same year, it became the first home appliance maker to join Apple's Homekit platform.

In 2018, Haier launched its "Smart Home Solution" system which provided: "comprehensive solutions for air, water, clothes care, security, voice control, health and information … [and] allows users to customize the smart home experience to best suit their needs."[13]

Smart Home Solution uses Haier's COSMOPlat cloud-based Internet platform that links with users to permit large-scale customization. "It means that every user can participate in the process of the product design, developing, manufacturing, logistics and distribution. It's done through the creation of the 'internet factory' that is visual and transparent for every consumer. Every user would also have a chance to customize Haier's products and, thus, exercise one's own creative vision."[14] In 2017, COSMOPlat won Gartner's "Supply Chainnovator Award" for supply chain innovation.

Building the Networked Enterprise

Zhang Ruimin's ideas about market responsiveness, entrepreneurial initiative, and team-based organization eventually became crystallized in his concept of the networked enterprise. Central to the transformation of Haier into a new type of organization was the creation of some 2000 self-managed teams called "ZZJYTs"—an acronym for Zi Zhuu Jing Ying Ti, meaning "autonomous business unit." Professor Bill Fischer and colleagues described the ZZJYTs as follows:

> Each comprises a team of 10 to 20 people—sometimes located in one place, other times virtual—who come from various functional roles and are brought together for a specific mission, and who are given profit and loss responsibility and accountability. They have their own independent accounting systems and complete autonomy in hiring and firing employees, setting internal rules about expenses and determining bonus distribution, and making almost any operational decision that typically would be made by an independent functional organization … Everyone, whatever their function, is expected to talk to consumers regularly.[15]

These principles of autonomy, individual and team responsibility, and customer focus eventually led to Haier's transformation into a network of microenterprises, each responsible for its own success. Zhang Ruimin called this management model *rendanheyi*:

> *Rendanheyi* has three main attributes:
>
> 1 The enterprise is transformed from a closed system to an open system, a network of self-governing microenterprises with free-flowing communication among them and mutually creative connections with outside contributors.

2 Employees are transformed from executors of top-down directions to self-motivated contributors, in many cases choosing or electing the leaders and members of their teams.
3 Purchasers of our offerings are transformed from customers to lifetime users of products and services designed to solve their problems and increase their satisfaction.

In effect, implementing the *rendanheyi* model meant tearing apart the walls of our enterprise and changing our structure into a collection of entrepreneurial ventures. The Haier platform now connects more than 2000 microenterprises in various locations around the world. The leaders of each microenterprise have the type of power that would ordinarily accrue to the CEO of a company, not to a division leader …

The microenterprises are part of global Haier organizations, which maintain common functions for research and development, production, and sales. Each Haier branch is thus grounded in local markets. Rather than trying to compete with homogeneous products, we design our businesses to respect the differences between customers in different markets. We try to assimilate into each local culture, while maintaining a global approach that fosters human dignity and aspiration …

We have deployed this business model not just in our home country, China, but everywhere else we do business. For example, in 2016, Haier acquired GE Appliances (GEA). In the beginning, the *rendanheyi* model was not understood in GEA, and it was difficult to change the long-standing bureaucracy and linear management mind-set. But we persevered. GEA first tried out the *rendanheyi* model in the water heater department, and found that … it stimulated employees' enthusiasm and creativity. GEA has since been split into seven microenterprises representing its seven appliance groups… In 2017, GEA began to select its microenterprise leaders through open elections, forming a management committee of three executives elected by their colleagues.[16]

Internationalization

International Strategies in Domestic Appliances

Internationalization in the domestic appliance industry has attracted considerable interest from business school scholars. In an influential article, Harvard professor Ted Levitt argued that the success of Italian appliance manufacturers such as Indesit and Merloni was the result of the economies of scale they were able to exploit through producing large volumes of standardized models for world markets.[17] Subsequent research, however, showed not only that scale economies were modest in appliance manufacture but also that the most profitable producers were typically those that differentiated their products and their marketing strategies to meet the preferences of individual national markets.[18]

By the beginning of the 21st century, the domestic appliance industry was dominated by multinational firms whose operations spanned most continents of the world: Electrolux (of Sweden), Whirlpool (of the US), LG and Samsung (of South Korea), and Bosch-Siemens (of Germany). However, there were also major players whose size was the result of huge domestic sales-these included the main Chinese appliance firms Midea, Haier, and Gree electric appliances, China). All the world's leading appliance firms have grown through acquisition. Whirlpool led the consolidation trend. Its acquisitions included, in 2005, Maytag (US) for $1.7 bn. and, in 2014, Hefei Sanyo (China) for $552 mn. and Indesit (Italy) for $1.0 bn.

Haier's Initial Internationalization

Haier began its internationalization in a seemingly haphazard fashion. Between 1992 and 1997, Haier entered a number of overseas markets:

- In South-East Asia, initially Indonesia, Philippines, and Malaysia, Haier established joint ventures with local companies to manufacture and sell refrigerators and air conditioners.
- In the United States, Haier began supplying compact refrigerators to an importer, Welbilt Appliances, initially for sale under a retailer's brand, subsequently under the Haier brand. Compact refrigerators were followed by wine coolers. Sales were concentrated on large chains—notably Walmart.
- In 1997, Haier began exporting appliances to Germany, the Netherlands, and Italy for sale by importers mainly under the Haier brand name. Haier achieved significant sales in Germany, where its joint-venture partner, Liebherr, was its sales agent.

From the outset, Zhang was clear that Haier's goal in expanding overseas was not to seek export revenues through exploiting Haier's low manufacturing costs but to build a global brand: "making Haier the most respected brand in the world is the most important goal in the global strategy."[19] In doing so, Haier would be forced to raise its standards of product development, manufacturing, marketing, and customer service to world-class levels. Yet, building a global brand would be achieved through focusing on local markets: "All success relies on one thing in overseas markets—creating a localized brand name," noted Mr. Zhang. "We have to make Americans feel that Haier is a localized US brand rather than an imported Chinese brand. The same goes for the European market."[20]

Haier's "locally designed, locally made, locally sold" approach involved three stages: first, using local distributors to break into an overseas market; second, establishing manufacturing plants and building market share; and finally, establishing research and product development activities.

Rather than following conventional wisdom and focusing on entering nearby markets, which were at a similar (or lower) stage of economic development than China, Haier chose to tackle developed markets with sophisticated consumers—North American, Europe, and Japan. As Mr. Zhang remarked: "If one wants to improve one's chess skills, then one must play with the top players."[21]

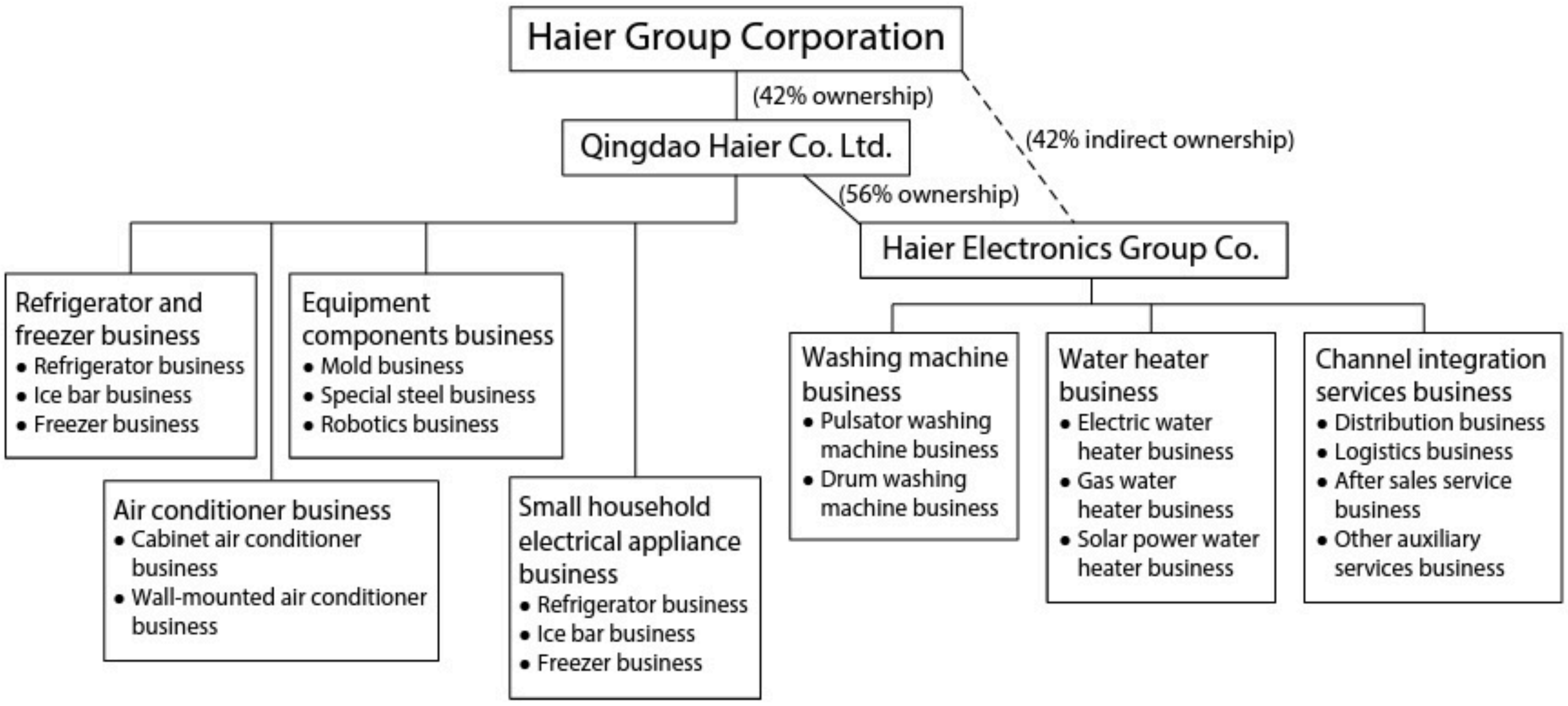
Success in these markets required hiring experienced local managers to head Haier's overseas subsidiaries. "We want to use local people and local thinking to satisfy the needs of the customer," explained Yang Mianmian. Haier typically targeted experienced executives who had worked with leading appliance companies to head up its foreign operations. Chinese expatriates were primarily technical staff sent from headquarters.

Haier America

Haier America was established at the initiative of Michael Jemal, part-owner of Haier's US distributor, Wellbilt Appliances. Under Jemal's leadership Haier penetrated niche markets—notably small refrigerators for offices and students' dorm rooms and wine coolers—before expanding into window air conditioners and full-size appliances. In 2000, it opened a manufacturing plant in South Carolina and in 2001 moved into its New York headquarters on Broadway.

Haier's main focus was refrigerators, which it sold at similar price points as the market leaders but sought differentiation advantage through innovative design features targeted at specific customer needs.

FIGURE 2 Haier corporate structure



Note: Other companies within the Haier Group are not shown. These include: Haier Electric Appliances International Co., Ltd., Haier Finance Co., Ltd., Qingdao Haier Logistics Co., Ltd., Qingdao Haier Venture & Investment Information Co., Ltd., and many other companies.

Source: http://www.haier.net/en/invester_relations/haier/gc/. Accessed April 6, 2018.

In 2006, Haier introduced its upmarket range of Italian-designed appliances under the Casarte brand name. The Casarte line was subsequently introduced into other markets, including China.

In 2012, Haier America established its own research and product development center and, in 2014, appointed Adrian Micu, formerly head of engineering with Whirlpool, as its CEO. Despite Haier's success in small fridges, it made limited progress in major appliances. One estimate put Haier's share of the total US home appliance market at a mere 1.1%.[22]

The Acquisition of GE Appliances

In January 2016, Haier's international presence was transformed by its acquisition of General Electric's home appliances division for $5.6 bn. With GE Appliance's 14% US market share, Haier's US market share would at least quadruple.[23] In 2015, GE Appliances had revenues of $5.9 bn. and earned an operating margin of about 6%. Haier was licensed to use the GE brand name for 40 years.

The deal also included a "long-term strategic partnership" between Haier and General Electric to collaborate in high-tech manufacturing areas such as healthcare and the industrial internet. on technologies relating to healthcare, the Internet, and advanced manufacturing systems. Given that both companies were positioning themselves as leaders in the internet-of-things, Haier attached great strategic importance to the agreement.[24]

Haier Europe

In 2000, Haier established a European sales office in Varese in the north of Italy. In the following year, it acquired Meneghetti Equipment, which owned a refrigerator plant in Padua and a distribution network.

Over time, Haier repositioned itself from the lower price band to the middle of the market, where it sought to capture market share through aesthetics and design—drawing upon its Italian design center (in Varese) and German R & D center (in Frankfurt). In refrigerators, Haier Europe put a special emphasis on three-door models and novel color options. In 2010, Haier Europe moved its headquarters to Paris and, in 2015, Yannick Fierling, another recruit from Whirlpool, was named CEO of Haier Europe.

Haier in Asia-Pacific

Haier established joint ventures with local companies to enter most Asian markets. Its most important collaboration was with Sanyo Electric Company of Japan. In 2012, Haier acquired Sanyo's domestic appliance business from its parent, Panasonic, for $132 mn. However, Sanyo's traditions of collective responsibility and deference to seniority conflicted with Haier's emphasis on individual performance targets backed by individual incentives.[25]

Later in 2012, Haier acquired New Zealand-based Fisher & Paykel, an upmarket appliance maker specializing in dishwashers, washing machines, and cookers, for $751 mn. Fisher & Paykel had plants in New Zealand, Australia, United States, Thailand, Mexico and Italy.

Haier's Future as a Global Company

For all Haier's remarkable success under Zhang Ruimin's leadership, the effectiveness of its international strategy remained in question. Much of Haier's success can be attributed to the phenomenal opportunity provided by the rapid rise in the living standards of the Chinese since Zhang Ruimin's arrival at the Qingdao Refrigerator Factory in 1984. Indeed, China continued to account for the overwhelming majority of Haier's sales and profits.

Haier's international performance remained patchy. Despite pockets of success—for example, compact refrigerators and wine coolers in the US—Haier has struggled to achieve organic growth in overseas market. International growth has been achieved primarily through its acquisitions of Sanyo, Fisher & Paykel, and GE Appliances.

This raises the issue of whether Haier's radically decentralized, consumer-focused management model is appropriate to a multinational home appliances company. Despite Haier's emphasis on customer service and brand building, anecdotal evidence suggests that Haier's brand awareness and brand reputation outside of China are low. Haier is not listed among the world's top-500 brands.[26] In 2016, Haier Japan changed its name to Aqua (one of Sanyo's former brands) to distance itself from its Chinese ownership, has reverted to Sanyo's. The mixed performance of Haier, especially outside China, raised questions as to the suitability of the company's radically decentralized, *rendanheyi* management model for an international supplier of home appliances.

Yet, given that so much of Haier's actions, policies, and performance are cloaked secrecy, the reality of Haier's strategy and management system is difficult to discern. Almost all that is known about Haier has come from the company itself—especially the writings and speeches of the chairman and CEO, Zhang Riumim. It is unclear how far his aspirations and radical management ideas are translated into reality at Haier. As one academic study concluded: "The rhetoric here implies considerable employee autonomy, which does not appear evident in some of its proclaimed HRM policies and practices."[27]

Notes

1. See: http://thinkers50.com/biographies/zhang-ruimin/. Accessed April 6, 2018.
2. The early history of Haier is outlined in the Harvard Business School case "Haier: Taking a Chinese Company Global," Case No. 9-706-401 (2006).
3. See "Yang Mianmian: President of Haier," CEIBS Case No. 307-015 (2007): 5.
4. Haier's corporate governance is discussed in N. Kumar and J.-B. E. M. Steenkamp, *Haier: The Quest to Become the First Chinese Global Consumer Brand* (University of North Carolina, Kenan-Flagler Business School, December 2013): 4–5.
5. In 2016, revenues for Qingdao Haier were 119.1 bn. yuan and for Haier Electronics Group 63.8 bn. yuan.
6. Zhang's intellectual influences are discussed in Kumar and Steenkamp, ibid.: 5–6.
7. IMD/CEIBS, "Building Market Chains at Haier," IMD Case No. 3-0939 (August 2003).
8. A. Kleiner, "China's Philosopher: CEO Zhang Ruimin," *strategy+business*, Issue 77, (Winter 2014).
9. T. W. Lin, "OEC Management-Control System Helps China Haier Group Achieve Competitive Advantage," *Management Accounting Quarterly* (Spring 2005).
10. Zhang Ruimin and Paul Michelman, "Leading to Become Obsolete," *MIT Sloan Management Review* (Fall 2017).
11. "Haier: Taking a Chinese Company Global," HBS Case No. 9-706-401 (2006): 6.
12. Ibid.
13. https://www.prnewswire.com/news-releases/haier-to-launch-all-scenario-smart-home-solution-at-2018-awe-with-20-percent-annual-growth-by-2017-300611401.html. Accessed April 8, 2018.
14. https://www.huffingtonpost.com/entry/haier-cosmoplat-provides-world-class-originality-for_us_59300115e4b00afe556b0b47. Accessed April 8, 2018.
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16. Z. Ruimin "Why Haier Is Reorganizing Itself around the Internet of Things," *strategy+business* (February 26, 2018).
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18. C. Baden-Fuller and J. Stopford, *Rejuvenating the Mature Business*, revised edition (Boston: Harvard Business School Press, 1994).
19. J.-B. Steenkamp, "Haier: The Quest to Become the First Chinese Global Consumer Brand," (Kenan-Flagler Business School, University of North Carolina, December 2013).
20. Ibid.: 14.
21. "Haier's Aim: Develop Our Brand Overseas," *Bloomberg Business Week* (March 30, 2003), http://www.bloomberg.com/bw/stories/2003-03-30/online-extra-haiers-aim-develop-our-brand-overseas, accessed July 20, 2015.
22. Estimates of Haier's share of the US appliance market prior to its acquiring GE Appliances varied greatly. CNET put it at 1.1%; Euromonitor at 5.6%.
23. https://www.cnet.com/news/its-official-ge-appliances-belongs-to-haier/
24. "Higher Ambitions: China Haier's Gambit to Invade American Homes," Bloomberg Businessweek (January 25, 2016).
25. "Case Studies: How Haier Handled Foreign Traditions," *Financial Times* (April 1, 2013): 3.
26. The only home appliance brand appearing in the top-500 was Haier's Chinese rival, Medea at #405. See: http://brandirectory.com/league_tables/table/global-500-2017. Accessed April 8, 2018.
27. M. Warner and A. Nankervis, "HRM Practices in Chinese MNCs: Rhetoric and Reality," *Journal of General Management* 37 (March 2012): 67.