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## **Building an organisation for the ecosystem era: Weighing up the recipe of Haier's Internet of Food**

### **Organising for a world of ecosystems**

Ecosystems offer a new way to bring multiple firms together in order to deliver new value propositions. By working together, the hub firm and its complementors can create innovative 'product plus service' bundles that span traditionally separate industries to offer an experience that simply wasn't available before. Such experiences can delight customers and give firms a powerful point of differentiation against competitors.

However, creating an ecosystem means building, maintaining and co-ordinating a network of players that may be organisationally separate, yet interdependent and interlinked. This raises formidable challenges in terms of governance, incentives, rewards, managing operations and quality control. Chinese appliance maker Haier solved the puzzle with a system of locally embedded 'microenterprises', collaborating over a shared technology platform, plus a management philosophy that put the focus firmly on the customer and their experience.

Haier had come a long way, from shaky foundations in 1984 to becoming not only a world leader but also an innovator in terms of both products and management approaches. Still, tackling the new challenge of the ecosystem era would be no small feat – even for a company of Haier's calibre.

### **Haier: From humble beginnings to global leader**

Haier started life in the 1920s as the Qingdao Refrigerator Company, a small manufacturer in Qingdao, a port city in China's northern coastal Shandong province. By the 1980s, it was a small collective factory. In 1984, however, facing issues with quality, the company was failing. Zhang Ruimin, a member of the local government, was asked to turn Haier around by imposing some discipline on its operations and also taking the opportunity to integrate technological and operational know-how from Western firms. Influenced by Western management thinkers such as Peter Drucker and Frederick Winslow Taylor, Zhang introduced a new, more disciplined approach including a code of conduct and a focus on quality and efficiency, with workers

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