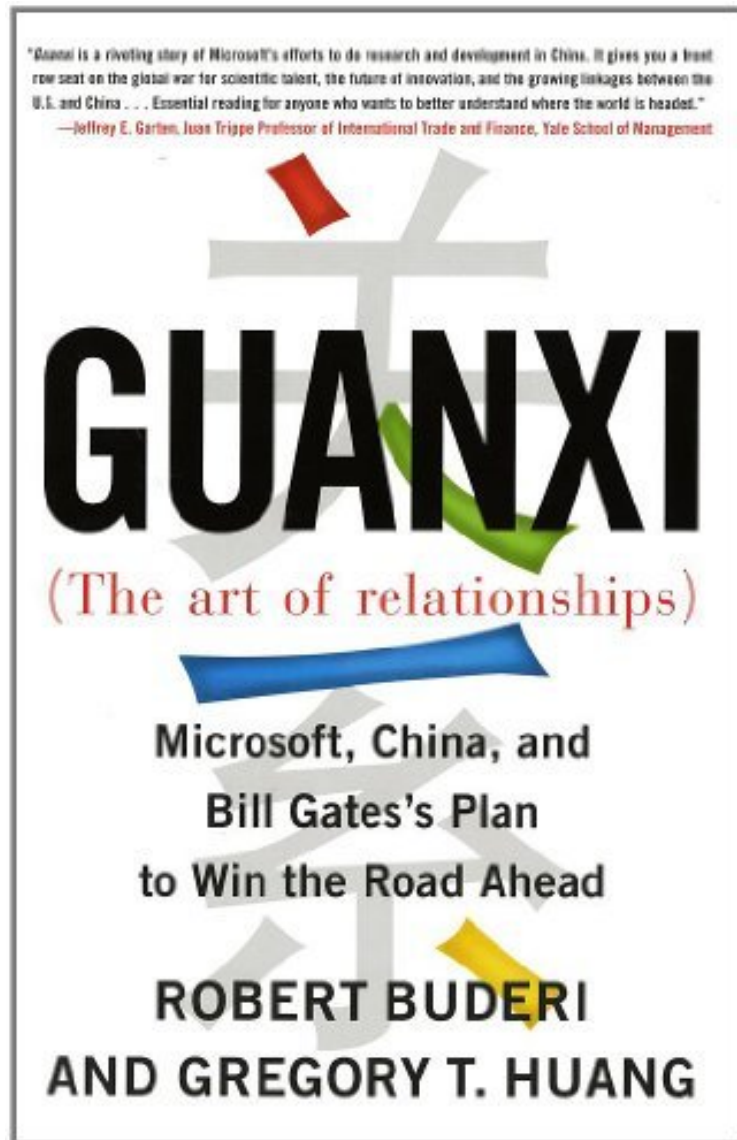


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## Guanxi (The Art of Relationships): Microsoft, China, and Bill Gates's Plan to Win the Road Ahead

Robert Buderer, Gregory T. Huang

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**Robert Buderer, Gregory T. Huang : Guanxi (The Art of Relationships): Microsoft, China, and Bill Gates's Plan to Win the Road Ahead** before purchasing it in order to gauge whether or not it would be worth my time, and all praised Guanxi (The Art of Relationships): Microsoft, China, and Bill Gates's Plan to Win the Road Ahead:

0 of 0 people found the following review helpful. OKBy Gustavo BottanIt is a little outdated by now.I was looking for

more Guanxi related aspects of doing business with China<sup>3</sup> of 4 people found the following review helpful. worthwhile reading on China, Microsoft or research innovation. By R. M. Williams I liked the book. For several reasons: first it is a good read, well written, fast paced and interesting on several levels. The first is chronological (how the book is structured), a history of Microsoft's research involvement in China. The second is a window into some things about the culture in China and how it is different than Western. This is the title of the book - Guanxi. The third is a higher level, how do you encourage innovation, how do you harness the best in a culture to corporate culture and making money, how do you do good research in a field like computers, constantly changing, with lots of very bright, motivated people working in it. It is a good book, worthwhile to read for a number of reasons, the least of which is that these topics will impact everyone on earth to a greater or lesser extent over their lifetimes, just a matter of survival. The final feeling I have is that my kids simply can not compete with Chinese kids, not for educational motivation, not for desire to get ahead and do good while making lots of money. It is a wakeup call to American education and political structures that the primacy of American scientific research and the engine that it has been driving the economy is no longer restricted to smaller percentages of the world population but is now literally global. If you are 1 in a million, there are 1300 of you speaking Chinese maybe 5 speaking English as a first language. 10 of 11 people found the following review helpful. Where's the Guanxi?! By James Benson Microsoft's PR Department couldn't have written thicker, more syrupy, praise for Microsoft. Guanxi is the Chinese word for mutually beneficial relationships, it's a complex concept that involves respect, reciprocity, and a certain deference to the person with more authority. It is not covered in this book. Rather, this is a book that paints a super happy face on a long process and smooths out or ignores the rough edges. I recommend doing a search on Guanxi and reading some of the other books on business in China, like the China Dream, if you want a clearer picture of Guanxi. If you want the Disneyfied version of Microsoft's research lab, this is the book for you.

Half a world away from the calm beauty of Puget Sound, there's a lab where Bill Gates's software dreams come true. . . . So begins Guanxi, the compelling on-the-scenes tale of the allure of China today -- and of a unique partnership between the world's most famous capitalist and the world's largest communist nation that showcases what it takes to compete in the age of global innovation. Guanxi (guan-shee), the Chinese term for mutually beneficial relationships essential to success in the Middle Kingdom, tells the story of the juggernaut research lab that underpins Microsoft's relationship building in China. Unfurled through a gripping narrative that moves between Beijing and Microsoft headquarters in Redmond, Washington, it follows the lab's emergence as a mecca for Chinese computer-science talent -- a place where 10,000 reacute;sumeacute;s arrive in a month, written exams are farmed out to eleven cities to screen applicants, and interns sleep on cots next to their cubicles. So far, the company has invested well over \$100 million and hired more than 400 of China's best and brightest to turn the outpost into an important window on the future of computing and a training ground to uplift the state of Chinese computer science -- creating dramatic payoffs for both Microsoft and its host country that are helping the company overcome many of the challenges of China. Guanxi traces the arc of the lab's stunning success from a memo by erstwhile Microsoft visionary Nathan Myhrvold to its early days under maverick speech recognition guru Kai-Fu Lee (since plucked away by Google for some \$10 million), and to its more recent tutelage under former child prodigies Ya-Qin Zhang and Harry Shum. The two China-born stars, who both attended college in their native country by the age of thirteen, have orchestrated the Beijing lab's recent emergence as an epicenter of Microsoft's intensifying battles against Google in the search wars, Nokia in the wireless arena, and Sony in graphics and entertainment. As pundits rail about the "China threat" to U.S. competitiveness and offer often-hackneyed arguments against outsourcing, Guanxi explores the true ramifications of China's high-tech buildup -- and the means by which it can be turned to competitive advantage, in part by "insourcing" the untapped talent in the country's top universities. Sprinkled with telling observations, compelling characters, and lively anecdotes about the brilliant successes and sometimes painful stumbles of the world's most powerful software company, Guanxi is essential reading for business leaders, entrepreneurs, and technologists around the globe.

"Guanxi is a riveting story of Microsoft's efforts to do research and development in China. It gives you a front row seat on the global war for scientific talent, the future of innovation, and the growing linkages between the U.S. and China... Essential reading for anyone who wants to better understand where the world is headed." -- Jeffrey E. Garten, Juan Trippe Professor of International Trade and Finance, Yale School of Management "Offers valuable insights into how some of the world's mightiest corporations twist themselves into knots to gain footholds in China... The story has all the elements for a corporate drama." -- Bloomberg.com "The authors argue persuasively that Microsoft's Beijing Center has played a central role in developing products and served as a model for the company as it expands... Guanxi does show the importance that China has for American high-tech companies." -- Bruce Einhorn, BusinessWeek "The authors have a terrific command of the subject... Fascinating story." -- San Francisco Chronicle "A compelling case study." -- Booklist About the Author Robert Buder, a Fellow in MIT's Center for International Studies, is the author of two acclaimed books, Engines of Tomorrow, about corporate innovation, and The Invention That Changed the World, about a secret lab at MIT in World War II. He lives in Cambridge, Massachusetts. Gregory T. Huang is a features

editor at New Scientist and holds a Ph.D. in electrical engineering and computer science from MIT. His writing has appeared in Nature, Wired, Technology , and other publications. He lives in Cambridge, Massachusetts. Excerpt. copy; Reprinted by permission. All rights reserved. 1 Beast from the East November 8-11, 2004 This is a new kind of manufacturing in China. Not just shoes, socks, baby strollers. Now we manufacture MIT students, papers, and software. -- HARRY SHUM, MANAGING DIRECTOR OF MICROSOFT RESEARCH ASIA Half a world away from the calm beauty of Puget Sound, there's a lab where Bill Gates's software dreams come true. At Microsoft Research Asia, the drive to succeed is as intense as the traffic that roars by its front door in unbridled fury. If the software megagiant's other facilities around the globe seem idyllic, this one, in Beijing, is pure street. Microsoft's mantra here: work hard to get in the door; work harder to survive; then work even harder because the real work -- that of creating the global future of computing -- is just beginning. If you find it hard to root for Microsoft, you've probably never met Harry Shum. The Beijing lab's managing director is hearty, engaging, and quick to make jokes. In his late thirties, he's also surprisingly young. "This is a new kind of manufacturing in China," he smiles, waiting outside his office. "Not just shoes, socks, baby strollers. Now we manufacture MIT students, papers, and software." His longtime colleague, HongJiang Zhang, walks by and concurs. Cultivating talent, he says, "is another level of 'Made in China.'" Zhang, who's a little older than Shum and initially comes across as more reserved, heads the Advanced Technology Center. An offshoot of the research lab housed in the same building, this first-of-a-kind division was created to accelerate the movement of the lab's technologies into Microsoft's product pipeline -- for China and the entire world. Together, Shum and Zhang lead a nearly 500-strong organization that looks like a typical corporate lab but feels like a hungry start-up. Come in at almost any hour and you'll find scores of students -- in addition to their staffs, the two groups support some 300 interns at any time, most from Chinese universities -- tooling away on projects jointly supervised by their professors and Microsoft researchers. It's a place where 10,000 resumes arrive in a month and interns spend some nights on cots next to their cubicles. Add the buzz of Mandarin conversations, the window views of Beijing's sprawl, and the hint of cigarette smoke, and you are constantly reminded: this isn't corporate U.S.A. anymore. Every week is busy here -- but one particular week in early November 2004 was special. The events packed into that whirlwind week spoke to every level of the company's strategy in the Middle Kingdom -- and to the all-out, breakneck pace of global innovation today. To celebrate the sixth anniversary of the Beijing lab's inception, Shum and Zhang entertained a host of distinguished visitors from around the world. The dignitaries included their superiors from Microsoft Research headquarters in Redmond, Washington: Dan Ling, vice president of research, and his supervisor, senior vice president Rick Rashid, one of a handful of Microsoft executives who report directly to Gates. Also on hand were notables from the lab's technical advisory board, which encompassed some of the biggest names in computer science, among them Chuck Thacker, winner of the 2004 Draper Prize, a \$500,000 award considered by many to be engineering's top honor; Jitendra Malik, chair of the department of electrical engineering and computer science at the University of California, Berkeley; and Victor Zue, co-director of the Computer Science and Artificial Intelligence Laboratory at the Massachusetts Institute of Technology. In addition to a series of advisory board meetings, the frenetic week would include a Faculty Summit of 207 professors from throughout Asia, many of whom collaborated with the lab, and the Computing in the 21st Century conference that was co-sponsored by Microsoft and the National Natural Science Foundation of China. On an overcast Wednesday in the midst of this hectic week, two large meeting rooms down the hall from Shum's office overflowed with animated conversations and dozens of research demos. Jetlagged vice presidents, technical advisors, professors, and other studious-looking visitors milled around perusing the demos while eating personal pan pizzas catered by a nearby Pizza Hut. Microsoft demos are legendary: mastering the art takes technical know-how, showmanship, and a clear understanding of why a project is important to the company. A good demo can erase months of frustration and get you noticed. That's why the Beijing researchers had been living and breathing this stuff for months. Eager to impress, some were nervous and struggled with their English, while others pulled it off without a hitch. To Microsoft, what was in these rooms portended the future of computing -- and which competitors the software superpower was lining up in its sights. Target number one, which would loom ever larger in the crosshairs over the coming year: Google. An entire wall of demos highlighted smarter Internet search tools designed to take users right to where they need to go for answers instead of giving them a bewildering list of links, and to provide more highly targeted Web advertisements based on the exact nature of a person's search query. These efforts aimed to derail the Mountain View, California-based search company, whose faddish popularity once led Gates to quip, "There's companies that are just so cool that you just can't even deal with it." Almost as urgent a competitor: Sony. The Beijing lab played a growing role in Microsoft's push for new kinds of graphics and interfaces to help it win the digital entertainment space over the consumer electronics giant. One of the more curious-looking demos employed a camera to track human faces, a key part of the next-generation interactive video games Microsoft envisioned. "PlayStation 2 already has something like this for motion, but not faces. We need something in Xbox," said researcher Dongmei Zhang, referring to Microsoft's video-game platform, which was slated for a major new release called Xbox 360 in late 2005. The third company in Microsoft's sights: cell-phone maker Nokia. Software for mobile devices was still a relatively small business for Microsoft. At the time of the meeting, the company's Windows Mobile operating system had just surpassed Palm's in conventional PDA market share, but still trailed Nokia's system

significantly when it came to cell phones and mobile e-mail devices. To this end, another set of Beijing demos showcased software that enables wireless videoconferencing and "seamless roaming" -- so that any cell phone or handheld organizer can provide voice, video, or data communication anywhere in the world, anytime, on any network. Increasingly, the Beijing lab was where the action was in all these battles -- and the technical advisory board seemed impressed by the show. "They're doing really first-class research," said MIT's Zue, an advisor to the lab since its inception. After an hour of seeing demos and asking questions -- some superficial, but many complex and detailed -- the board retreated to a large room on the sixth floor for a private, closed-door meeting. Inside, the air was thick with anticipation. Researchers guzzled tea and coffee as they exchanged pleasantries. As technical assistants scrambled to get audiovisual systems up and running, Microsoft's top research brass, Rashid and Ling, took seats front-row center, flanked by other high-ranking staff and the advisory board. The room could seat seventy, but only half the chairs were filled. About 25 researchers sat in, some from Microsoft's main lab in Redmond, most from the Beijing lab. It was like a wedding, where the guests of the bride and groom occupy pews on different sides of the church: for the most part, Redmond and the States sat on the left side of the room, Beijing and China on the right. The board had gathered, together with the lab's leaders, to discuss competitors and give more detailed feedback and criticism on key lab projects than was possible in the demo rooms. Harry Shum, a people person, kicked off the meeting by introducing all the visitors by name. He then called attention to a couple of new faces brought in from the States as assistant managing directors of the lab: speech expert Hsiao-Wuen Hon, who had done both research and product development for Microsoft in Redmond, and graphics guru Kurt Akeley, a co-founder of Silicon Graphics, who had recently finished his long-delayed Ph.D. at Stanford (he had taken a leave of absence in 1982). Both were heavyweight hires whose presence bolstered the lab's standing in China and also spoke to its status as a haven for top talent, not just from China, but from anywhere. Shum then served up a few stats to demonstrate the lab's growing prowess on the global stage. In 2004 it was responsible for 7 papers out of 58 accepted for SIGIR, the world's largest and most prestigious conference on information retrieval (a key component of search), and 5 papers out of 80 presented at SIGGRAPH, the top graphics conference, where the next generation of gaming and entertainment wizardry is often unveiled. No other lab or department came close to these numbers, even those many times larger than the Beijing center. And it wasn't esoteric research, Shum reminded his visitors. To date, close to 100 technologies had been transferred to Microsoft products -- tops among the company's research arms outside of Redmond -- and the figure was growing fast. After Shum's presentation came technical talks by key researchers on user interfaces, wireless networks, multimedia, graphics, and search -- the lab's five main areas of focus. The talks were all informative and spoke to Microsoft's competitive battles, but one stood out in particular -- and it came back to Google, Microsoft's archnemesis. Wei-Ying Ma, the smooth-talking, cherub-faced manager of the Web search and mining group, spoke with a light Mandarin accent, but his intensity and desire to...