

## Chapter 19

# Lin Ruiqi, Huawei's Senior Vice President



One of my biggest surprises in driving 20,000 km around China in 2019 was that even the remotest people not only have good concrete roads right to their doorsteps but they also have the Internet. Even farmers in remote Ningxia and Inner Mongolia, or Tibetan villages in the 5000 m elevation Death Zone have prospered through e-commerce, and many happily shared their WeChat contact with me, so we could keep in touch by video chat. And Huawei is the company that made all of this possible not only in China but in many other countries as well—from African deserts to Arctic Circle villages and South American out-backs.

Huawei sees connecting remote peoples to the world as a matter of social justice because in the information age, the online highway can be just as important as the concrete highways in helping lift people from poverty.

Fortunately for Huawei, it can act on its values because as a private company owned by employees, it is not hamstrung like other companies with external shareholders demanding high dividends that shortchange R&D and social justice projects. But how does Huawei instill its leaders' keen sense of social justice and mission in employees, so that they are not just willing but eager to scale 6000 m peaks, heavy equipment strapped to their backs, to install a base in Tibet? Or, like Senior Vice President Amy Lin (Lin Ruiqi), braving 60° below zero temperatures north of the Arctic Circle and having to be evacuated by submarine. Or, like young Lucy in Argentina, sleeping on the ground with her young teammates, eating food that they could not even identify, and working around the clock to provide the Internet access to remote villages?

I gained a much better understanding of Huawei, both its head and its heart, after I interviewed Amy and Lucy on the futuristic Huawei campus in Shenzhen.

Senior Vice President Amy (Lin Ruiqi), who has been with Huawei since 1997, was surprised when her eight-year-old daughter, returning home from school on March 21, 2019, asked her, "Mom, do you know why Americans are attacking Huawei?"

"How did you hear about this?" Amy asked.

"My teacher told us so," she said.



**Fig. 19.1** Prof. William Brown interviewing Huawei Senior Vice President Lin Ruiqi in Shenzhen on July 31, 2019. *Photo by Zhu Qingfu*

Her daughter was upset when Amy set phone to record. Amy told her, “I just want memories of this conversation!”

“Why do you think the US is attacking Huawei?” Amy asked her daughter.

“Because China is developing very well but the US is not,” she said. “They want to stop China.”

Amy wondered if this was really her daughter’s view or her teacher’s, so she asked her, “Do you have any suggestions for Huawei?”

“Nothing,” she said. “Except to continue to be yourself.”

Amy shared these words of wisdom with colleagues and even my business school professors and classmates, all of whom agreed with her daughter. But when Huawei was added to the US entity sanction list two months later, Amy asked her daughter if she thought Huawei needed a new war strategy. “No,” she said. “Continue being yourself — but I think you can make more friends to help you” (Fig. 19.1).

On the bright side, as Amy noted, the US attacks raised Huawei’s global profile, and people like George Gilder did come to its defense. The American economist famed as the “Nostradamus of Technology” and “America’s No.1 Tech Futurist,” Gilder wrote in the *Wall Street Journal*, “Huawei Is an Asset, Not a Threat,”<sup>1</sup> where he argued that “Ren Zhengfei’s company should be celebrated as a triumph of the US-led global trading system.”

<sup>1</sup> <https://www.wsj.com/articles/huawei-is-an-asset-not-a-threat-11558390913>.

“Huawei is facing great challenges,” Amy admitted. “But I have a golden sentence I suggest you use. ‘Struggle is not hard, struggle is cool,’ because your experience and life story are the sum of your struggles.”

After 22 years with Huawei, Amy is grateful for what she has learned as she has shared Huawei's struggles. “When I was a child, my parents stressed that I be honest, kind and contribute to society. Huawei has been my platform to make contributions both in China and abroad. I've met former Huawei people in China and other countries who all say that the spirit of Huawei and struggle will always be a part of them. Many former Huawei employees have even thanked me for their experiences here.”

“Can you share some stories of early struggles?” I asked.

Amy laughed. “So many stories! For example, we were so tight in the early days that we cut costs by not buying toilet seats — which meant that girls had to stand on the toilets to use them. And between 1997 and 2000, it was common for two girls to share the same bed. But we did not feel bitter. Those were growing experiences that we will never have again.”

“Another example is when we first began delivering telecommunications switches overseas. They were such new technology that at first we sometimes had to upgrade them a dozen times within a month, so we just ate and slept in the customer's computer room. Someone began selling fried chicken right outside. We ate so much of it that everyone now knows Amy does not want to eat any more fried chicken!”

“And we had failures, sometimes, and grieved — but our customers stayed with us. And when we failed for reasons beyond our control, customers grieved with us — and still stayed with us.”

“I've seen that Huawei customers can be as loyal as Huawei employees,” I said.

“Yes, our customers are very loyal,” Amy said. “Because we are loyal to them. Huawei's top priority is our customers' success — and this in turn ensures ours. Some Western companies, for example, have taken half a month, even longer, for their engineers to fix customers' problems. Huawei has never done this. We value our customers' trust, and our rapid responses help create a virtuous circle. Many of Huawei's early adopters were not the leading companies, but they chose Huawei, and trusted Huawei, and many surpassed their competitors later on, and even became industry leaders.”

But in a world that understands little about China, Huawei had to work hard to earn trust. “Even in 2000, a foreigner asked me, ‘Amy, in China can you really easily buy eggs, sugar and salt in the supermarkets...?’”

“What I admire most about Huawei is how it has helped such remote areas in China and abroad,” I said. “But why does Huawei think this is important?”

“For Huawei, this is an ethics issue,” Amy said. “We think all peoples should enjoy ICT solutions on an equal footing, so that they can better interconnect and improve their lives — regardless of their level of development, ethnicity or challenging conditions. And Huawei's innovations to address such issues help stimulate the development of entire industries or nations, which in turn provides more possibilities for the world. Over the past 30 years, we have connected 3 billion people through infrastructure construction, and in the next five or 10 years we will further eliminate the digital divide to benefit more people and ensure fairness.”

"Can you share examples in which Huawei has already bridged this 'digital divide?'"

"Many examples, even from my personal experience." Amy said, "For example, Huawei installed the first 2G equipment in Moscow. Moscow was so cold that even Hitler's army retreated from it. Thus, I asked Mr. Ren Zhengfei to help push R&D's development of technology that could survive subzero temperatures."

"A Russian region above the Arctic Circle with only 150,000 people produces 70 percent of the world's nickel. They have a big impact on the global non-ferrous metal futures market, but conditions were so bad that no company would build a network there."

The temperature had plummeted to minus 57 when Amy attended the Huawei equipment opening ceremony, and her headset froze and cracked as soon as she stepped outside. Then a snowstorm buried the city, and she was evacuated by submarine. "No other company would even try to work in those conditions," Amy said.

Amy was dismayed by the terrible natural conditions she saw in part of the Republic of Armenia. "But the local government was still very visionary," Amy said. "The people there were keen to learn and change their lives and country. Huawei not only built them an ICT infrastructure but also held many charitable events. Their most beautiful building is their school because they strongly stress education, so I gave local students Huawei laptops to access their new telecommunications services."

"I admire Huawei's priorities," I said. "But how does it instill this same passion and sense of global responsibility and justice to the employees who must face frostbite and high-altitude sickness?"

"At Huawei, we all share the same dream: 'to become a platform to pursue an open and win-win ecology and to benefit the common development of humanity.' This will benefit everyone, including Huawei, of course. Huawei's focus is the future," Amy said.

Huawei boldly envisions creating a fully connected, intelligent world accessible to all people—thanks in part to the RuralStar Pro Solution. Launched in 2017, within only four years this self-contained, easily deployed 550 kg base station had been deployed to over 50 countries and provided connectivity to over 40 million people around the world, including villages as small as having only 500 residents. Still, half of the world's population lacks Internet connectivity, which denies them access to remote education, telemedicine, online finances and a host of other digital services—but Huawei is working on reaching those who are still offline.

By the end of 2020, Huawei had obtained more than 100,000 active patents, and employed 105,000 R&D staff who had spent 15.9% of annual corporate revenue (RMB142 billion) on R&D projects. More than 30 laboratories on the Shenzhen Huawei campus have been open and visited by thousands of visitors from all over the world—experts, politicians, Nobel Prize laureates and customers. The sheer scope of Huawei's research is astonishing.

Yet, in spite of Huawei's humanitarian efforts, the company is facing unrelenting attacks, which is why the day before I visited Huawei, the company had for the first time released a semi-annual report proving it was a 100% non-listed private

company. "We are not required to publish a semi-annual report," Amy said. "But we've produced one to strengthen openness and transparency, and help our partners better understand Huawei."

I was surprised that in spite of the US tactics, which did reduce Huawei's sales revenue, the company still grew 23.2% over the previous year. "How could Huawei do this?" I asked. "Many other companies would have folded."

"There are many reasons," Amy said. "But the biggest one is our long-term win-win partnerships and cooperation built on mutual trust. Only such a partnership will last — whether in business, life or family. Huawei employees are very loyal to each other, and we are just as loyal to our partners."

"We have built customer-centric partnerships for 30 years. This means we ensure excellent product quality, reasonable prices and technology, so as to make our products remain sustainable and competitive, and enable our customers to achieve their commercial success. Only this approach is truly win-win."

"Such a trust, formed over decades, is not easily broken just because some parties toss dirty water and curses at us. Some partners who fear retaliation by the US have put projects on hold to see what happens. We understand this. But many have stood up for Huawei because we have helped develop their countries and industries."

"We are careful that we and our customers grow and develop together. Our profits are not so large as to hurt the customer. This is unsustainable. But we also can't just blindly meet customers' demands because they often don't even know what they really need. We apply our global experience to helping them see their unique problems with greater clarity, and then provide not just quick fixes for immediate problems but long-term solutions for the future."

"It's obviously how Huawei wins customers' hearts, but I'm still not that clear why workers are so loyal."

"We don't believe outside forces can bring Huawei down. Only we ourselves can do that. Customer-centric relations ensure loyalty from both customers and workers. Workers focus on helping customers win. If customers win, Huawei wins — and the employees win, because Huawei belongs to its people."

"Our employee feedback and motivation include both material and non-material incentives. We have very competitive salaries, as well as the ESOP and TUP incentive policies. This is not unique to Huawei, but we have maximized it. We have over 90,000 people around the world already participating in this program, and all 180,000 employees are likely to become company partners. Huawei is a large partnership enterprise, and we give employees many work opportunities to take on challenges and grow. We are constantly thinking about sustainable ways to encourage our 40,000 employees in Africa, many of whom were born in the 1990s or even after 2000. Some are working in impoverished areas, but they have passion and strong desire and inner motivation."

"And we continuously learn from the industry and adapt strategy as needed. This is why we have an international advisory committee and strategy advisory committee comprising top industry players from both inside Huawei and outside."

Huawei faces great challenges, but Amy is very confident in its future. "The only certainty is uncertainty, but we will respond with permanence to impermanence. In

the final analysis, we must be ourselves. In the short term, our scale may be affected, but in the long term we will survive,” she said.

I was very impressed by Amy's love for Huawei and her insights. But after I interviewed young Lucy, who spent four years with Huawei in Argentina, I had an even greater grasp of how Huawei has earned the love and loyalty of its employees.

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