

# Wangdao & Management Accounting

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# What is Wangdao?

Ancient Wangdao :

King's Way (B.C. 372~289 by Mencius)

Today Wangdao:

Leader's Way (2011, Stan Shih)

# Business Philosophies of the East and West

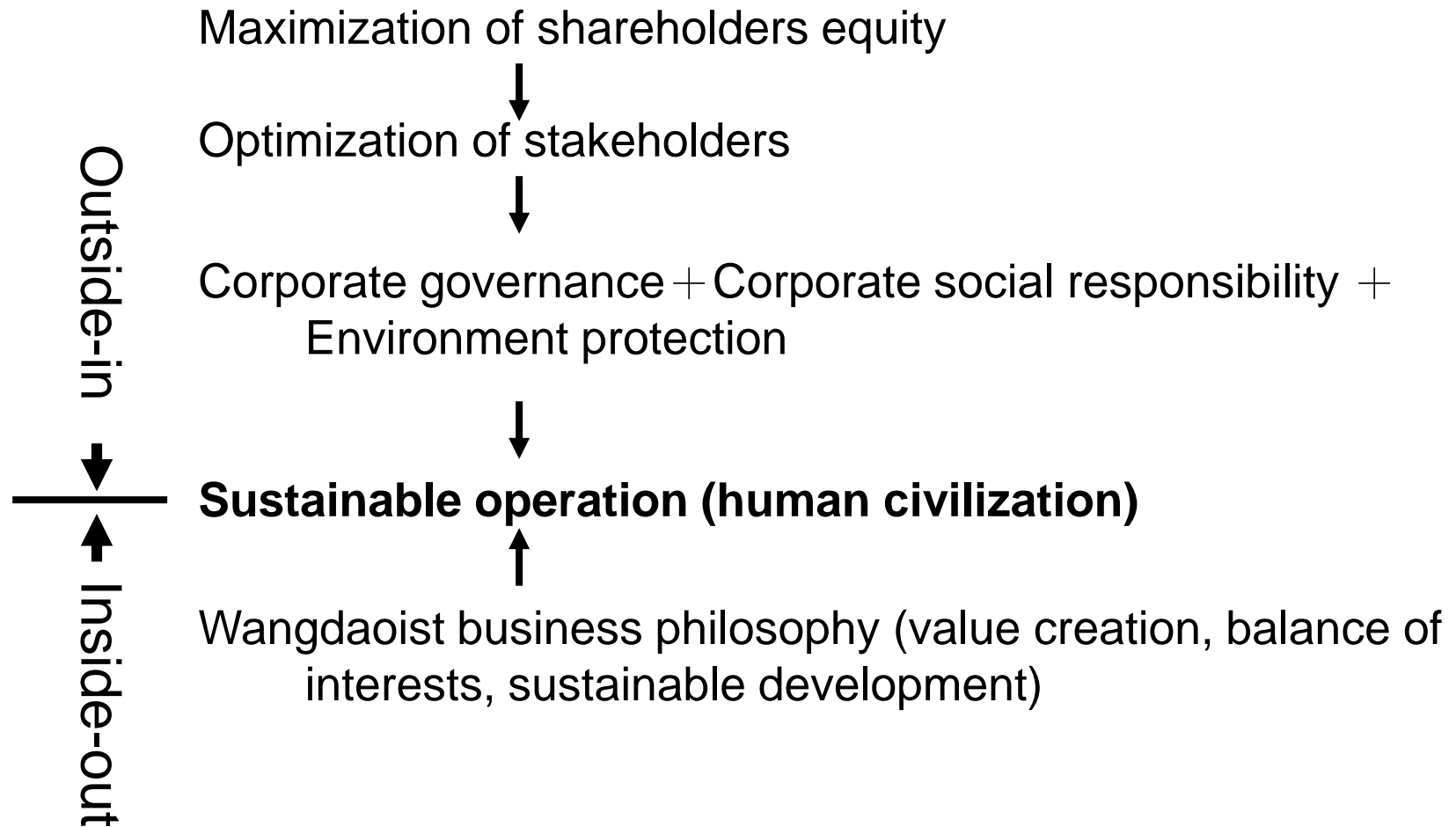
The East

Coexistence and Common Prosperity

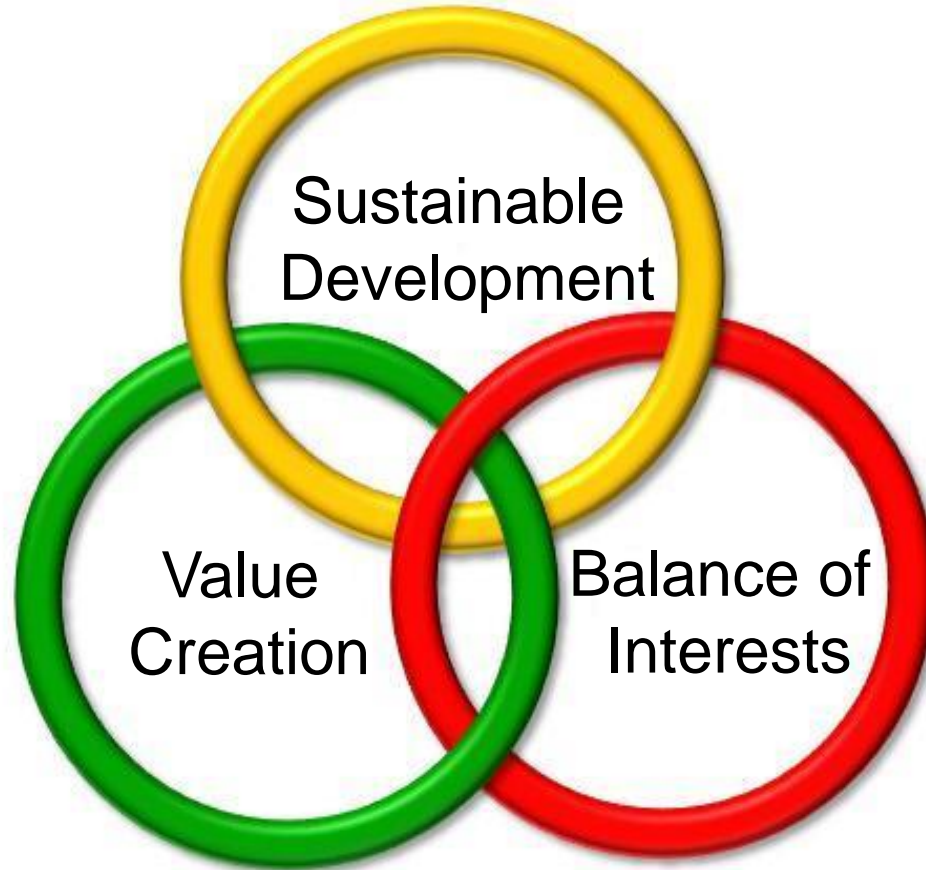
The West

Winner Takes All

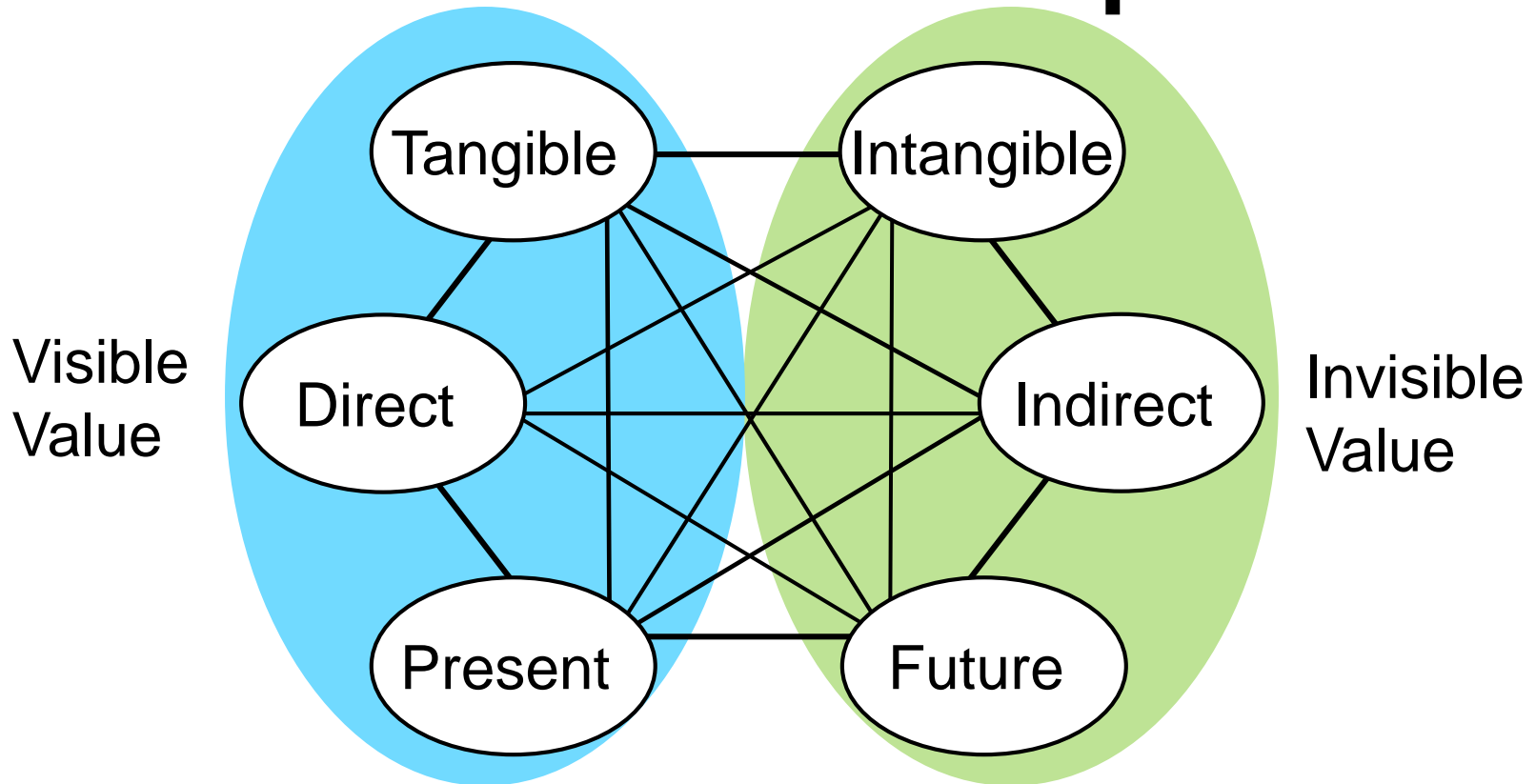
# About the Blind Spot of Capitalism



# Three Core Values of Wangdao



# Overall Effect of Hexa-Aspect Values



- Constant values as the core mindset
- Understanding factors mutually influencing one side and another, and introducing effective transformation mechanism
- A balanced development of Hexa-aspect values represents the long-term and maxima values as a whole

# Balance of Interests

- Social values are jointly created by all stakeholders
- Interests (also Hexa-aspect) are the biggest motivation for value creation
- Balance of interests ensures teamwork and sustained cooperation
- Dynamic balance, with unremitting adjustment for continuous progress

# Wangdao Thinking on Altruism

- You can win a moment of self interest
- Altruism can compete ever lastingly
- Altruism is the best way to achieve self interest



# Wangdao Thinking to Wangdao Culture

- Build a culture that gives to full play the organizational strength
- Develop values into deep-rooted beliefs
- Build a consensus via constant top-down communication within the organization, and have it translated into words and deeds of most people in their daily life and work
- Wangdao culture is the cornerstone for a sustainable business

# Experience Sharing

# Motto

Challenge difficulties,  
Break thru bottleneck  
and create value

# My Approaches

Me too is not my style

# Break Through the Bottlenecks of Traditional Culture

- Disunity
- Passing know how with reservation
- Centralized management
- Hereditary system
- Common interest
- Share all the know how
- Decentralized management
- Power transferred to the worthiest, not the kinsman

# Challenge the Human's Blind Spots

- Reverse thinking; believe in natural human goodness; readily let power pass into others' hands; you have to lose before you can win; life is more important than face
- Altruism is the best way to achieve self-interest
- Build up a stage to bring into full play people's talent

# Wangdao

- Like the Polaris showing direction for ships sailing in the vast sea
- Being the essential guideline for an enterprise to draft corporate visions of different development stages, decide competition strategies, and establish operation mechanism, so as to make a sustainable business

Everyone deals in business 、  
To implement Wangdao 、  
And to Create prosperity Collectively



# Acer's Growth and Transformation Management

- 1992 Reengineering Acer:  
Global brand, local touch
- 2001 Millennium transformation of new Acer:  
Separate the brand and manufacturing services
- 2014 Acer's Mega transformation:  
BYOC (Build Your Own Cloud)  
Hardware + Software + Services

# Transformation Management Experience

- To change mindset or change executives is a necessary method
- Organization culture needs to be re-shaped
- The principles of 5C : Communication 、 Communication 、 Consensus 、 Commitment for new decisions

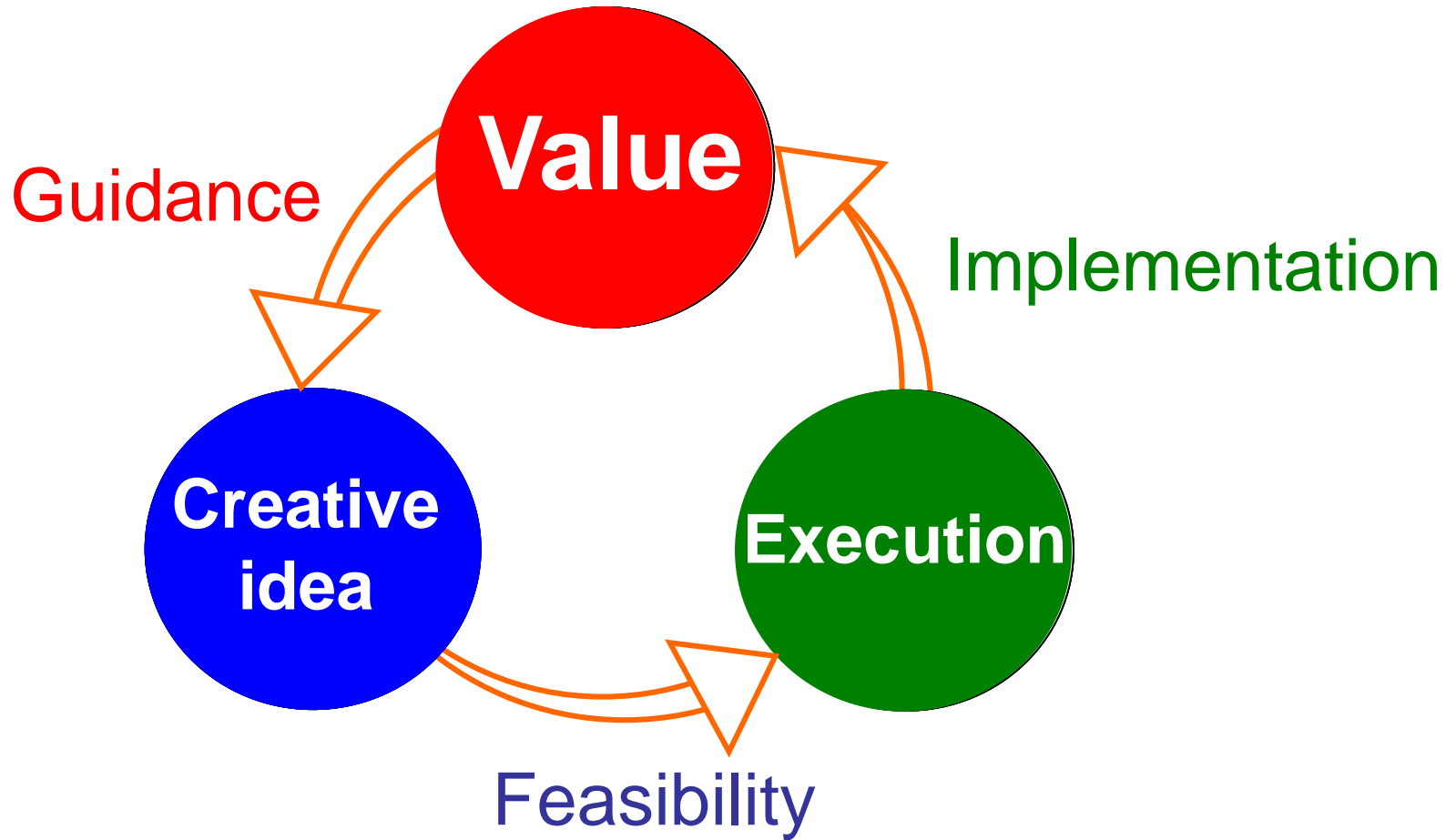
# Transformation Management Discussion

- External competitive environment revealed issues; internal thinking to find solution
  - Shape a new vision, plan new strategies and reach consensus
  - Simplify strategies, focus, begin step-by-step and pursue for big turnaround
  - No improvement is quite usual in the early stage of transition, remain committed, no half-heartedness
  - To be willing to dispense with past burden, otherwise will lose control of the future
-

# Wangdao & Innovation

- Constant innovation to create maximum value for stakeholders
- Customer value-centered
- Attention to motivation for stakeholders
- Effective end-to-end integration to ensure customer value
- Wangdao-based innovation to bring about effective focus

# Three Key Elements of Innovation



**Business innovation = creative idea + execution+ value creation**

# Wangdao & Competition

- Competition is to create higher value with relatively limited resources
- Lack of Wangdao mindset or ineffective implementation will lead to a failure in competition
- In addition to appropriate mindset, mighty strength is also a must
- Neither price war nor vicious competition is compliant with Wangdao, and thus cannot sustain in the long run
- To weed out the weak by fair competition is compliant with Wangdao

# Wangdao Accounting

- For Hexa-Aspects value
- No standard for invisible value, need some principles
- Artificial standards by executives with consistence
  - Within the company
  - Compare with competition in the same business

# Key Factors to Sustain The Enterprise Development

- Keeping the innovation for new values
- Balance the weighting between the visible & invisible values
- Balance of motivation for value creation
- KPI for invisible factors



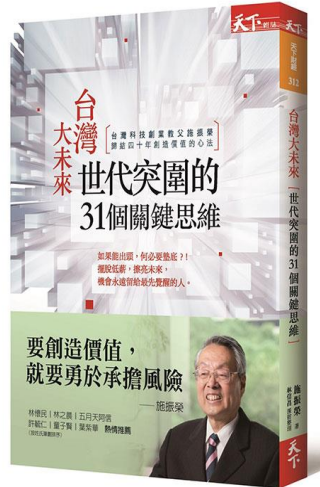
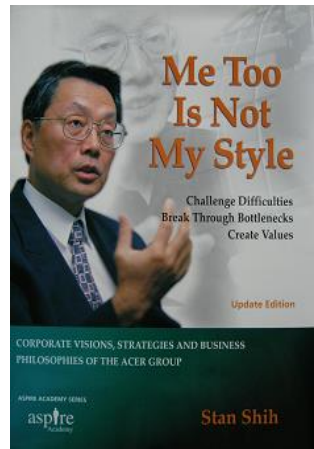
# Long-term Investment in Invisible Factors

- Talent development
- R&D
- Branding
- Corporate culture

# A System to Manage The “0 to 1” & “1 to N”

- Conflict between entrepreneurship & professionalism in nature
- Can't apply to same KPI
- Different but balance of compensation system

# Thank you!



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