

NEW STUDY OF MANAGING BUSINESS WITH FUNCTIONS OF MANAGEMENT AND STAKEHOLDERS IN RELATION TO LENOVO

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ABSTRACT

This paper investigates about the number one PC Company worldwide which is known as none other but LENOVO. This report will include a brief overview of the company's history and background with what have driven Lenovo to become successful as it is currently and how the CEO has contributed to it. The key of their success which is the mission and vision will also be emphasized in the introduction because Lenovo's main goal is to accomplish their mission with great vision. Authors further discussed about the four functions of management and how Lenovo have implemented and manage the functions such as Planning, Organizing, Leading, controlling (POLC) to become successful. Following this authors discussed both the internal and external stakeholders or in other words groups or individuals who have contributed to Lenovo's success and how both stakeholders have affected the business.

I INTRODUCTION

Lenovo is a multinational technology company based in Beijing, China formerly known as Legend Holdings until 2004. It was first established in 1981 when it introduced its first personal computer, IBM PC and it was also first incorporated in Hong Kong in 1988. Under the current CEO, Lenovo has been China's best-selling PC brand since 1997 [1]. Lenovo's most famous and important transaction is acquiring Personal Computer Business and the brand 'ThinkPad' from IBM. Lenovo has been expanding and gotten big since 2012, as nowadays Lenovo design, develop, manufacture and sells smartphones, workstations, servers, storage devices, smart TVs and Tablets and became the number three 'Smart Connected Devices' in the world . Recently Lenovo has introduced a new logo designed by Saatchi [2]. Today, Lenovo is a US\$34 billion personal technology company and the world's largest PC vendor. With more than 33,000 employees in more than 60 countries serving customers in over 160 countries [3]. Lenovo has a long term goal of 'becoming the leading personal technology company in the world' by using the following missions:

- Personal Computers: Lead in PCs and be respected for our product innovation and quality.
- Convergence: Lead the industry with an ecosystem of devices, services, applications and content for people to seamlessly connect to people and Web content.
- Culture: Become recognized as one of the best, most trusted and most well-respected companies to work for ad do business with.

Lenovo views culture as a crucial asset to an effective business model as reflected in the statement: ‘We do what we say and own what we do’. Their values serve as their foundation which defines ‘Who we are and how we work’, the principles are: [4]

- Serving Customers
- Trust and Integrity
- Teamwork Across Cultures
- Innovation and Entrepreneurial Spirit

II FUNCTIONS OF MANAGEMENT

A management can be both effective and efficient by keeping the balance amongst the four functions of management within a company.

2.1 Planning

Lenovo’s famous strategy is described in three words ‘Protect and Attack’. These three words are very familiar in china, more specifically Beijing where Yuanqing spent a third of his life and it’s also where the company headquarter is located. According to Yang Yuanqing “This is Lenovo’s moment” [5]. According to Rob Enderle a silicon valley-based tech analyst “If you wanted a company to maximize the current world economic condition, you’d design one similar to this.” “There’s no other company like it.” These two statements emphasize Lenovo’s successful strategy is recognized and respected worldwide. [6]Liu (Lenovo’s Founder) have stated ‘the way to save the company is to recognize its PC business and put Yang Yuanqing in charge (Current CEO)’. According to Yang, It’s important to integrate non-Chinese perspectives and talents to make Lenovo more successful. A talented person as Lawrence Yu (Executive Assistant) was a major key person that made Lenovo’s planning surge. After the plan on focusing only on the Business PC succeeded, which was marked by releasing a comparable product in china they straight away moved on the next-generation chip. It is proved that their planning strategy was a success as Lenovo became China’s top-selling PC maker from 1997 until now as well as also becoming the world’s number three ‘Smart Connected Devices’ enterprise.

2.2 Organizing

According to Ezra Gottheil a senior analyst with TBR, “They’ve reduced the number of approvals needed to make a change that closes the decision cycle” which refers to the action of Yang streamlined the company’s senior leadership team from 24 to nine members to ease decision-making in the company. As a chairman, Liu have introduced the *Fu pan* concept. Lenovo trains managers using *Fu pan* to be able to make a short review of an incident from the workday or a far more in-depth process. According to Liu, Company unity is always the main priority. It has been proved that these changes added impact to Lenovo’s marketing based on “Fig.1 ,2 &3” to become number three in global market shares.

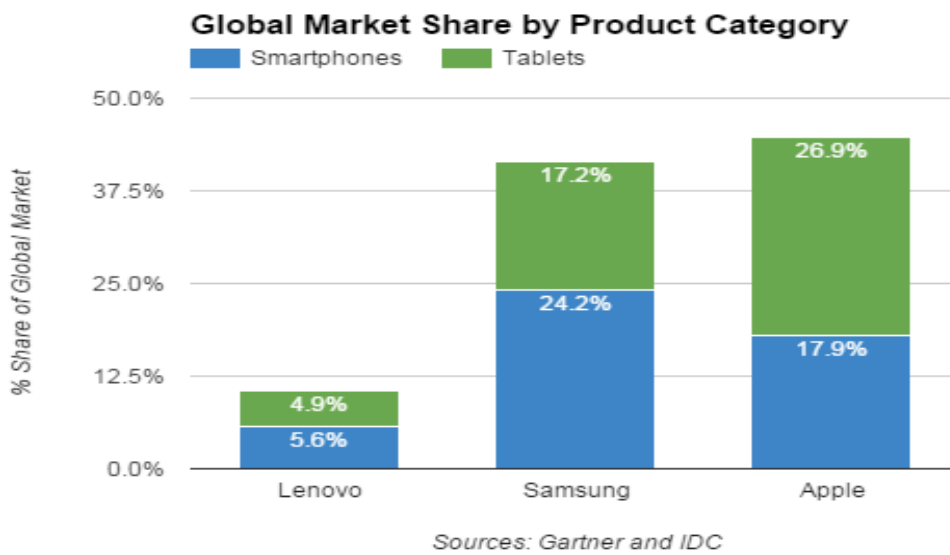


Figure 1. Global Market share by products category [7]

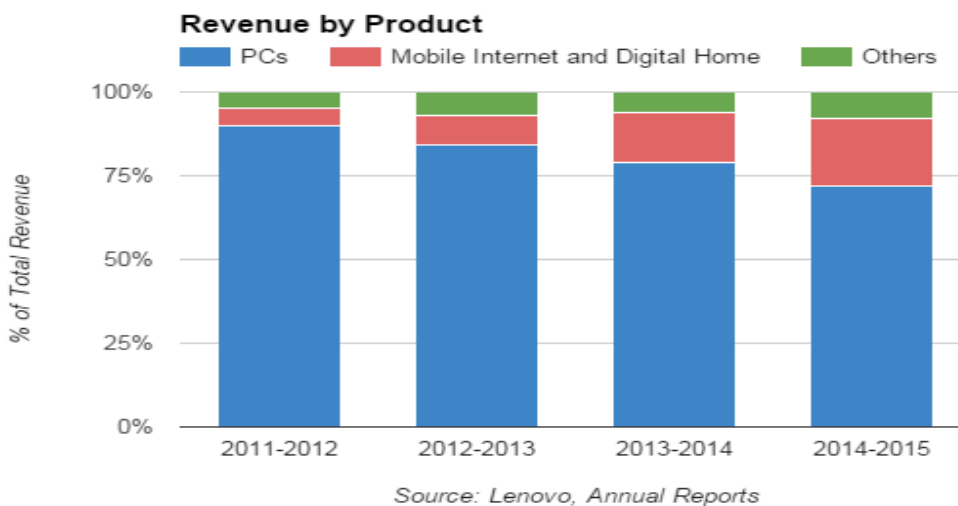


Figure.2 Revenue by Product shows the list of Lenovo’s Top management and their positions [8]

| Managers | | | |
|--|-----|-------|--|
| Name | Age | Since | Title |
| Yuan Qing Yang | 51 | 1997 | Chairman & Chief Executive Officer |
| Gianfranco Lanci | 61 | 2012 | President, Chief Operating Officer & Executive VP |
| Wai Ming Wong | 58 | 1999 | Chief Financial Officer & Executive Vice President |
| Peter D. Hortensius. PhD | 55 | 2005 | Chief Technology Officer & Senior Vice President |
| Qingtong Zhou. MBA | 42 | 2004 | Chief Information Officer & Senior Vice President |
| Su Ning Tian. PhD | 53 | 2007 | Independent Non-Executive Director |
| Nicholas Charles Allen | 60 | 2009 | Independent Non-Executive Director |
| Li Nan Zhu | 53 | 2005 | Non-Executive Director |
| William Otto Grabe. MBA | 78 | 2005 | Lead Independent Non-Executive Director |
| Nobuyuki Idei | 79 | 2011 | Independent Non-Executive Director |

Figure.3 Lenovo's Top Management List [8]

2.3 Leading

According to CFO Wong Wai Ming “The most dangerous thing is to be successful, you then think every decision is the right one. That’s why you have to review what you do.”The first thing Yang did after being in charge was to focus on PC speed, which was inspired by Lenovo’s foreign partners’ exhibition which resulted in Lenovo being the first company to offer cheap priced Pentium-powered machine.

2.4 Controlling

Lenovo is committed to its compliance in developing products to meet customers’ standard and to ensure the safety of the products throughout its lifecycle. Lenovo’s products are designed, tested, and approved by worldwide to have met the standard for product safety [9].Lenovo is always committed to innovation in developing its products and technology. Its products are known as high quality, reliability and stand durability, which eventually meets customers’ demands. A method Liu used to discipline late arrival worker is to stand in the corner if you’re late to the meeting and it was also imposed on him.The employees are provided with safe and healthy working conditions to improve the process and to prevent unwanted reports such as work-related accidents, injuries and illness [10]. Its goal to keep the control of its product is because of its commitment of continuing to leverage the spirit of innovation and technological breakthroughs into new categories and also to spread technological growth. The answer to how Lenovo have achieved competitive differentiation and lead new market opportunities is INNOVATION. Lenovo’s research and development team has a real goal which is to lower the cost of products while improving the product as well as customers experience [11].

III STAKE HOLDERS

3.1 Internal Stakeholders

3.1.1 Shareholders

As shown in Figure 8, shareholders have been divided into 4 categories, with Legend Holding Corporation having the most shares with 30.82%. However in “Fig.4” I have provided more detailed information regarding the public that holds Lenovo’s shares. And the total amount of shares combined together is 11,108,654,742 [12].

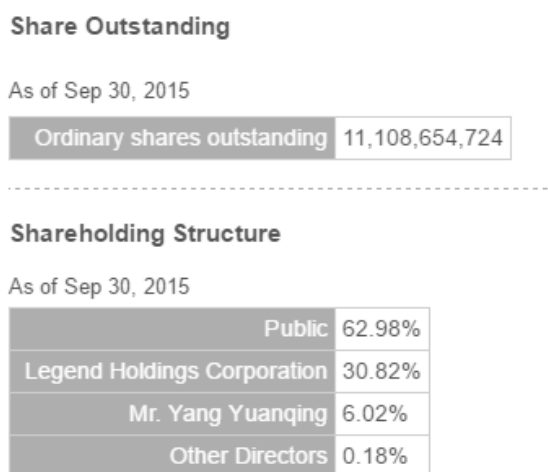


Figure.4 Lenovo’s Stock Information [1]

3.1.2 Employees

According to Lenovo’s welfare, Employees are their main asset for the company. Lenovo is also committed to provide the workers with great and safe working conditions and equipment’s so they can work more diligently and efficiently. It also wanted to reinforce the importance Lenovo’s have on health on safety in every Lenovo’s business location. Lenovo is a well-recognized as a leading employer. Every actions took by Lenovo is to give back to society and employees played a great role in it. It sticks to its principle of “Making the world better because of Lenovo”. Lenovo is committed to also raise employees’ awareness in all aspects of responsibility to encourage values to persuade staffs to volunteer [13].

3.2 External Stakeholders

3.2.1 Suppliers

Lenovo’s top 10 suppliers are listed in figure 10 according to rank. Intel is ranked as the number one supplier for Lenovo as it acts as the Semi-conductor chip maker or in other words Lenovo’s foundation [14]. Lenovo conducts performance reviews with the intention of providing information to the supplier based on how well they’re meeting Lenovo’s business needs; this is the basis to improve business relationship.

3.2.2 Customers

Some of Lenovo's suppliers also act as Lenovo's customer, however customer relationship is the key factor to identify the expectations or which help to the product improvement.

IV CONCLUSION

The real question regarding this research was whether the CEO and President of Lenovo, Yang Yuanqing has effectively contributed to the success of the organization. According to my research, it have shown that Lenovo has outshined the other PC companies and became the world's number three smartphone company under Yuanqing's management which enhances that Yuanqing has successfully lead Lenovo through the functions of management. He was not only smart and skillful in areas of management functions, but he also knows how to integrate these activities as he has experienced low positions in Lenovo beforehand. It has been concluded that the Yang Yuanqing has been very influential with his ways of managing every management functions, goals, mission and visions by his unique skills and his ability to increase product demands and balancing the demands of various internal and external stakeholders of the business which in all have led Lenovo to the path of success by becoming the number one PC company worldwide. Lenovo have also achieved its goals of becoming a well-known and respected company globally because of its high quality services. Stakeholders play a really large role in Lenovo's success especially the customers. Therefore I concluded Lenovo's main goal is to ensure customers are satisfied. In addition I would like to suggest that Lenovo should get more creative in creating the smartphones as it's the trending product in today's technology industry and give better specs in the smartphones to win more customers.

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