

# **Business Growth Strategies**

**for**

**Asia Pacific**

Po-Young Chu  
朱博湧

President, Aspire Academy  
Professor, National Chiao Tung University



Dr. Willie Chien has had considerable experience of working as a senior executive in various Asia Pacific countries for several Western multinationals. For the past two decades, he has been devoting himself to numerous technical, operational, strategic-planning, business-development and regional-management positions in the Asia Pacific region. He is also a speaker at the Master Forum held by Aspire Academy.

Stan Shih is one of the most distinguished entrepreneurs in the IT industry. As the founder of Acer, BenQ and Wistron, he is considered to be one of the most influential business strategists of our time. He is also the founder of Aspire Academy.



Dr. Po-Young Chu is president of Aspire Academy, which prides itself on training executives and managers to cope with the highly dynamic business environment. He is a former director of EMBA programs at National Chiao Tung University in Taiwan.

# Agenda

- Significance of Asian Economy to the World
- Smiling Curve and Implications to Globalization
- Some Comparisons: Asian vs Western

## Top Ten GDP & PPP Ranking (Based on 2004 Results)

### GDP

<u>Ranking</u>	<u>Country</u>	<u>Value (in US\$ billion)</u>
1	USA	11,750
2	Japan	4,624
3	Germany	2,673
4	UK	2,128
5	France	1,987
6	Italy	1,649
7	China	1,601
8	Canada	970
9	Spain	964
10	Korea	667

### PPP

<u>Ranking</u>	<u>Country</u>	<u>Value (in US\$ billion)</u>
1	USA	11,175
2	China	6,913
3	Japan	3,612
4	India	3,096
5	Germany	2,318
6	France	1,671
7	UK	1,665
8	Italy	1,582
9	Brazil	1,449
10	Russia	1,371

Source : IMF, World Economic Outlook Database 2004/9/29

## Projected GDP Growth Rate(%) for BRIC

Country	Actual	IMF		Economists	
		2004	2005	2004	2005
India	7.2	6.4	6.7	7.1	6.7
China	9.1	9.5	8.5	9.5	8.5
Brazil	-0.2	4.0	3.5	3.8	3.5
Russia	7.3	7.3	6.6	7.2	5.9

Source: IMF (2004) World Economic Outlook. Global Demographic Transition.

September 2004; Economist (2004s) The economist poll of forecasters,

Aug 12<sup>th</sup> 2004. From The Economist print edition ◦

## Key Economic Indicators\* For China vs. other Leading Countries

<u>Key Indicator</u>	<u>China</u>	<u>USA</u>	<u>Japan</u>	<u>Germany</u>
GDP Growth Rate (%)	9.5	4.3	2.6	2.0
GDP (US\$ billion)	1,601	11,750	4,621	2,673
PPP (US\$ billion)	6,913	11,175	3,612	2,318
GDP Per Capita (US\$)	1,227	39,991	36,184	32,404
PPP Per Capita (US\$)	5,299	38,031	28,278	28,104
Current Account Balance/GDP (%)	2.4	-5.4	3.4	4.4
Fiscal Balance/GDP (%)	-2.2	-4.9	-6.9	-3.9
Inbound (US\$ billion)	53.5	29.8	6.3	12.9
Outbound (US\$ billion)	1.8	151.9	28.8	2.6

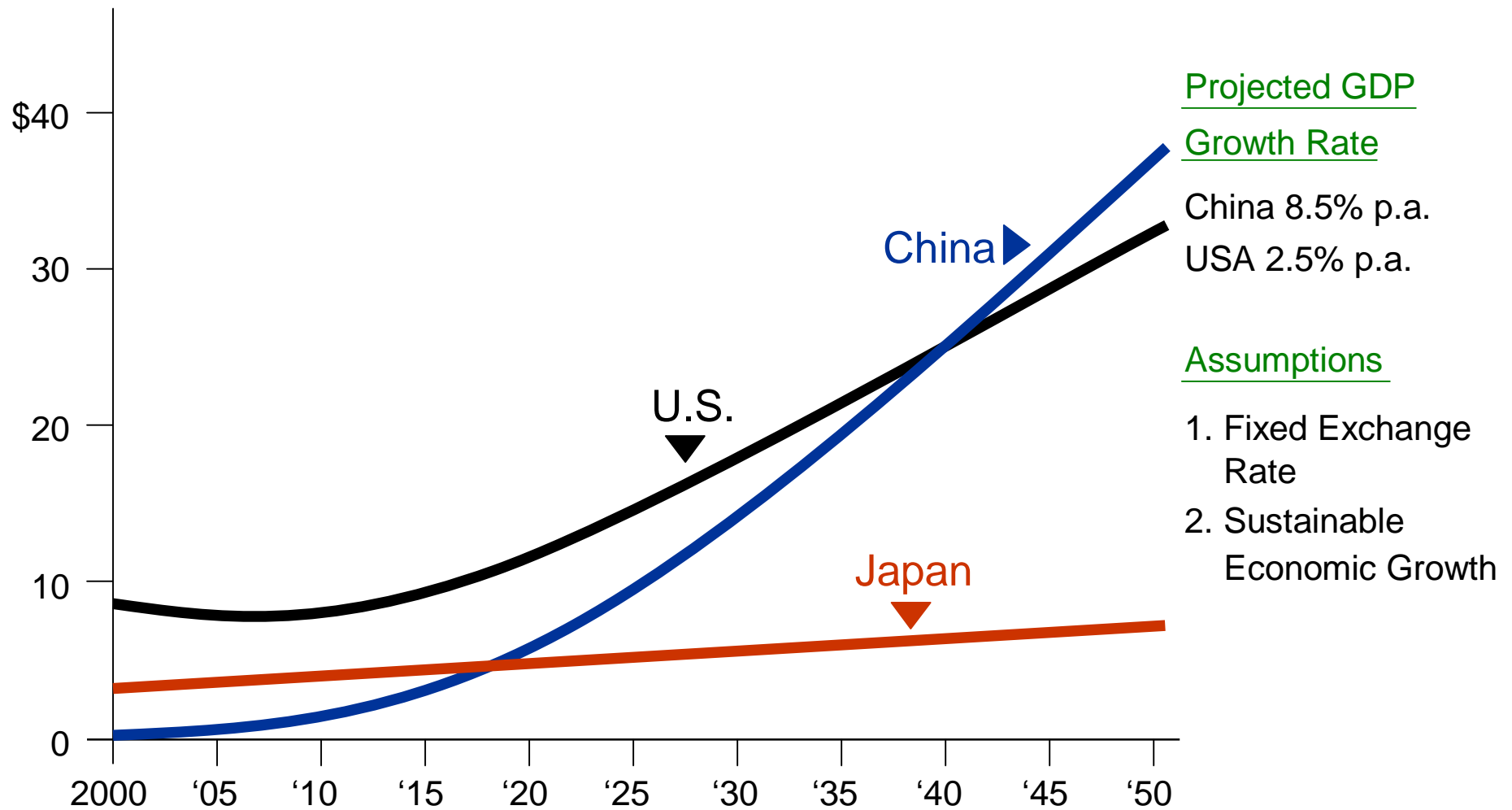
\* Based on 2004 data except FDI

\*\*\* FDI based on 2003 data

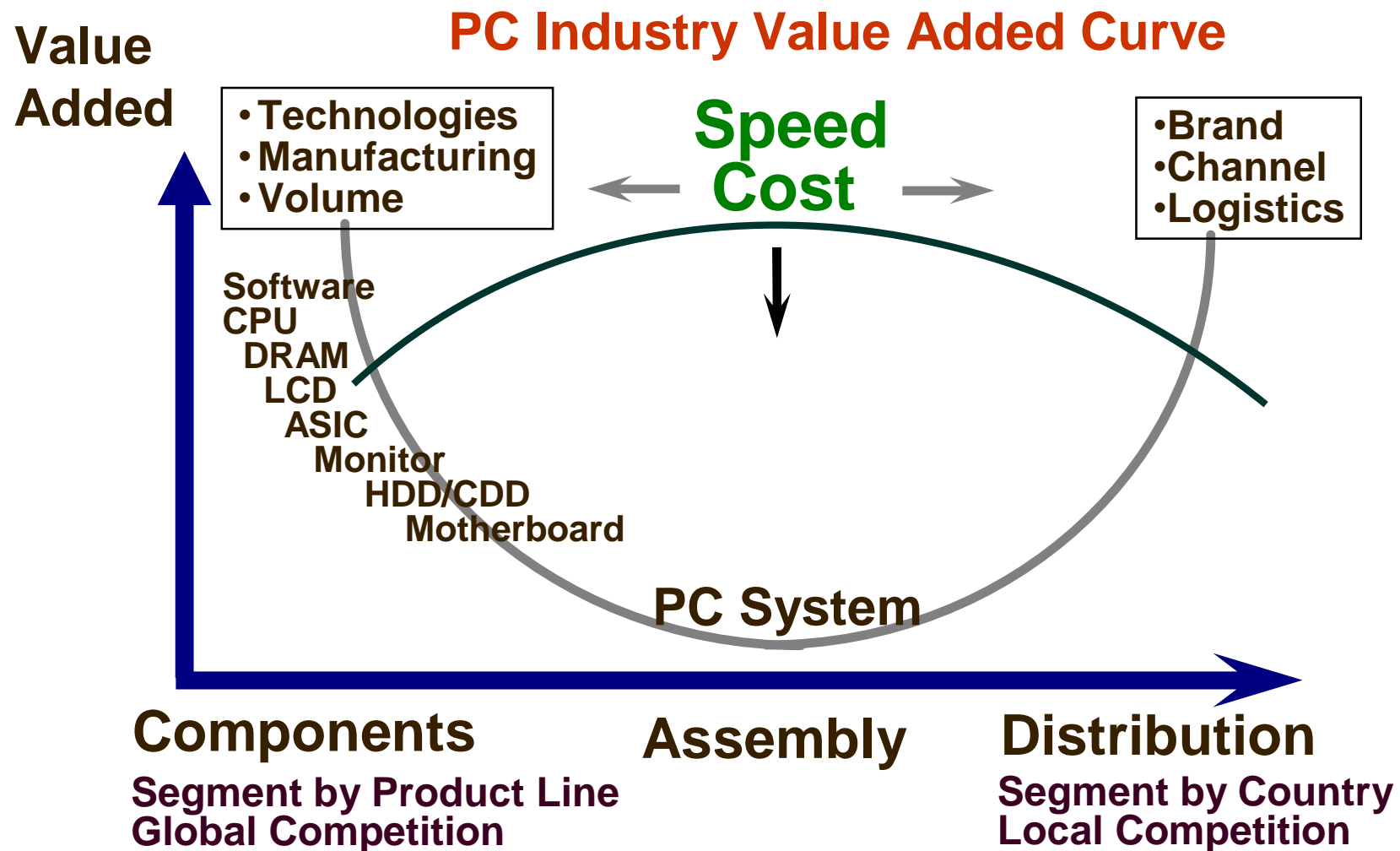
Source : IMF, World Economic Outlook Database

# Forging Ahead

Projected GDPs for China, Japan and the U.S. in trillions of U.S. dollars

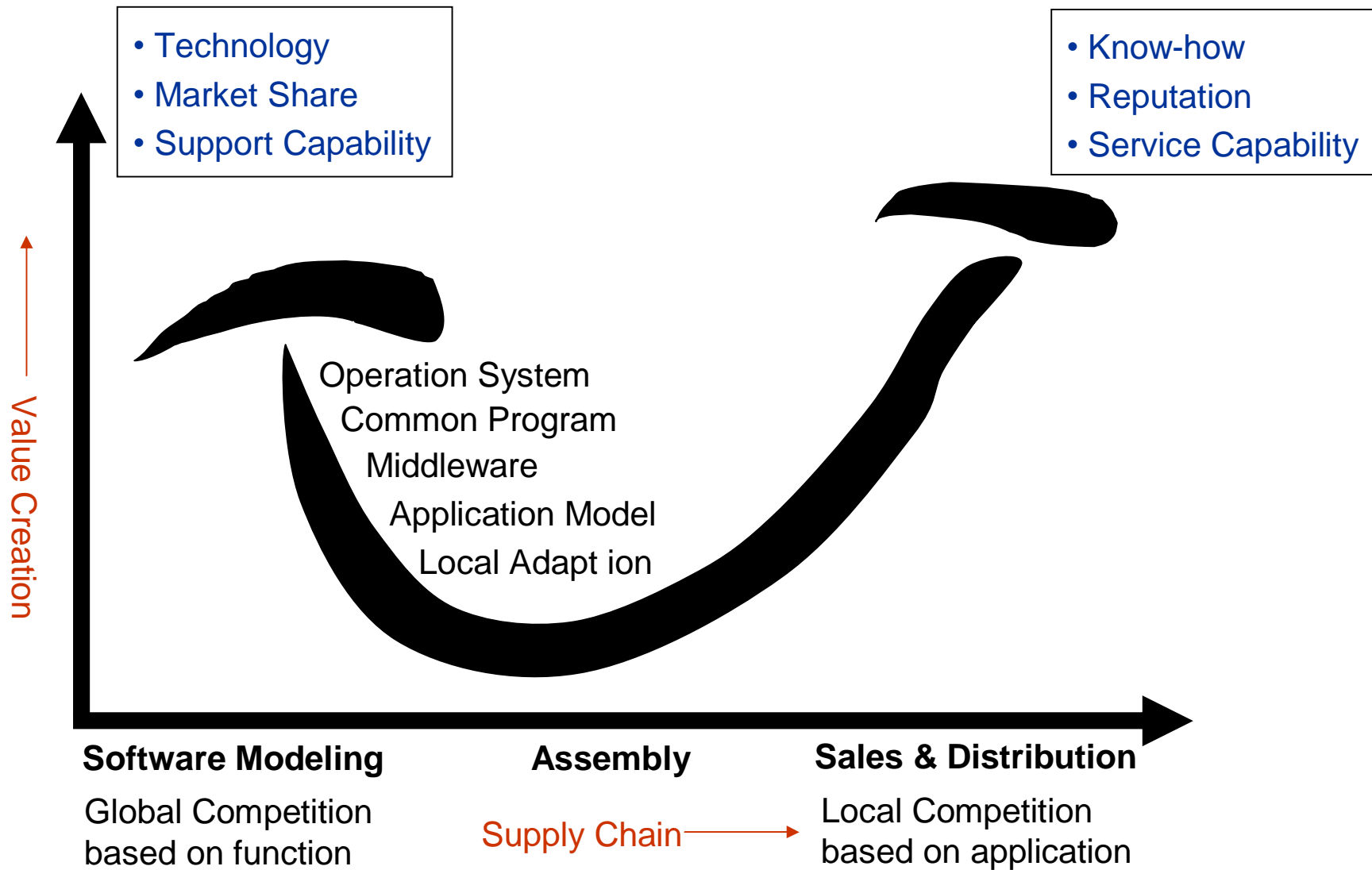


Source : Goldman Sachs



**\*Note: Original “Smiling Curve” proposed by Stan Shih, 1992**

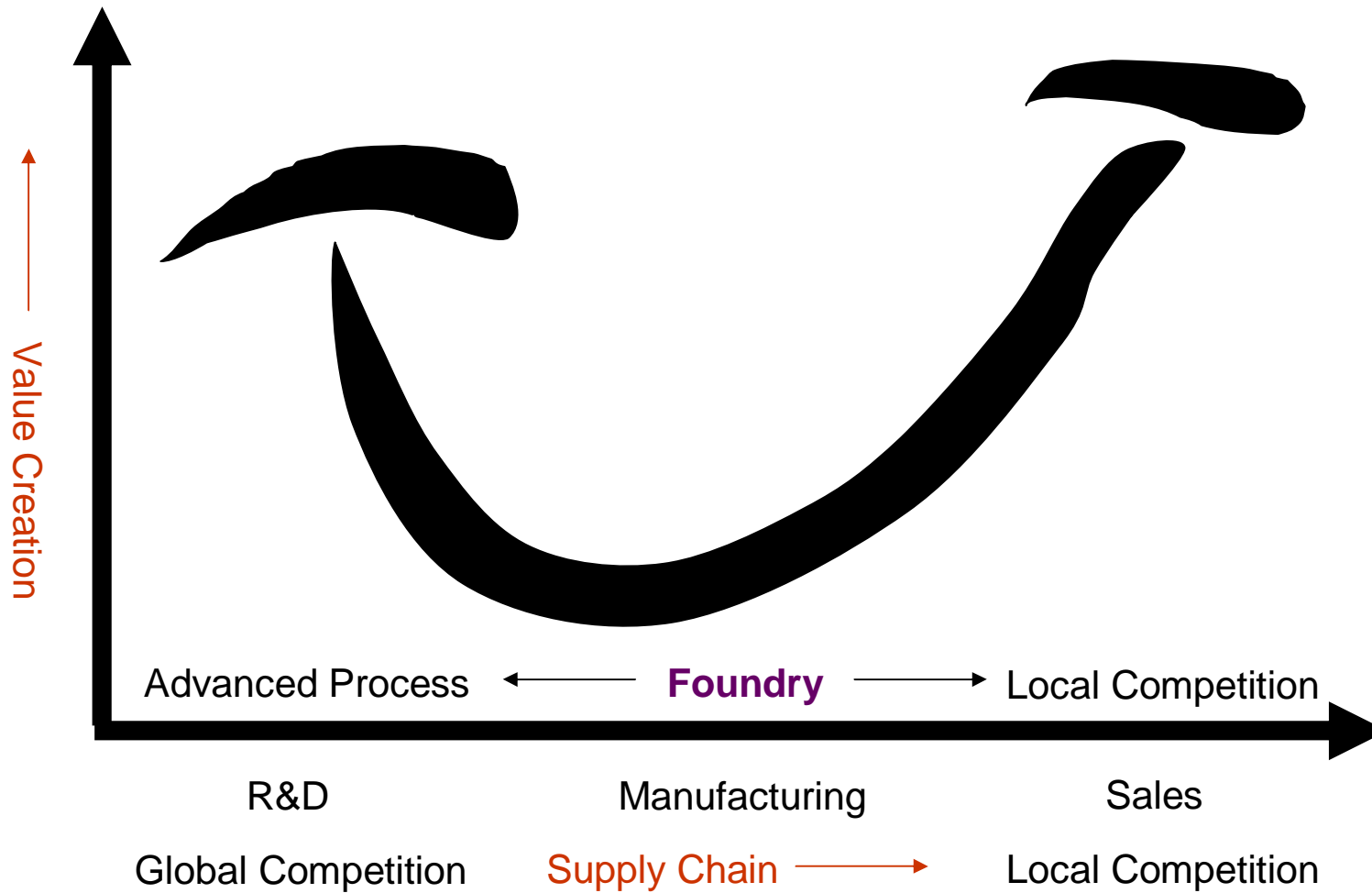
Figure 3.2.(a) Original Smiling Curve



**\*Stan's Concept 1992**

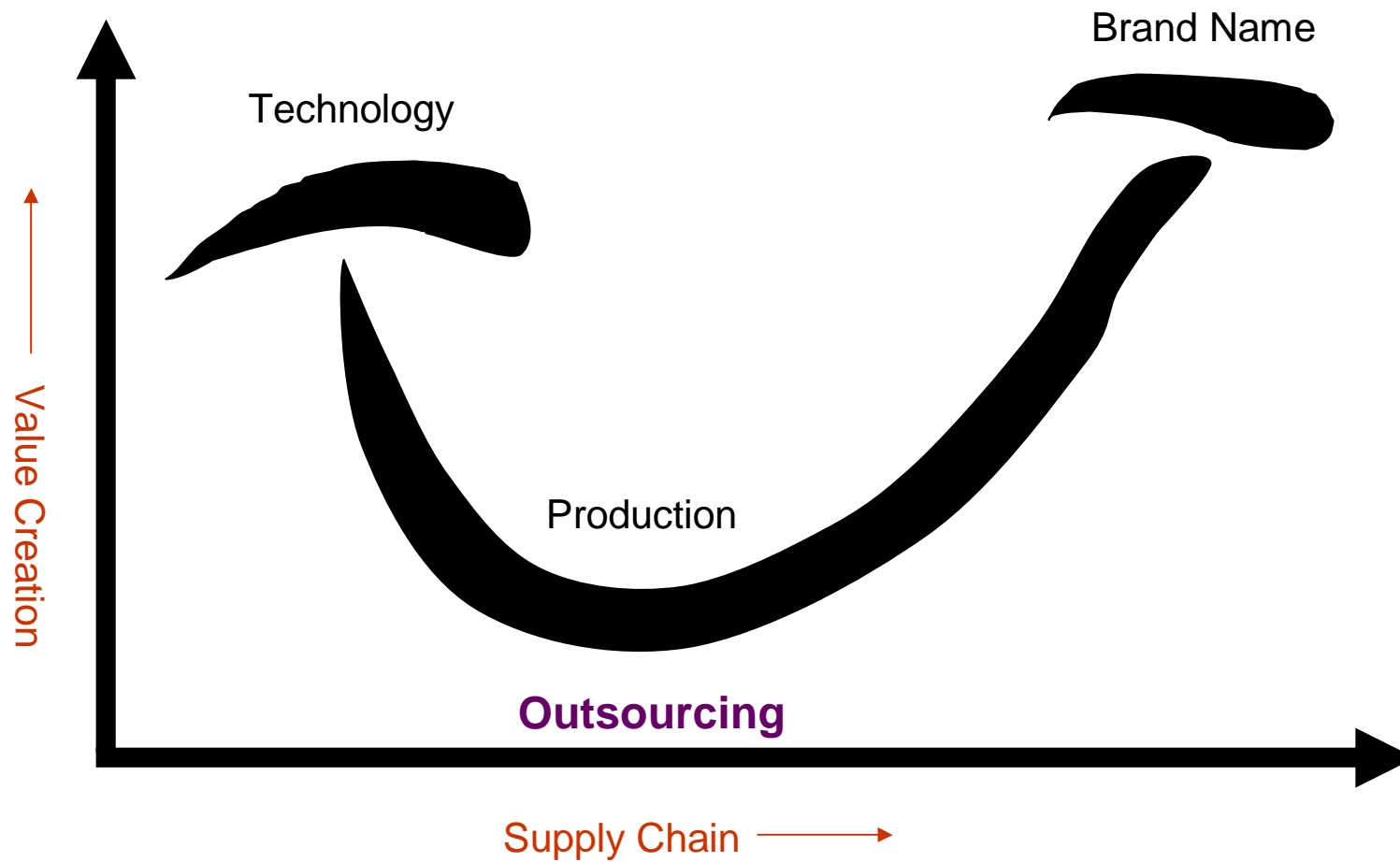
**\*Note: Original "Smiling Curve" proposed by Stan Shih, 1992**

Figure 3.2.(b) Computer Software Industry



**\*Note: Original “Smiling Curve” proposed by Stan Shih, 1992**

Figure 3.2.(c) Semiconductor Foundry Industry



**\*Note: Original “Smiling Curve” proposed by Stan Shih, 1992**

Figure 3.2.(d) Bio-tech Industry

## Summary of Case Studies (Based on 2003 Data)

Industry Segment	Players		Sales Revenue	Profitability		Profitability	
	WMN	VS. ASIA		Total	As % of Sales	Total	As % of Sales
White Goods	GE	Haier	WMN	WMN	—	WMN	—
Airline	British Airways	Singapore Airlines	WMN	ASIA	ASIA	WNM	ASIA
Automotive	VW	Toyota	ASIA	ASIA	ASIA	ASIA	ASIA
Banking	Citigroup	HSBC	WMN	WMN	ASIA	WMN	ASIA
Electronics-Mobile Phone	Motorola	Samsung	ASIA	ASIA	ASIA	ASIA	ASIA
Chemicals	Dow	Formosa	WMN	ASIA	ASIA	ASIA	ASIA
Semiconductor	TI	TSMC	WMN	ASIA	ASIA	ASIA	ASIA
Computer-Hardware	Dell	Foxconn	WMN	WMN	WMN	WMN	WMN
Food	Nestle	Wahaha	WMN	WMN	ASIA	WMN	—
Computer-Software	Microsoft	Wipro	WMN	WMN	WMN	WMN	WMN
Pharmaceutical	Johnson & Johnson	Cipla	WMN	WMN	WMN	WMN	WMN

Scoreboard :

WMN:9 WMN:6 WMN:3 WMN:7 WMN:3  
 ASIA:2 ASIA:5 ASIA:7 ASIA:4 ASIA:6

*In GDP term, in 2003 Asia made up 20% of global output. In PPP term, Asia represents 32% of global output and is projected to climb to 45% within 15 years. Those global giants that do not have an effective business strategy to deal with these market opportunities and competitive threats may face sudden extinction, just like the dinosaurs 65 million years ago.*

*Thank You*