

McKinsey & Company

## PANEL EXAMINES CHINA'S ECONOMY

It is something of a truism that China has become the looming economic story of the 21st century, but misunderstandings about the Asian giant still prevail. To look into the challenges and realities of China, McKinsey convened a roundtable of leading thinkers on the topic. Vik Malhotra, a director at McKinsey, introduced the session.

### **VIK MALHOTRA**

“In a recent *New York Times* article, foreign affairs editor Tom Friedman wrote from Tokyo that those leaders of Japan, America, Australia, Taiwan, Malaysia, Russia, Thailand, Indonesia, Singapore, the Philippines, or the European Union who are not going to bed each night saying a prayer for China are not paying attention.

China is much in the news not only because of its extraordinary economic record, but also because it is now the hub of an incredible economic story throughout Asia. First, let's hear some opening comments from each of our panelists.”

## OPENING STATEMENTS

### **Reality Check**

**JONATHAN WOETZEL**, Director, McKinsey:

“A number of somewhat immoderate viewpoints on the subject of China are in vogue nowadays: China is the center of the world; China's economy is going to take over the world; China is the world's manufacturing workshop; China is the world's largest economy.

What's needed for context on a discussion about China, however, is a reality check. China has a GDP roughly the size of Italy's. China's GDP by the year 2010 will be roughly the size of Germany's. Between now and 2010, the Chinese economy will grow by roughly the size of Spain's economy, and it will continue to do so every 5 or 6 years. China is not a small economy but, on the other hand, China is certainly not the size of the United States in economic terms. Many of those who are interested say that China won't pass the United States until roughly 2040, which is within our lifetime but perhaps not within the span of our careers.

So, in thinking about making investments in China, it's important to get both the timing and the context right. For industries that are present at a relatively early stage of the country's development, such as basic materials or cheap consumer goods, China is particularly important for the broad range of opportunities now available. But, if you're in a business that is at the more advanced end of the

spectrum, then you need to think carefully about what role China should play in your portfolio.

In addition, there is the issue of sustainability. A popular view is that the Chinese economy is getting out of control and can't keep growing at the rate it has been, and that external forces will shut it down. Again, the reality is that China is a domestic story. Eighty percent of China's investment comes from Chinese people, driven by 40 percent savings rates and 40 percent investment rates. Those are high numbers, but they are not unprecedented. South Korea, for example, had similar savings and investment rates for more than two decades. As long as China is investing and getting some return on that investment, then the Chinese economy is sustainable.

Supporting that sustainability is China's strong productivity record. If you look at the decade of the 1990s, labor productivity grew by more than 12 percent in China's industrial sector, compared to say 4 or 5 percent in the United States. That reflects the incredible impact of taking a rural society and turning it into an urban and industrializing one. Essentially, China is running with the same playbook that Korea and Taiwan used, but it's a lot bigger and a lot more domestically oriented.

As a final point, there's often the temptation to look at China as a communist country and a state-run economy. It's not. About two-thirds of the economy is non-state-run, and, even more important, the funding of the Chinese economy is increasingly driven by capital markets. More than 40 percent of the capital invested in China this year is being raised by equity and bond issuances. Any Chinese executive you talk to these days is no longer thinking about where he is going to get his next bank loan from; he's thinking about how he can IPO, and what he is going to get for his secondary issuance."

### **Opportunities in Economic Revolution**

**VICTOR CHU**, Chairman and CEO of First Eastern Investment Group:

"I want to highlight a few points for consideration. One is that the revolution of China's economy is still in progress. The revolution is going to progress more rapidly and be more substantial as time goes on. Second, if you're not in China already, then the next 5 to 7 years will probably be the best time to get into China. Third, at this time in China's development, it's best to be realistic and prudent.

Now, why is China so unique in terms of the opportunities available now? Number one – everything is negotiable today. There are few countries where you can go today and negotiate with central, provincial, or local governments for special tax breaks or special preferences, provided you can convince the government that you're there to help them increase employment and local growth. Number two – few antitrust policies are being enforced today, so you can go in and dominate.

Number three – the sales of restructured companies and special assets will be gone forever after this generation. So this is a once-in-a-lifetime situation. China is evolving from a system based on personal relationships to a system based on rules and regulations. In the few years of transition, there are some special opportunities.

But it still pays to be prudent because the risks are real. Since the rule of law hasn't been fully established yet, you need to troubleshoot when problems crop up. You need to use a cocktail of political connections, personal connections, and commercial pressure. A second risk to take into consideration is around people. Senior management at Chinese companies change often. If you have a partnership with a Chinese company, that means you have to cultivate and renew a set of trusts with new people often. That's a major problem.

Some people are enthusiastic about the opportunities presented by management buyouts, but I think the jury is still out as to whether the central government is really serious about them. Probably you could get a good deal on a management buyout today, but in 5 years someone could reopen the books and speculate whether the government was ripped off, and that could lead to problems.

### **Flexibility is Key to Success**

**ANDREA JUNG**, Chairman and CEO of Avon Products, Inc.:

"At Avon, we've been on the front lines of this market for a little over a decade. We've identified it as probably the fastest-growth market. From a consumer point of view, I hope that we have proved, and are still proving, that China's growth is a domestic story. Our focus has been not so much on the manufacturing side, although we have a wonderful plant there, but on the consumer side.

Looking at the number of women who could both sell and consume, we knew the opportunity was huge when we entered the market, though not without problems unique to this country. When we started, we attracted well over a quarter of a million entrepreneurial women who were interested in selling Avon products in the 1990s. Then we woke up one morning in 1998, after having spent over \$40 million on a new state-of-the-art facility, and saw on television that the government had shut down our entire door-to-door sales model. We were essentially out of business for some 6 to 8 weeks.

We pulled a lot of shifts, brought a lot of local managers into top management positions, and began some intensive lobbying with the government to open up our business again. We had to be flexible and our model evolved more along the franchise line. We have some 6,000 beauty boutiques now, mostly owned and operated by women, many of whom own multiple boutiques. They are very entrepreneurial and as good as if not better than any of our women dealers and representatives in any of our other countries.

I think for consumer companies who can crack the distribution game in the towns and villages, and who can understand pricing, the growth potential in China continues to be huge.

### **Change on the Ground**

**YIBING WU**, partner, McKinsey:

“I think the sustainability of the Chinese economy and its long-term future depends heavily on the sustainability of Chinese companies themselves. Will they be able to provide a return on capital to investors? Many people are worried these days about the Chinese economy overheating. The Chinese government began encouraging banks to lend less but had a difficult time of it.

But then something interesting has happened. At the four leading national banks, lending went down about 40 percent. That drop really surprised the government and they asked us why it happened. The reason is quite simple. Banks are putting into place an EBA-based (Enterprise Business Application) performance management system, so now they measure both risk and profit. I think that’s probably the most powerful tool being introduced into banks. On top of that, they are implementing simple but rigorous lending rules. For example, if front-lending officers make bad loans, it stays with them for life and affects their performance. There are now real consequences.

These two simple developments resulted in that big change in lending policies. There are still plenty of legitimate concerns around lending practices but these two examples of how even state-owned banks are starting to change their behavior gives me a lot of hope that the Chinese economy is sustainable.

The second important question that people ask is whether managers will eventually be of sufficiently high quality to run these gigantic Chinese companies. I know at one of the top telcos in China, for example, a government-appointed chairman wants to put in place a purely CEO-driven management system. Again, that indicates to me a willingness to change and put in the mechanisms necessary to run a company properly.

### **Innovation, Relationships, and Human Resources**

**JOHN THORNTON**, Director of Global Leadership at Qinghua University in Beijing:

“I want to make four observations that I think are relevant to being successful in China. The first focuses on the Chinese educational system. If you’re a Chinese high school student and you want to go to college, you get there exactly one way: you take five exams, three of which – Chinese literature, math, and English – are required. The best students are basically scoring perfect scores to get into the best universities, which means they’re getting a perfect score on their English

exam, which tells you something about the way the Chinese leaders think about that question.

Second point: the Chinese leadership has always run itself on a kind of 'themes of the day' approach. The current theme is the expression, 'China's peaceful rise.' This theme is being enthusiastically discussed by Chinese intellectuals. But it goes beyond the intellectuals. The Chinese leadership has understood that without a peaceful situation, both at home and in its relations with other nations, they simply can't run the country.

My third comment is on relationships. Relationship building in China is absolutely central to success. The university elite by and large still want to become members of the Communist Party and run the place. You're well-advised to develop relationships at all levels with these people if you've got a business of any kind of scale, because the relationships you develop could last 10 to 40 years. This is easy to say but difficult to do. And in my experience, 99 percent of westerners don't spend the time necessary to build these relationships. Senior people in corporations often tend to go to China once or twice a year, but that's just not enough. You've got to get inside, which means you've got to spend enough time there, building genuine, honest, candid relationships with those with whom you'll have to work, as well as with those who will work for you. Too many western companies are skipping that step, or they're doing it very badly.

My final point concerns human resources. HR is one of the biggest issues that is going to keep China from progressing as fast as it should. One week last fall when I saw a large number of Chinese officials, I was struck by the fact they were all exhausted. They were exhausted because they have enormous and complex tasks to accomplish in a society in which decisions are not delegated. If you're in the middle of the ranks, there are asymmetric risks when you make a decision. If you're wrong, you're punished. And if you're right, you don't get rewarded for it. So, these middle managers kick decisions up.

Chinese leaders are grappling with two questions: how to make China an innovative society and how to get the best young people into key jobs as quickly as possible. They understand conceptually exactly what they've got to do, but they are not quite clear about how to execute on it. When you start thinking through those two issues, innovation and HR, you see that they pose great problems.

What makes the issue more difficult is the level of distrust among Chinese students for western companies. Of the students I've taught and spoken to, about 80 percent of them say Haier, the white goods company, is the corporation they admire most. And when I asked about western companies, to a person they think western companies are a place to get trained, not a place to have careers. They think there are glass ceilings there and they won't accede to top management positions. They think these companies can't be trusted.

Only about 20 percent of the students I was teaching were hired by foreign companies. I tried figure out why more of them weren't hired. And here's my view.

They don't get hired because they're not fully baked Harvard Business School graduates. They have raw talent you've got to work at to make into the kind of talent that's effective. It's a risk companies don't want to take in hiring these, in many cases, exceptional people. I make this observation because, in my experience teaching business at the finest school in China, the multinationals are really missing a trick, and they're not in any way as aggressive as they should be in their search for local talent."

## AUDIENCE QUESTION & ANSWER

**Q: Is there a potential overheating problem in China and what is the central government doing about it?**

**JAMES HOGGE**, Foreign Affairs, Editor:

"I want to go back to the question of whether the Chinese economy is overheating or not, in part because it is so much in the news right now, and also because it is so important not only to the Chinese economy, but also to global businesses. You all know the issues:

- 9.7 percent growth rate, which is considered to be more than they can handle on a sustained basis
- Overlending, which continues at a rather high rate
- Fixed investments at 43 percent, which is creating overcapacity.

I could go on. China has changed a great deal since the last time it overheated, which was about 10 to 12 years ago. The economy was much smaller then; it was not as decentralized as it is now; it was easier to control by central command. And, as I recall, the central command at that point was a little bit too heavy with the foot, and brought on some recessionary characteristics that hurt for quite a while. If that were to happen this time, it would have a tremendous effect, not just on China, but on the whole Asian region and on the global economy."

**VICTOR CHU**, Chairman and CEO of First Eastern Investment Group:

"We need to be aware of two dynamics. One is that China is country where you have the First, Second, and Third Worlds combined. The coastal region, where Hong Kong, Shanghai, and Beijing are, these are in the First World. And then you have then Second and Third Worlds farther into the interior of the country.

When the overall country is growing at 9.1 percent, then you can assume that Shanghai and other cities along the coast are probably growing at 15 to 20 percent. So I think one of the real problems is regional disparity. The gap between the haves and have-nots is huge.

Now in terms of cooling the economy, there's been a major change in the government's mindset. In the past, when there was a problem with overheating,

the government just shut everything down. This time around, I think they are going to be more rational. The policies are going to be far more selective. So I think that the chances of a soft landing, if there is going to be any kind of landing at all, are much better this time than the chances of a hard landing.”

**YIBING WU**, partner, McKinsey:

“The answer to this question partly revolves around whether the central government will be able to control the provincial governments. But overall I’m confident because issues are already being escalated selectively. For example, the State Council had a special meeting recently just on the overheating of the steel industry, looking into overcapacity and where it was happening. The pragmatism and the ability to focus on such specific areas impress me.”

**Q: Is China a legitimate global competitor?**

**JOHN THORNTON**, Director of Global Leadership at Qinghua University in Beijing:

“Let me put my answer in this context. First, in the class I teach, the students exhibit an interesting schizophrenia, by which I mean that they have a great sense of opportunity and optimism, while at the same time having a great sense of insecurity. One of the questions I must have been asked a hundred times is, do you believe that China can really create global companies? I do believe that, and in my answer I’ve always cited all sorts of U.S. companies that have been created recently and have been globally successful.

Second, I have probably 20 CEOs in my class, all of whom built their own companies, ranging from small to large. When you ask them where do they want to end up, 20 out of 20 say they want to be a public company on the New York Stock Exchange or NASDAQ, or possibly Hong Kong. None ever says Shanghai. Because financial reform is moving too slowly, local capital markets are not really a good avenue for most of the quality companies in China, so they don’t go there.

Having said this, I also think that Chinese companies are a fair way from being globally competitive. Do even Haier and Legend have the mechanisms that make for successful global companies? I just don’t know how rock solid they are.”

**JONATHAN WOETZEL**, Director, McKinsey:

“About 70 percent of the work McKinsey does in China is for Chinese companies, so I feel that we have some context. I’ve actually done more M&A for Chinese companies overseas than I have for international companies in China. So I think the answer is yes, they are already going global, and they are doing it for three different reasons. Chinese companies are going global first of all for resources. The large Chinese national resources companies have been buying big time everywhere in the world. There’s a huge wave of outward investment in Central Asia, Latin America, Indonesia, and Australia.

Second, they are buying brands and distribution. Some of them, for example, have completed deals to get into European consumer electronics. The third thing Chinese companies are buying is technology. There has been a significant amount of Chinese investment in semiconductor design recently, for example.

So the reality is that there are already significant Chinese companies in the \$2 billion to \$5 billion sales range in the global arena. And, as John said, they all have that aspiration to become globally competitive. You will not find a Chinese CEO who doesn't say that at one point he will be a Fortune 500 member."

**Q: What is the role of the local partner and where is joint venture law going?**

**JONATHAN WOETZEL**, Director, McKinsey:

"By and large, you are not legally required to have a partner in China anymore, except in a few industries such as automotive OEM manufacturing and some media industries. Actually, the situation is increasingly the reverse. About 60 to 70 percent of investment this year has been in the form of wholly foreign-owned enterprises. Even the joint ventures tend to be more 80-20, 90-10 kinds of deals, where the multinational holds the majority share.

But step back from that and realize you already have a partner in China. Your partner is the government. So many people go into China and with the assumption that they have to have a partner. In some cases you may, but realize your real partner is the owner of that partner, and you need to negotiate directly with the owner of that partner because that's the guy who can do something about your taxes, who can organize your transport, who can help you get workers, and who can lower your power costs.

If you're going to go into China with the notion that I'm a big American company and I know everything, it won't get you very far. You need to build the relationships with the people who count and have influence."

**ANDREA JUNG**, Chairman and CEO of Avon Products, Inc.:

"For those of us who were entering China a decade ago, we felt we needed local partners. Now that dynamic has flipped around. I think for local companies, one of the paths to becoming global is partnering with multinational companies. You're going to see more activity in certain industries where Chinese companies leverage some of the competencies and innovation of a multinational company as their path to becoming global."

**Q: Can innovation and productivity fuel China's growth?**

**JONATHAN WOETZEL**, Director, McKinsey:

“There is no doubt that a substantial component of the productivity growth is just a factor of putting a lot of money into the system through savings and investments. But no matter how you look at it, there is evidence of real productivity growth, particularly in the manufacturing sector. Productivity rates in services and agriculture, by contrast, are not that impressive. But the reason for the productivity surge in the manufacturing sector is that China has a robust and a competitive domestic product market situation, whether we’re talking about bicycles, machine tools, or chemical fibers companies. There are a lot of people competing for those contracts right now.

That competitive environment means that China can build factories for half of what it would cost to build the same factory in the United States. That capability will drive productivity globally. These Chinese companies are using local equipment, local design, local construction, and they’re building these plants twice as fast as foreigners could. It’s not actually the lower operating costs that are attracting foreign companies; it’s the lower costs of investment.

At the end of the day, Chinese companies can be quite happy with a low 5 percent margin, for example, because they don’t have to pay back that much capital in the business. A company outside China may need to get a 15 percent margin to recoup its higher investment costs but that’s hard to do. So it goes bankrupt, the equipment goes up for sale, and winds up in China anyway.

This is a fiercely Darwinian competitive environment and the guys driving it are the first generation of entrepreneurial capitalists. No one in China has inherited a company. These guys have all built from scratch. It’s those guys who are driving what has become a robust competitive situation.”

**Q: What risk is there of political events derailing China’s economic development?**

**JOHN THORNTON**, Director of Global Leadership at Qinghua University in Beijing: “My own view is that the Chinese leadership is seeking to create a society over time with at least two characteristics: One is that it’s a more humane society than what exists in the west, particularly in the United States. And two, that the tradeoff for that will be the loss of a certain amount of personal freedom. If by ‘free society’, you mean a society with universal suffrage, my personal view is that’s a long way off. The best intellectual minds in China right now are focused on political reform, not on economic reform, precisely because this is a subtle, difficult, complicated question.

If you look at Chinese history over the past 200 years, about every 5 years or so there is some kind of hiccup, and sometimes it’s quite violent. So I have no doubt that during our lifetime there will be one or more of them. I think the question will be, how will the Chinese government handle it and how will the international community react? My instinctive reaction is the Chinese will manage it quite well from the standpoint of Chinese stability, even though there will be a downturn in terms of relations with the west.

I just want to make one more comment. The Chinese leaders have been sending teams of people to Singapore, literally to follow individual legislators around there, in the hopes of answering the question, how is it that this city state can be a democracy and have one party that remains in power all the time? Lee Kuan Yew (former president of Singapore) gave them a very simple answer. Number one, you have to produce results. And number two, you've got to be phenomenally strong at the grass roots. Obviously what happens in Singapore is difficult to transpose to a big country, but the problem in China is that the Party is not close enough to the grass roots. The system is very elitist."

**YIBING WU**, partner, McKinsey:

"In my view, the political system won't change much in the foreseeable future. But what the government is trying to change are the parameters around economic development. I think the government is quite consciously targeting dimensions to free up. For example, even in state-owned companies, the government is actually encouraging the Communist Party to give up some control."

A very interesting document from the 16th Party Congress relates to this. It emphasized that while talent selection should of course be controlled by the Communist Party, it should also be market oriented. So you have an intrinsic conflict built into a Party document, which is basically encouraging market orientation. They are going to emphasize the introduction of those freedoms, which are relevant to good economic development."

**VICTOR CHU**, Chairman and CEO of First Eastern Investment Group:

"The chemical reaction I think has already begun. In the long run, you will see a freer, more open society in China because of the economic reforms. But the checks and balances in the Chinese system are manifest in different ways. This is not necessarily a model that we are all familiar with. For example, there is an experimental municipal system in Nanjing where every year, an electorate of 20,000 voters is chosen at random to vote on and rank city officials. And if an official is voted the least popular or the least admired, it's a matter of honor that this person resign. So there are checks and balances behind this seemingly totalitarian regime. In fact, there are many factions within the Communist Party, and they check each other. That's where the interesting chemistry is evolving."

**Q: Are any foreign companies turning a profit in China?**

**ANDREA JUNG**, Chairman and CEO of Avon Products, Inc.:

"An increasing number of companies are indeed making money in China. It does take some time, but the popular statement that 'no one makes money in China' is not true. Critical mass and scale, and smart business practice, say that most of the companies who are able to survive and thrive in China will not only make money – they'll make a lot of money. How much is reinvested because of

anticipated growth is another story, but I do believe that, despite some inevitable hiccups, this is going to be a very profitable market for many industries going forward.”

**JONATHAN WOETZEL**, Director, McKinsey:

“In 2002, there were roughly \$7 billion in dividends repatriated from Hong Kong and China to U.S. corporations, so at least \$7 billion was made. Beyond that, if you look at the surveys of groups like the American Chamber of Commerce, they indicate that within 3 years, two-thirds of companies break even or are profitable and, within 4 or 5 years, 80 percent are. Two-thirds say that their margins in China are equal to or greater than their global margins. So it’s a myth that companies don’t make money in China. Essentially, those who are losing money are complaining, and those who are making money are not necessarily advertising the fact.”

**Q: How do foreign companies in China protect their intellectual property rights from being taken by joint venture partners?**

**JONATHAN WOETZEL**, Director, McKinsey:

“The reality is that Chinese law has many loopholes and gray areas, but there is in fact a patent system. There are lots of law suits in U.S. courts pending against Chinese companies. Increasingly the awareness is there. It all comes down to enforcement, and I don’t think that having a joint venture is actually the critical issue. The critical issue is really whether you are aggressive on the ground and directly in the face of the government.

The government is your partner. The decision makers are in the government, not in your joint venture partner, and if you explain to the true decision makers that this or that matter concerns not only your business but also the country’s investment reputation, and that you have a lot of well-placed connections, then you can often work wonders. Direct interface with the government is the way to get problems resolved when they become more complex.”

## PANEL BIOGRAPHIES

**James Hoge, Jr., Editor of Foreign Affairs**

James F. Hoge, Jr., is the editor of *Foreign Affairs*, the journal on international affairs and foreign policy published by the Council on Foreign Relations. A former editor of the *Chicago Sun Times* and publisher and president of the *New York Daily News*, Jim spent three decades in newspaper journalism. A former director of the Council on Foreign Relations, he is currently chairman of the International Center for Journalists and a director of the Foundation for a Civil Society and Human

Rights Watch. He received a B.A. from Yale University, an M.A. from the University of Chicago, and attended Harvard Business School's Advanced Management Program.

**John Thornton, Director of Global Leadership at Qinghua University in Beijing**

John L. Thornton is a professor and director of Global Leadership at Qinghua University in Beijing. John retired in 2003 as president and co-chief operating officer of the Goldman Sachs Group, Inc., and as a member of the firm's board of directors. He is a director of the Ford Motor Company, British Sky Broadcasting, Hughes Electronics, Intel, Laura Ashley Holdings, plc, and the Pacific Century Group, Inc. He is also chairman of the Brookings Institution Board of Trustees, a member of the Council on Foreign Relations, and a director or trustee of the Asia Society, China Institute, the Eisenhower Fellowships, The Goldman Sachs Foundation, The Hotchkiss School, Morehouse College, Qinghua University School of Economics and Management, the Yale University Investment Committee, and the Yale School of Management. He received a B.A. from Harvard College, a B.A./M.A. in jurisprudence from Oxford University, and an M.P.P.M. from the Yale School of Management.

**Jonathan Woetzel, Director in McKinsey's Shanghai Office**

Jonathan R. Woetzel is a director in McKinsey's Shanghai office. The author of *Capitalist China: Strategies for a Revolutionized Economy* (Wiley 2003) and *China's Economic Opening to the Outside World* (Praeger 1989), Jonathan has assisted leading local and multinational companies develop strategies and organizations for China for more than 15 years across a wide range of industries including chemicals, energy, steel, retailing, and health care among others. Fluent in Mandarin, Jonathan received a B.A., M.A., and Ph.D. from the University of Southern California.

**Andrea Jung, Chairman and CEO of Avon Products Inc.**

Andrea Jung was elected chairman and chief executive officer of Avon Products, Inc., in 2001. She joined Avon in 1994 as president, Product Marketing for Avon U.S., eventually serving as executive vice president of Global Marketing and New Business, then president, chief operating officer, and chief executive officer of the company. A director of General Electric, she is also a member of the Salomon Smith Barney International Advisory Board and a member of the Board of Trustees of Princeton University and the NY Presbyterian Hospital Board. Andrea is a magna cum laude graduate of Princeton University.

**Victor Chu, Chairman and CEO of First Eastern Investment Group**

Victor Chu is the chairman and chief executive officer of First Eastern Investment Group. Since 1982, he has practiced in the field of corporate, commercial and securities law, with a special emphasis on direct investment and investment management in China and Asia. His firm has offices in Hong Kong, Beijing,

Shanghai, and Bahrain. Victor recently played a leading role in a report by the Institute of International Finance (IIF) on recommending a series of actions to reduce the obstacles in the creation of a good corporate governance environment in China to attract more foreign investment. He is a member of the Foundation Board of the World Economic Forum and received his LLB (Hons) from University College, London.

### **Yibing Wu, Partner in McKinsey's Beijing Office**

Yibing Wu is a principal in McKinsey's Beijing office. He has served clients in China, across Asia-Pacific, and in the U.S. from a wide range of industries including high tech, telecom, health care, energy, and financial services. Before joining McKinsey, Yibing was a technology consultant at Harvard University where he received a Ph.D. He has a B.S. from the University of Science and Technology of China.