

Team 9 Executive Summary

The purpose of this document is to discuss how Midea Group transfers from a small manufacturing workshop to today's international appliance industry leader listed in Fortune 500. Midea Group is the miniature of thousands of similar Chinese manufacturing companies, and which makes its success factors meaningful to be discussed. This document will also discuss the current challenge Midea Group is facing and provide recommendations for it to step forward.

Midea group is a Fortune 500 electronics technology company, which generates over 22 billion USD sales annually. Midea specializes in electric household appliances including air treatment, refrigerations and laundry. In 50 years, Midea has grown from a small company to a worldwide group with 21 manufacturing plant and serving over 200 countries.

After 1969, Midea faced several times of crisis of the organization during its development, and every time it survived, adapted to the environment and grew from it. In 1997, the Asian Financial Crisis caused the shortage of capital chain of Midea. However, the president timely changed the organizational structure from the initial straight line management to a multidivisional structure, which solved the problem and brought the organization an inspired morale. In recent years, Midea gradually went global by several acquisitions and alliances. In 2016, Midea made a highly publicized move to acquire German robotics company KUKA. The resulting revenue increase for that season after acquiring KUKA reaches 20%. The acquisitions and alliances prevent Midea to fall in identity crisis and grow to elaboration at this stage.

The success factors of Midea Group has been developed by the team, which are: Clear and thoughtful mission, vision and culture, business strategies which focused on steady growth, implementation of ERP to consolidate its business value chain, correct management principles, and innovation driven culture. Due to these success factors, Midea developed rapidly and is currently placing in the sixth stage of the organization life cycle: growth through alliance.

The team evaluated the lifecycle of Midea's development path as well as diagnosing current situation. Nevertheless, there are challenges that Midea is facing today: 1. Midea needs to have a new strategic plan that work on product differentiation. 2. Midea needs to adapt different cultures to become a globalization corporation. 3. Midea needs industry transformation.

From these challenges, the SWOT analysis was conducted to figure out the strength, weakness, opportunities of Midea Group. The opportunities are the big picture - Industry 4.0 and increasing demands in global markets, while the threats are the increasing labor cost in China and Shrink household appliance industry. These threats further require Midea to develop the global marketplace to find new suppliers and customers, and identify the importance of industry transformation stated previously.