



Alibaba.com: A Smiling Community with a Dream

Since its humble beginnings in 1999, when it was launched by Jack Ma and 17 other co-founders, Alibaba.com has become the world's largest online business-to-business global trading marketplace, with 2.5 million and 14 million registered users in its international and Chinese domestic marketplaces respectively (refer to Appendix 1 for key development milestones). In 2004, the Alibaba websites boasted an estimated combined transaction volume of more than US\$4.5 billion. Alibaba.com also owns and operates Taobao.com, a business-to-consumer and consumer-to-consumer marketplace; Alipay, an online payment system in China; and Yahoo China, which it acquired in October, 2005.

Alibaba.com currently has more than 4,600 employees with an average age of 26. It was selected by China's CCTV as one of the country's best employers in 2005 and was recently named one of China's Top Employers 2007 by CRF China.

In just seven years, Alibaba.com has achieved award after award in recognition of its achievement and impact on e-commerce, including "Best of the Web" by Forbes Magazine for seven consecutive years, the most popular B2B website by Far Eastern Economic Review, and other awards, including China Excellent Business Website and China Best Commerce Website. Alibaba.com is frequently quoted as one of the top five websites in the world along with Yahoo, Amazon, eBay and AOL, by domestic and international media.

Jack Ma: Founder, Chairman, and CEO, Alibaba.com



Jack Ma is one of the first entrepreneurs to develop e-commerce in China. He and his team have achieved many 'firsts' in the area of Chinese Internet Trade. He founded the first internet commercial website in China, and created a B2B marketplace platform to all small and medium-sized enterprises in Asia and around the world. He promoted the "Trust Pass" plan on the website, which created the world's first on-line credit platform for companies.

Under Jack Ma's leadership, the Alibaba B2B websites have attracted more than 17 million registered members in 220 countries globally, with daily postings exceeding 35 million, making Alibaba.com the most active Internet market place and B2B community worldwide.

Since the inception of the company, more than 400 media have reported about Alibaba and Jack Ma, in dozens of languages. In addition to numerous awards presented to Alibaba.com, Jack Ma was also selected by the World Economic Forum as one of the 100 Young Global Leaders in 2001; was named Business Leader of 2001 by Asia Commerce Association of USA; and was featured on the covers of Forbes Magazine, Nikkei Magazine, and Fortune (China) Magazine. In 2004, Jack Ma was honored as one of the "Top 10 Economic Personas of the Year" by CCTV. In 2005, Fortune Magazine ranked him one of the "25 Most Powerful Businesspeople in Asia" and this year Business 2.0 ranked him 15th among "50 Who Matter Now" and Silicon.com ranked him 11th among its top 50 "Agenda Setters 2006."

Business and Talent Requirements for Alibaba's Success

As a high-tech service company, Alibaba.com builds its business success and rapid growth on entrepreneurship, innovation, and service. Says Jack Ma:

The company will remain a 'start-up' no matter how long it has been in existence. What ever has been stable, I will disrupt that stability. The company needs to continue to innovate and grow. I want the employees to believe that we are a small company, no matter how big we get. I believe we can create a system and culture to perpetuate this culture of entrepreneurial and start-up spirit.

To fuel the entrepreneurial and innovative spirit, along with a service attitude, Jack Ma is looking for people with the following characteristics:

- 1) People with a dream. "Don't let your colleagues work for you. They need to work for their dreams!" If people don't believe in the dream and join the company purely for money, they won't stay long (refer to Appendix 2 for Alibaba's vision, mission, and values).
- 2) People with shared values. "The value system is very important at Alibaba. We are crazy for it! In China, we might be the only crazy company who so strongly maintains our value system. People who don't fit our values cannot survive in the company." (Alibaba's six core values are customer comes first, teamwork and cooperation, embracing change, integrity, passion, and honoring your job).
- 3) People with a smile. "When we hire people, we look for people who are naturally optimistic and happy. In the start-up process we will meet with difficulties and challenges. Optimistic and happy people can better deal with these challenges and succeed. It's hard to make a happy person unhappy, but it's even harder to make an unhappy person happy. I am able to tell whether a person is on our staff by their smile."
- 4) People who enjoy work and can turn stress and challenges into innovation. "Employees must be able to handle pressure and challenges, and turn them into positive energy for innovation, not negative energy for depression."
- 5) People who work together. "We don't welcome people who think they are smart because they may think they are above others. This industry is so new that it really doesn't have any real talents. The people who are real talents probably don't know they are talents. Everyone has tremendous potential. We all use other people's strengths to overcome our weaknesses We are all ordinary people, but our goals are extraordinary."

While Alibaba seeks people with strong professional skills, these characteristics are even more important in deciding whether a person will join, stay, and enjoy working in the company.

Alibaba's Unique Value Proposition — a Smiling Community with a Dream

While Alibaba is clear about what kind of talent they need for business success, the question is: how can the company attract, retain, and engage such talent, especially in the startup stage, when Alibaba had limited resources?

The answer is **a dream**, a dream to make a difference in the way people do business, and a dream to create wealth together. During the start-up stage of Alibaba, Jack Ma often told those interested in working for Alibaba, not of the great working conditions or the high pay, but how grueling it would be to work for Alibaba, and that the pay was only a fraction of what they could earn elsewhere.

Alibaba also strives to provide **a community**, where employees can have fun to work together to pursue their dreams with minimal bureaucracy and politics. Ma recently painted a vivid image of his ideal work environment for his employees as follows:

- **Blue Sky** (蓝蓝的天): Processes, systems, and decisions need to be open and transparent. There's nothing that should be hidden from employees. We should be transparent.
- **Solid Ground** (踏实的大地): Everything we do should be honest, ethical and contribute to the welfare of the society. The company should be on solid financial ground so employees won't worry about the financial future of the company.
- **Free-flowing Ocean** (流动的大海): Talent must be allowed to rotate jobs across subsidiaries and departments.
- **Green Forest** (绿色的森林): Conducive conditions for continued innovation.
- **Harmonious Community** (和谐的社区): Peers with shared values and simple interpersonal relationships.

The ultimate objective of such a community is to offer employees a work environment to grow, contribute, and live out their dreams. Bureaucracy, secrecy, and stagnation are all attributes that inhibit employees, and the company must actively seek out these behaviors and destroy them.

Alibaba from the Eyes of Employees

To what extent do employees at Alibaba experience what the company intends to offer? Why do they join the company and how do they feel as employees working there? Our focus group discussion with employees in different functions and levels confirms that Alibaba is indeed a unique company to work with. The following themes and direct quotations capture their experiences and the feeling of working at Alibaba:

- **A leader with charisma and credibility:** Jack Ma is the magnet that draws people into the company and provides them with a credible dream.

“When I spoke with Jack Ma, I was impressed with his vision and business model. I had been in the internet business for a while but had not seen a successful model like the one Alibaba is employing.” Tang Zhenrong, International Website Engineering Department, and one year with the company.

“Although the objectives for each year seem to be very high, somehow we have always managed to accomplish those objectives. With past success, we have built up confidence that we’re able to achieve the objectives no matter what they are.” Lili Li, Sales Research Department, six years with the company.

- **Opportunity to make a difference by developing a new way of doing business**

“From day one in the company, we have been nurtured to have a dream. At all levels of the company we all are striving for an ideal. I think in this life time, I have this one opportunity to participate in something that will change other people’s lives.” Lili Li, Sales Research Department.

- **Sense of ownership and entrepreneurial spirit**

“Having worked at YUM, I’ve noticed that the biggest difference between Alibaba and YUM is a sense of ownership. At YUM, the management is great and very professional; however, they look at problems from the point of view of a professional manager. For Alibaba, I have noticed that the company’s executives and many employees always look at issues as owners and would begin with the result and look back on how they should do something to arrive at the result. All employees are shareholders of the company, and we can see the pride of ownership in the company.” Echo Lu, Director of Organization and People Development, one year with the company

- **Culture that is real**

“Before I joined the company, I checked with a friend who worked for Alibaba. Her extreme passion and energy about the company as well as the positive impression left by those who interviewed me convinced me to give it a try.” Bai Xue, In-Business HR Specialist, three years with the company.

“The culture of the company is perpetuated from the 18 original founders and they help to build the culture with their actions and language. We can sense and see their passion. The passion of Alibaba is from within and radiates outward to others. We can see that they truly believe in the company and the culture of Alibaba is built from there, not by programs or processes.” Echo Lu, Director of Organization and People Development.

“The company is true to its values at all levels. When Jack Ma talks to management about hiring, he told us that we must hire people ‘with the same smell.’” Zhang Yu, Director of Marketing, Taobao.com

- **Changes, challenges, and growth: People grow under tremendous pressure to change and grow.**

“The speed of change is three to four times that of other organizations. The objectives are ‘crazy’, but when we reach and surpass the targets, we then have a profound sense of accomplishment. With the constant pressure and changes, we’re also forced to evaluate how we do our own jobs and how we work as a team. Is it sufficient to accomplish the new objectives? Do we need to look at the challenge differently and try different things?” Zhang Yu, Director of Marketing, Taobao.com

- **Communication and transparency**

“Jack will meet with all new employees in a group setting, has meetings with management at least quarterly, and bi-annual staff meetings with all employees. On the intranet, there’s a BBS that allows staff to post their thoughts and opinions. Jack often interacts with staff on the BBS in an open and casual way.” Echo Lu, Director of Organization and People Development

- **A company that cares about employees**

“During the SARS crisis, because of one suspected case, Alibaba made the decision in one day to have all employees work from home and to pass the required isolation period. As a result of this quick action, we contained any possible outbreak, Hangzhou citizens remained calm, and our revenue grew by 30% during the month of May. Employees continued to perform jobs tremendously well at home. We encouraged each other through BBS, phone calls, and e-mails.” Lili Li, Sales Research Department

“The most positive thing to result from the SARS crisis was an enormous amount of pride for employees who went through this crisis together. They built a strong bond through experiencing this event together. It’s still a much talked about event in the company. In fact, some employees have named the day that staff were sent home to contain the outbreak, Alibaba Day, to commemorate the event. The spirit of Alibaba came alive on that day.” Echo Lu, Director of Organization and People Development

Leadership and Management Practices that Create the Unique Value Proposition

Leadership priority: As CEO, Jack Ma invests most of his time in three areas: vision/mission/strategy, customers, and employees. By clearly articulating and constantly communicating the vision and mission of the company, he creates the most important foundation in attracting outstanding talent. “Don’t let your colleague work for you, but work for their dreams!” Also, it is important to deeply understand customer needs, not competitor’s actions. Understanding customer needs can help Alibaba develop concrete business plans and focus on realizing its dream. Finally, it is also critical to realistically assess the competencies of employees. It will decide “how fast,” “how far”, and “how” the company can execute its business strategy and targets in the coming year and next three years.

His attentiveness to talent is reflected in two management practices. First, in the monthly senior management meeting, the first question he always asked is “How is your team doing?” instead of “How many sales has your team made?” Second, he always spends a lot of time walking around different business units and departments to “smell” how the people are doing there. If he “smells” something wrong, he will immediately talk to the unit head to identify problems and improve the situation. As a matter of fact, all senior executives at VP level and above must develop such “smelling” skills at Alibaba, to make sure that people are being managed properly.

Value alignment: Strong shared values are essential in building a harmonious community where people feel comfortable working together and in ensuring that decisions and behaviors are aligned with company direction. Alibaba has gone the extra mile to make sure that people share the same values. When Alibaba hires people, they look for people with the same “smell”—people who are optimistic, happy, team oriented, hard working, and willing to invest their lives to achieve an ideal. When employees join the company, they attend at least 10 days of orientation, focusing primarily on the company’s vision, mission, and values. When the company assesses the performance of employees, 50% is tied to values and 50% is tied to business results. When employees demonstrate behaviors contrary to company core values, they are asked to leave no matter how strong their business results are, or how senior they are. Jack Ma expressed it best when he said, “The value system is very important at Alibaba. People who don’t fit into our values cannot survive in the company.”

Stretch opportunities and challenges: While Alibaba offers different training programs for different levels of employees in both technical and management areas, people grow rapidly by achieving “impossible” targets year after year. “Although the objectives for each year seem high and unreasonable, somehow, we have always managed to accomplish those objectives. With past success we have built up the confidence that we are able to achieve the objectives, no matter what they are,” says Lili Li, of the Sales Research Department. “At Alibaba I have been stretched and challenged. I have seen myself grow more than in my previous jobs,” says Zhang Yu from Taobao.com.

Indeed, Jack Ma believes that all people have potential that can be unleashed in the right environment, allowing them to stretch and challenge themselves. Ma quoted one of his favorite examples, “Several years ago when I looked at the current COO Li Qi, there was no way he looked like a COO. Nowadays, from all different angles, he really looks like a COO. Talent has tremendous potential to grow.” However, in order for people to grow under challenges, three elements are important. First is teamwork. Alibaba uses teamwork to complement individual strengths and weaknesses to achieve extraordinary goals. Second are the right people, who enjoy challenges and have fun working. Third are line managers who are accountable for personal growth within their teams. Jack Ma remarked that all line managers at Alibaba are entrusted with two scarce resources (capital and talent) to create value for the company. In addition to ensuring good financial returns, they also need to create value for their talent in terms of their growth and retention. That’s why Jack Ma also walks around the company to “smell” how people are being managed in different departments, and why he always asks business leaders how their teams are doing in the monthly CEO review.

Wealth creation and sharing: All employees of Alibaba receive stock options, and in effect are owners of the organization. At Alibaba, stock options are not a tool for retention but for reward sharing. From five cents per share to five dollars per share in 6 years, many employees have not only shown tremendous pride in the company but also

shared the fruits of their collective success for the well-being of both the society and themselves.

Transparency and communication: Communication is an important practice within Alibaba that helps maintain a culture of transparency to all employees. Employees have easy access to all executives, including Jack Ma, through the use of email, BBS, and face-to-face meetings (monthly, quarterly or bi-annual staff meetings). Jack Ma sets a high standard for his executives to follow by regularly interacting with employees.

“All decisions are transparent, and people can see how they are made. This transparency is getting somewhat lost as we get bigger, but we’re still given a lot of information when possible. Our trust in the leaders has helped us to overcome this change in transparency. Communication is always good and strong processes are in place to make sure that the message is clear to all staff,” says Lili Li from Sales Research Department.

Advice to other CEOs

When asked about what advice he would like to offer to other CEOs in China, Jack Ma suggested four:

- 1) Always believe people are the most important asset, and capital comes second.
- 2) It is not necessary to find the “best” talent but the talent that best fits your company.
- 3) Find and groom the talent inside your company rather than keep searching for talent from outside. The best talent is home-groomed people who fit our company culture. It always takes at least three years before people become fully immersed into our company culture
- 4) Believe in the potential of talent. There is no “smartest” talent. With the right environment and system, anyone can be groomed.

Appendix 1: Key Development Milestones for Alibaba

- At the end of 1998, Jack Ma and his team of 18 founders created www.alibaba.com. March 10, 1999, the day when team leader Jack Ma came back to Hangzhou, is considered the website's founding date.
- July 9, 1999, and September 9, 1999: Alibaba (China) Technology Co., Ltd established in Hong Kong and Hangzhou.
- October 1999: Goldman Sachs, the world's largest investment bank, invested USD 5 million in Alibaba.
- January 2000: SOFTBANK invested USD 20 million. SOFTBANK CEO Masayoshi Son was invited to join the company's Board of Advisors.
- April, 2000, Mr. Peter Sutherland, the founding Secretary-General of the World Trade Organization (WTO) took up the post of Alibaba.com Key Advisor.
- January 2000, Alibaba was selected as an excellent Chinese business website by China internet match organization committee.
- June 2000, Alibaba was honored as one of China's Yearly Best Top 100 Websites and was chosen by Forbes Magazine as "Best of the web: B2B".
- November 2000, Alibaba was elected as most popular global B2B website by readers of Far Eastern Economic Review.
- December 27th, 2001, Alibaba became the world's best B2B e-commerce website with more than 1 million registered members.
- March 10th, 2002, Alibaba China promoted "TrustPass" plan, which made Alibaba the world's first on-line credit business community.
- December 2002, Alibaba began to make a profit.
- May 2003, the goal of 1 million RMB in daily income was realized.
- May 10th, 2003, invested 10 million RMB to launch Taobao.com, a C2C website.
- October 18, 2003, AliPay was launched.
- November 28, 2003, business real-time communication service "Ali Talk" was issued.
- December 31, 2003, annual profit exceeded 10 million RMB.
- January 5, 2003, registered members of Alibaba China exceeded 2 million.
- January 13th, 2004, investment of USD 37 million to build the Alibaba (China) Software R&D Center at Hangzhou Hi-tech Industry Development Zone (HHTZ) was approved.
- February 17th, 2004, Alibaba.com Corporation raised US\$82 million from institutional investors in the largest private equity commitment ever in the Chinese internet sector. The funds will allow Alibaba to continue its rapid expansion and to consolidate its position as China's largest e-commerce company.
- July 2004, Chinese online marketplace Taobao.com received US\$42 million in new funding
- October 2004, Alibaba distinguished itself as the only import-export website ever to win Forbes "Best of the Web" Award, five years in a row.
- March 10, Alibaba China launched its Keywords Bidding service.
- March 31, Alibaba China launched its Excess Products Auction service.
- March 2005, Alibaba E-business Forum began in Guangdong Province.
- October 2005, Alibaba formed a strategic partnership with Yahoo! Inc. and took over the operation of Yahoo! China .

Appendix 2: Alibaba Vision, Mission, and Values

1. Vision

- To last 102 years
- To be one of the world's top 10 internet sites
- To be an essential partner for all business people

2. Mission

- To make doing business easy

3. Values

Customer comes first	Customers are everything
Teamwork and Cooperation	Team interests are always ahead of individual interests
Embrace changes	Go beyond yourself and welcome changes
Integrity	Honest and upright, honoring commitments
Passion	Never give up and stay optimistic
Honoring your job	Perform the extraordinary with a professional attitude and an ordinary mind