

# Alibaba conjures the future

China's e-commerce giant wants to last for 102 years (not 100). Brunswick's **GINNY WILMERDING** examines the company's unconventional long-term vision

**T**WO ADJOINING SENTENCES IN ALIBABA'S latest annual report outlined two ambitious goals. The first was to “build the future infrastructure of commerce.” The second was to “be a company that lasts at least 102 years.” For those unfamiliar with Alibaba, “102” might have seemed arbitrary, or perhaps a typo. But it's neither. The figure reveals far more about the company than how long it wishes to endure.

Founded in 1999, the Alibaba Group has set its sights on operating over three centuries: the last year of the 20th century, all of the 21st century, and into the 22nd century. Hence, 102 years – at least.

Jack Ma, the company's founder and Chairman, decided that an 80-year goal was too modest, while a 100-year target too predictable. He shared his vision in 2014, as the company prepared to publicly list on the New York Stock Exchange. Ma's personal letter was included in Alibaba's listing prospectus. Alibaba's management team continually explained “102 years” at investor meetings in the lead-up to what would become the world's largest IPO. And as the company's latest annual report attests, Alibaba still has – and shares – that vision today.

But how does such a relatively young company plan to survive for so long, let alone in a technology-driven sector that changes so drastically and quickly? Presentations by management team members at Alibaba's Global Investor Day 2017 showed that they see endurance as far more than mere longevity – it's also about continually honing or reinventing their competitive advantage amid rapid changes.

One way the company has adapted is by embedding uncommon tactics into its business model. Take the company's governance structure, which resembles that of certain banks or law firm partnerships. Alibaba is overseen by a group of elected partners; one of the criteria for being selected is whether the potential leader is deemed to be a “culture carrier.” These partners can propose a majority of board directors, though shareholders can vote against them. This structure deliberately

looks to preserve the corporate culture shaped by the company's founders without being overly dependent on any single person. Of the current 36 partners, only seven were with the company in 1999, the year Alibaba was founded.

There's also the Group's “ecosystem approach.” Taobao Marketplace, TMall, Aliexpress and Alibaba.com – all owned by Alibaba Group – aren't just exclusively for big merchants and urban consumers. Alibaba's products and services are designed for those who are often overlooked by business, such as small vendors and rural consumers. The company sees it not only as the right thing to do, but also good business: more customers, more data and a social license to operate.

A NYSE listing means Alibaba has to report quarterly results and face the accompanying pressure and scrutiny. But the company's leadership remains focused on a much more distant horizon. “Our company will not make decisions based on short-term revenues or profits,” Ma wrote in 2014. “Our



**GINNY WILMERDING** is a Partner in Brunswick's Hong Kong office. She advised Alibaba on its 2014 IPO and is now advising Alibaba's affiliate company Ant Financial.

strategies will be implemented with mission-driven, long-term development in mind. ... We welcome investors with the same long-term mindset.”

Alibaba has 84 years to go until 2101, but the early results of its strategy are impressive. Since its IPO in 2014, Alibaba has more than doubled its revenue, and its share price has climbed nearly 100 percent. Today it is one of China's most valuable private companies.

Many business schools teach corporate endurance by using case studies on some of the world's longest-lasting companies. It might be equally instructive for them to turn to global youngsters such as Alibaba for insights about growing old.