

Shenzhen: Fostering entrepreneurial, collaborative and global innovation

Shameen Prashantham

CEIBS Associate Dean (MBA) and Professor of International Business and Strategy



In recent years there has been rising interest in the contribution that startups make in providing goods and services, promoting innovation and generating employment. Even a startup slowdown in funding around the world doesn't discredit the positive impact that entrepreneurial ventures can have, although it does (and should) make investors and entrepreneurs more discerning. A noteworthy aspect of the rise of startups is that this tends to be concentrated in certain subnational locales such as Silicon Valley. And Shenzhen.

My interactions with entrepreneurs, managers and colleagues in Shenzhen reveal a widely shared belief that the city is built on entrepreneurship. Wei Zhou, CEO of XNode, a Shanghai-headquartered innovation consultancy, tells me he opened an office in Shenzhen because the city "is one of the most vibrant and active

tech startup ecosystems in the world, especially in relation to hardware". Three factors seem to have driven this: policy, people and possibilities created by a unique ecosystem.

In terms of policy, government officials themselves have been entrepreneurial. As China's first Special Economic Zone (SEZ), Shenzhen had latitude to experiment – something which local the government leveraged. In the classic "catch up" mode of emerging markets, Shenzhen companies have been able to leverage their environment to make the transition from executors to designers, with a strong focus on areas like robotics, drones and the Internet of Things. As a result, there has been considerable overseas interest in this innovative milieu. Given my strong connections to Scotland, I was especially intrigued to learn that during pre-COVID times, Edinburgh, a twin city of Shenzhen, had estab-

lished a joint initiative to leverage the creative energy of entrepreneurs from both regions.

That said, the impressive accomplishments of Shenzhen startups reflects not only policy but also the people in the ecosystem. Most noticeable to me in Shenzhen was how young the city felt, especially the vibrancy of its shopping malls and eating places that were filled with energetic people. It is a city that has clearly attracted considerable talent. Eddie Xi, a CEIBS GEMBA alum who runs the China offices of British headhunter Hamlyn Williams tells me, “Shenzhen talents are the most vibrant, energetic and hungry – very similar to Japan 20 years ago... I have helped some alumni find key people for their companies.”

Furthermore, Shenzhen offers immense possibilities to try out things at a rapid pace. Saimen CEO Carl Breau, a Shanghai-based Canadian entrepreneur (and a CEIBS MBA Learning Mentor), established operations in Shenzhen for this very reason. He says, “In our area of manufacturing of electromagnetic products, where the parts in new designs keep on increasing in number and complexity, I think what makes Shenzhen unique is the ‘completeness’ of its supply chain. A typical robot and controller can easily have more than 5,000 components, coming from hundreds of different suppliers. Shenzhen is probably the only place in the world where you can find almost all of these parts within a single city.”

For me as a researcher, a fascinating outcome of Shenzhen’s policies, people and possibilities is a fourth P: partnering. Locations like Shenzhen are rife with collaboration amongst firms with complementary skills, including large corporations and startups. It is therefore no surprise that

as my research on corporate-startup partnering in China unfolded, many examples I came across involved startups from Shenzhen.

As I document in my book *Gorillas can Dance*, this was true in the case Walmart China’s startup partner programme, Omega 8. One exemplar Walmart partner was an AI startup from Shenzhen. An alum of the Microsoft accelerator programme, this startup’s technology helped the retail giant address pain points in customer experience. I am given to understand that this multinational even found ways to leverage that startup’s technology in some of its US stores.

Partnerships like this reflect three important mindsets: entrepreneurial, collaborative and global. These mindsets remain incredibly relevant especially in terms of fostering cross-border partnerships that promote sustainability outcomes such as combatting climate change. And the Shenzhen ecosystem – like its other dynamic counterparts in China and other emerging markets – remains an important location where such collaborations can be fostered.

