

**IIS – Leaders of Tomorrow
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submission**

When “Googlism” Meets Confucianism in a Reinsurance Company

**Our Journey from a Reactive to
a Proactive Innovation Culture**

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Google is one of the world’s important innovators and a major influencer of our culture. Confucius lived 2,500 years ago, yet his philosophy still exerts a significant influence over Asian culture. Many in our industry are focused on innovation. Can those of us in Asia combine the tenets of innovation and the continuing power of Confucianism to create a uniquely innovative culture?

Let’s try to answer that question by starting with Google. The text under the sub-head “Googlism” below is an excerpt from an article entitled “The Eight Pillars of Innovation,” published in 2011 by Susan Wojcicki, who at the time was Senior Vice President of Advertising at Google. She was answering a question: “How does Google continue to grow exponentially while still staying innovative?” (Ms. Wojcicki currently is CEO of YouTube, which is owned by Google. The links to all articles referenced here appear at the end of this paper.)

“Googlism”, or The eight pillars of Innovation at Google

1. Have a mission that matters

Work can be more than a job when it stands for something you care about. Google’s mission is to ‘organize the world’s information and make it universally accessible and useful.’ We use this simple statement to guide all of our decisions.

2. Think big but start small

No matter how ambitious the plan, you have to roll up your sleeves and start somewhere.

3. Strive for continual innovation, not instant perfection

Google wasn’t the first search engine, “but we were able to make progress in the market by working quickly, learning faster and taking our next steps based on data.”

4. Look for ideas everywhere

I want to hear ideas from everyone – and that includes our partners, advertisers and all of the people on my team.

5. Share everything

Our employees know pretty much everything that’s going on and why decisions are made. Every quarter, we share the entire Board Letter with all 26,000 employees, and we present the same slides presented to the Board of Directors in a company-wide meeting.

6. Spark with imagination, fuel with data

“What begins with intuition is fueled by insights. If you’re lucky, these reinforce one another. “

7. Be a platform

There is so much awe-inspiring innovation being driven by people all over the globe. That’s why we believe so strongly in the power of open technologies. They enable anyone, anywhere, to apply their unique skills, perspectives and passions to the creation of new products and features on top of our platforms.

8. Never fail to fail

“It’s OK to fail as long as you learn from your mistakes and correct them fast...Knowing that it’s OK to fail can free you up to take risks.” This culture – no fear of failure – is one of the keys behind one of the most successful organizations ever.

Confucianism

To understand the Chinese mind, you need to start with Confucius (552-479BC). Arguably the most influential person in Chinese history, Confucius and his teachings continue to exert a deep influence on society, even in modern China today. So what is Confucianism? The author of “Confucius 101: A Key to understanding the Chinese Mind” expresses the following:

Status and hierarchy (Or “Respect my authority!”)

Confucius was mainly interested in how to bring about societal order and harmony. If he had a catchphrase, it might have been: *“A place for everyone and everyone in their place”*.

Collectivism and group orientation

“No matter how big, one beam cannot support a house.” –Chinese proverb

In order for Chinese society to operate smoothly, it was necessary to subject one’s own desires to the greater good of the group. In other words, people didn’t exist independently of one another. Instead, an individual was defined by his or her relationship to the group.

All in the family (Or “All up in your business”)

Chinese culture has always had a heavy emphasis on the family –including extended family—as primary unit of social organization. In a Confucian society, one shows a great deal of “filial piety.” This was originally conceived as devotion and obedience one must show to parents (especially the father), but over time, it was extended to ancestors, giving rise to ancestor worship.

Another side effect of this “family first” approach is that the Chinese tend to view society in terms of insiders and outsiders. This is related to the idea of guanxi (“connections”)—where Chinese people view the world in terms of their web of family, personal and professional network...and everyone else.

Importance of scholarship

Another big Confucian influence on Chinese society is the focus on education and scholarship. It’s no secret that Chinese (and other Asian) students put in more hours in classroom study than their Western counterparts.

Confucius wanted to replace hereditary rule by the aristocracy with one based on scholarship and learning (a meritocracy). The series of exams were notoriously grueling—with a heavy emphasis on memorization of Confucian writing and classic works of literature. But if you studied hard enough and passed, you could earn a spot as a government official, bringing your family considerable wealth and respect.

Comparing Google’s pillars of innovation with the view of Confucians

So is Confucianism supportive of and consistent with the Google culture? Let’s consider the eight pillars of innovation of Google and examine the Confucian views on these.

Google pillars of innovation	Confucians’ views
1. Have a mission that matters	Confucians agree. Confucianism values social order and harmony above everything; living those values will lead to human growth and thus prosperity. Google’s mission is to “organize the world’s information and make it universally accessible and useful.” Both missions matter, but Confucianism focuses on society while Google’s focuses on business.
2. Think big but start small	Confucians agree. Hard work is greatly emphasized by Confucian views.
3. Strive for continual innovation, not instant perfection	Confucians partly agree. Confucius’ emphasis on lifelong learning implies continuous improvement. Confucius, however, also emphasized the team rather than the individual. The lack of perfection is viewed as letting the team down.
4. Look for ideas everywhere	No agreement on this pillar. Confucians look for ideas from their most senior person rather than getting ideas from everywhere.
5. Share everything	Again, no agreement. For Confucius, sharing information was mainly done by rank and on a need-to-know basis.
6. Spark with imagination, fuel with data	No agreement. Sharing thoughts and feelings is needed to spark imagination, but Confucianism discourages sharing information above one’s

	level.
7. Be a platform	Google’s platform is open to everyone. Open sharing is not encouraged in Confucianism.
8. Never fail to fail	Confucians would strongly disagree with this one. Failure is viewed negatively in Confucian culture. Risk aversion is strong.

The Confucian values of hard work, continuous learning and virtue are mildly consistent with the first three Google pillars of innovation. The focus on hierarchy, lack of transparency and lack of openness, however, makes many of the other Google pillars inconsistent with Confucius thinking.

Can Asian businesses innovate?

If Confucianism, so influential in Chinese and Asian cultures, is broadly inconsistent with the values of one of the great innovation cultures, then does this mean Asian businesses are unable to truly innovate? Some of the Asian companies are famed for being great imitators rather than great innovators, but does this mean they can’t innovate?

Just google the phrase “China and innovation” and you will see many articles on the subject such as:

- *Harvard Business Review*, March 2014: “Why China Can’t Innovate”
- *Time* magazine, May 1999: “It’s True. Asians Can’t Think”
- *The Diplomat*, August 2014: “Why China can’t innovate?”
- *Time*, May 2015: “Carly Fiorina Says the Chinese ‘Don’t Innovate’”

Despite the headlines, I think the consensus view is the following:

1. There is no reason Asians cannot innovate. Examples of Chinese innovations throughout history include the abacus, compass, gun powder, paper-making and printing.
2. Just because over the past 50 years some of the great Asian companies have been built on imitating doesn’t mean they can’t be innovative. It is only good business practice to catch up with leaders first before potentially surpassing them. As the Asian consumer and economy become more sophisticated, the Asian companies have become more innovative.

If we look at U.S. history we can note the following:

Writing in *Forbes* in October 2011, William Duggan, said that when the Industrial Revolution spread to the United States, the U.S. “imitated everything from Europe. Was that because Americans did not know how to innovate? Of course not. In exploiting a new economic terrain, it was simply good business to first draw on all the advances someone else made.”

Some structural changes are needed for Asia economies to move to the next level of innovation. An Asia Business Council Research Briefing called, “Can Asians Innovate?” suggests the following policy changes:

1. Upgrade science and engineering talent
2. Nurture and promote learning and entrepreneurial organizations
3. Target government policies toward promising areas for innovation
4. Improve access to finance for new ventures
5. Encourage openness in international technological collaboration
6. Strengthening IP protection.

Those policy suggestions relate to the entire Asian region, but on reflection over my career, they can also be somewhat applicable for companies.

My observations on success driven by innovation

First, a bit about the organization I have worked for since 1997. We are one of the largest life and health reinsurers in the world and the largest for new business in Asia for each of the past four years. We have over 400 people now based in our eight offices, and over 95% of them were born in Asia. My role is to oversee the day-to-day operations of these offices. We are owned by an American company listed on the New York Stock Exchange.

Here are my observations of our success driven by innovation over the past nearly 20 years in Asia.

One is that Asian scientists are great problem solvers and tremendous at execution. When combining high intelligence with great work ethic, many problems can be solved. Our team excelled by taking successful ideas from other markets and tailoring them to our local market, and we rose to our leadership position by employing a decentralized and empowered model.

In our initial phase, we generally employed highly motivated, young individuals intent on making an impact on our company and the industry. We employed local teams as we needed to understand local client needs in local languages in order to execute solutions. The path my company took to become an industry leader somewhat parallels the earlier comments about the Industrial Revolution when America first copied European ideas and eventually surpassed Europe. It also is similar to the rise of Asian companies over the past 50 years. This however does not mean that this same team cannot rise to the challenge in the future with new innovations.

Innovation

Innovation by definition occurs when a certain problem is solved for the first time. Our team represents a unique combination of insurance experts from different disciplines, different countries and different experiences as we know diversity leads to creativity. We proactively create opportunities to be challenged by a question that the person asking has never posed before to such a diverse group of insurance professionals. For example we were the first reinsurer in Asia to proactively have their underwriters and actuaries meet and debate directly with life insurance distributors (obviously with our client company’s blessing). Solving these problems or answering these questions led to many “innovations” and firsts in the market purely by correcting misunderstandings and creating trust; often this was the first time that a distributor had direct access to the ultimate risk-control decision maker (the reinsurance risk-control experts) in the insurance value chain in Asia.

Innovation and leadership require leaders to take charge and lead by example, often putting them in an extremely lonely position. This is particularly true due to the Confucian values that lead to greater risk aversion towards new initiatives. Leaders may not get a lot of feedback about their ideas and may not get a great deal of overt support. Even though the support is not verbal or overt, it is usually the case in Asia that the leader has the strong support of the team when it comes time to try and execute on the direction.

Moving to the next level

Through incremental innovation and phenomenal execution, we were able to gain our leadership position. Two years ago, however, we decided to move to the next level, to be more proactively innovative. We had been great at reacting and solving the problem and even putting ourselves in the position to be first to receive a question or problem but now it was time to not only solve the problem but also start asking ourselves the questions.

In addition to continuing the execution excellence and incremental innovation, we wanted to be more proactive and invest in initiatives that may not yield benefits for one, two or even five years down the road. But we risked being blindsided if we didn't make the investment quickly. This is still a work in progress but so far, early signs have been positive.

There were so many questions in our efforts:

- Do we try for moonshots or make incremental innovation?
- Do we focus on partnerships or hire the people ourselves to create the intellectual property for the project?
- Do we need all people to spend 20% of their time on innovation or a dedicated and separate team outside of the day-to day-business?
- Do we need a new office or new space to encourage more creative thinking?
- Can everyone innovate or can only certain personalities innovate?

We have made decisions on all of these questions, but in the true spirit of leadership, I am not yet sure if we made the right decision. The most important focus now, however, is on how to fully instill our Asian offices with an “innovation culture?” What does innovation culture even mean?

We have all heard the saying that we only use 10% of our brains. This is a myth, but I think we all know with the right environment we can use “more of our brain” perhaps making us more creative. This is especially so in an Asian workplace full of scientists who have so much intelligence and information stored in their brains. If we liberalized the power and intelligence of our great associates by even 1%, it would lead to greater productivity and innovation and engagement, which in turn will lead to further productivity and innovation and will create a virtuous cycle.

We needed to improve the environment so people feel encouraged to not only solve the problem but ask themselves the right questions. Then we needed these individuals to speak up and share their thoughts, whether “right” or “wrong,” because doing so will lead to further debate and insight.

Some of the tactics we are using to change this culture are:

New situation, new environment

If you are in the same environment every day with the same people doing the same work, you are by definition in your comfort zone. We need to be courageous leaders and challenge people and get our associates (even those that are reluctant) out of their comfort zone with the belief that this will lead to new ideas, insights and, ultimately, innovations. In turn, it will lead to greater personal fulfillment. We are in the midst of implementing this program and in the past three months, we have covered 60 out of our 400 team members on this journey.

New blood from the outside

To provoke change, we hired two new associates from outside of the life insurance industry and outside of Asia to stimulate this culture change. We also coincidentally started a graduate development program and hired 10 young actuarial graduates from universities around the world (we historically hired people with at least three-to-five years of experience), which has the potential to add a positive dimension to our culture.

Continually communicate the need to speak up

It varies by country across Asia, but some element of the strong Confucian value of not speaking up or asking questions to people above one’s “level” is common in all our Asian offices. Many Asians will only speak up, ask a question or speak in a public forum when they are 100% sure they are correct or won’t look silly in their minds. A key message to our teams is to speak up not only if you are just 50%-50% sure whether you are correct, but even when you are 30% sure and 70% unsure. Our leaders communicate this in town-hall meetings, and we communicate it in newsletters and our other communication formats. More progress is needed, but slowly but surely the questions are increasing in our public forums.

Learn from our failures

We needed to communicate that it’s OK to fail and we should not be embarrassed to communicate our failures and learn from them. We have always emphasized this in our organization, but it needed to be reinforced because we are encouraging people to speak even if they were only 30% sure of being correct.

Lead from the top

This is probably the number one rule for any change management effort. For people to move out of their comfort zone and make the effort to change, they need to know the leadership wants the change and will consistently want it over the years to come. In Asia, this is particularly important given the hierarchical nature of the culture.

Accept that there will be some casualties

If people are too reluctant to change and are negatively influencing others, and who no longer fit into the culture, then naturally there will be some who leave the organization.

Be patient and you will be rewarded

Given the Confucian culture of not showing too much emotion, studying hard and general lack of open communications, little change is noticeable for a fair amount of time, but when it clicks, change happens with a rush in a manner way faster than you expected possible.

Conclusion

As mentioned earlier, we are still in the early days of our journey. We have already entered into several partnership discussions with companies that can help us change our culture as well as enable us to offer a more complete solution to clients. Two of these companies were referred to us by associates who have become more aware of the innovation and business strategies we are trying to implement.

I truly believe from my personal experience that Asia not only has the ability to innovate, but the ability to lead innovation around the world. This comes from the Confucian values that lead to high levels of education and learning, great pride to not let others down and so therefore to succeed, the incredible work ethic, dedication and strong teamwork. Combining those qualities with some of the ideals of Google-style innovation leads to breaking down some of the hierarchies and risk aversion. Success in getting the best out of these two cultures requires a different and more directive style of leadership that paradoxically requires the leader to listen to his people even more closely and carefully.

The increasingly sophisticated demands of our Asian clients are leading to more innovative solutions, the increasing size of our markets are leading to more investment and financial benefit for innovation, and the insatiable appetite to learn and adapt make this a very exciting time to be an insurance professional and leader in Asia.

The Eight Pillars of Google:

<https://www.thinkwithgoogle.com/articles/8-pillars-of-innovation.html>

Confucius 101: A key to understanding the Chinese Mind:

<http://www.china-mike.com/chinese-culture/understanding-chinese-mind/confucius/>

Harvard Business Review:

<https://hbr.org/2014/03/why-china-cant-innovate>

Time magazine:

<http://content.time.com/time/world/article/0,8599,2054213,00.html>

The Diplomat:

<http://thediplomat.com/2014/08/why-china-cant-innovate/>

Time magazine:

<http://time.com/3897081/carly-fiorina-china-innovation/>

Forbes

<http://www.forbes.com/sites/williamduggan/2011/10/11/can-asians-innovate/#7ae4269a7150>

Asia Business Council

<http://www.asiabusinesscouncil.org/docs/InnovationBriefing.pdf>