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self-motivation of entrepreneur lu chengdui

Professors Dezhi Chen, Fang Dai, and Dominic Lim wrote this case solely to provide material for class discussion. The authors do not intend to illustrate either effective or ineffective handling of a managerial situation. The authors may have disguised certain names and other identifying information to protect confidentiality.

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At age 29, Lu Chengdui was chairman and general manager of Wenzhou Cijueshi Science and Technology Co. Ltd. (Cijueshi), which he had set up in March 2010, in Zhejiang Province, China. The company specialized in the materials, technology, and repair of pottery and porcelain. Cijueshi was active in research and development and in innovation. It had obtained more than 10 patents by 2014 and had over 200 franchise shops across China. As a leader in ceramics repair, Cijueshi was named as a science and technology innovative company by the Zhejiang provincial government. It was then listed in the Chinese National Equities Exchange and Quotations System (Code: 831441) on December 11, 2014. The company launched an Internet-based peer-to-peer financing business in 2015, and by the end of fiscal year 2016, Cijueshi was able to reap prime operating revenue of ¥141.15 million and net income of ¥36.80 million.[[1]](#footnote-1)

Lu had begun his entrepreneurial career when he was in college, and he became a serial entrepreneur with a great track record. His story had been widely covered by the media and had caught the attention of the public in China. In 2015, he won first place among 10 finalists in a college student entrepreneurial hero contest organized by All-China Students’ Federation and China Youth Daily.[[2]](#footnote-2) Lu made many headlines and was seen as an entrepreneurial role model for college students based on his courage to pursue his dreams and his perseverance in facing difficulties.

What had made Lu so confident when he started his business? How had he motivated himself in times of difficulties? Looking back at his entrepreneurial journey provided potential answers to these questions.

A Seed in the Heart of the Future Entrepreneur

Lu was born in 1988 to a farmer’s family in Zhongdun Village in Cangnan County, Wenzhou City. According to Lu, his family was very poor. His father earned a living doing some small business and often had to hide himself away from creditors because he could not repay debts. When Lu was in middle school, the family moved to Cangnan County and rented a small house in a remote neighbourhood. Lu and his elder brother had to stay in the same small room of less than seven square metres.

As a child from a poor family, Lu faced all kinds of discrimination. From primary school to high school, he faced bullying from schoolmates and neighbours who despised him and his poor family. He felt the local government cadres had high social status, and he envied their power and prestige. Naturally, his dream was to become a civil servant by sitting the civil service examination. To do so, he would need to attend a good high school and then university, because the examination was open only to university graduates. He was confident because he had always been a hard-working student and earned good grades. His planned life path—to become a government official and bring honour to his family and ancestors—looked bright.

In 2004, Lu took the senior high school entrance exam and got a grade of 703—four points lower than the cut-off for Cangnan County High School, the best local high school. He was given the option of paying the school ¥30,000 to get an extra seat. This type of payment for an extra seat at a good school was a common practice in China at the time; however, Lu’s father could not afford this sum, which was almost a fortune for the family. After consulting the class teacher, the family learned that the local vocational high school would not only waive tuition fees, but would also offer ¥5,000 annually for students’ living expenses. So Lu became a student of Cangnan County Vocational High School. Attending a vocational school meant he would not be able to enter a university, which further meant that Lu’s dream of becoming a government official was doomed. Lu started to think about another avenue to improve his social status: earning money—in fact, earning a lot of it.

Work Experience and Baby Steps of Entrepreneurship

Many of Lu’s classmates in the vocational school did not study hard. What is worse, they liked to bully students from the countryside. Lu, coming from a poor farmer’s family, always wore very humble clothes and lived frugally. Facing the laughter and bullying of his peers, Lu wondered how he could earn respect and live a dignified life. His answer to these questions was that he needed to make money.

April 9, 2006, was the day Lu first started looking for a part-time job. Four days later, he landed his first job, becoming a salesman for the Linbao community store of the Cangnan branch of China Telecom Corporation Limited. Initially, his responsibility was to distribute leaflets and post flyers. His monthly salary was ¥300. He was then given a salary increase to ¥800 per month, and was assigned responsibility for promotional activities on campus.

After working hard for half a year, he was noticed by a competitor, the Cangnan branch of China Mobile Limited. On November 13, 2006, he was offered a job as its on-campus salesperson, promoting mobile telecommunication services on campus. At first, Lu worked alone, but he soon found it impossible to sustain the workload. He put together a team, recruiting over 10 salespeople to work with him. His sales team then gradually expanded to 168 people covering seven campuses. As his team grew, Lu also accumulated management skills.

In April 2007, Lu started a small shop on the campus of his vocational high school, selling mobile phones and other telecommunications products and spare parts. Three months later, he graduated from the school with a diploma and with a little over ¥20,000 in earnings from this small business. This money was a great help in supporting his school studies and for subsidizing his parents. After two years of work and business experience, Lu also became more sophisticated. “I always tried my best and was very careful, no matter for work or as a person,” said Lu.

Lu Chengdui’s Target: Buying a Car

Lu’s part-time job did not prevent him from being a good, hard-working student. He received a first rate scholarship for his extraordinary academic performance, and before graduation, he was recommended by the school to attend Wenzhou Vocational and Technical College without having to sit for the national college entrance examination.

Lu went to Wenzhou Vocational and Technical College in September 2007. He continued to work toward his entrepreneurial dreams, but he did not take actions in haste. He spent three months investigating what business could make good money around campus. He found that an on-campus delivery service seemed to be a good business; one reason for this was that graduating students needed to mail their books and household belongings back home. Another was that the many residential students on the large campus had a significant need for a delivery service. Lu had no prior experience in the delivery business, so he decided to learn about and gain experience in it.

He found a delivery service company, Zhong Tong Express, near the main entrance to the college. It was run by Zhang Tonghai, a junior student of the college. When Lu entered the store for the first time, Zhang was playing a computer game at his desk and did not turn his head toward Lu. Lu spoke loudly: “Hello, could I work for you here?” Zhang lifted his head and answered, “I do not need a hand.” Lu was not discouraged and said, “Brother, I am a freshman who just joined the school. I have little social experience. I want to work and gain some experience.”

As he spoke, Lu spied a pile of parcels in the corner, waiting to be delivered. He then said, “Brother, you have some parcels to be delivered. I guess you are busy. I can help you deliver them.” Zhang lifted his head again from his computer screen and said, “Uh, if you like, you can help deliver these parcels according to the addresses. If you really want a job here, I can give you a one-week probation. But you will not get any pay for this week.” Lu replied, “Thank you, Brother. I am willing to do this without pay.” Lu also talked to himself in his heart: “I am not here to earn small money. I am here to learn about this business and to see whether it makes good money and how.” Lu rode off on his bicycle to start his first delivery job.

Over the following week, Lu went to the delivery shop whenever he had spare time and picked up parcels to deliver. Zhang found that Lu did work hard and carefully, so he said to Lu, “You are good. You can start to work next week, and I will pay you some money. You need to help me out.” Lu was very happy and said, “Okay, Brother, I will work as hard as you wish.”

Zhang was not a hard worker, and he designated many things to Lu so that he could spend more time on his computer game. Lu was more than willing to do as many things as he could because he was there to learn about the business. Not much later, Zhang gave Lu the contact information for the regional branch of the franchise and asked Lu to settle the accounts with the branch. Within three months, Lu became quite an expert in the delivery business of Zhong Tong Express. He saw that even though Zhang was neither hard working nor diligent, he still made good money. If the business were carefully managed and its service quality improved, there should be higher profits. “This should be a good business,” Lu thought.

Lu continued his calculations back in his dormitory in the evening. Zhang did not work hard nor pay enough attention to the business, but he still had enough business to make himself ¥30,000 to ¥40,000 every year. Compared with Zhang, Lu himself was diligent, and he had accumulated some business experience in high school. Over these three months, he had gained knowledge about the delivery service and familiarity with the campus. By working across the neighbouring areas, he had also come to know customers’ needs and the key issues of delivery service, such as cutting costs and improving service quality and efficiency. Lu concluded that he could do a better job than Zhang if he took over the business. He made up his mind: “If Zhang can make money in this way, I can definitely earn more.”

To stay on the safe side, Lu spent the following week riding his bicycle to investigate the dorms and office area and surveying the campus customers about their needs for a delivery service. Then he started to make a plan and decided to set a higher profit target than Zhang—in fact, a much higher one. He murmured to himself, with a pen in his hand, “Zhang makes an annual profit of ¥30,000 to ¥40,000, so I should target making ¥50,000. But wait, why shouldn’t I give myself a little challenge? How about ¥70,000 profit a year? This almost doubles Zhang’s profit. But can it be too difficult?”

Lu did the calculation over and over again. He thought that if the service quality and delivery efficiency were enhanced, there should be much more business. If he hired a few more students and incentivized them well, it would not be impossible to realize an annual profit of ¥60,000 to ¥70,000. After one night of careful consideration, Lu got up the next morning with confidence. He stood in front of the bathroom mirror and gave himself a military solute. Seeing nobody around, Lu talked to himself loudly: “Lu Chengdui, are you confident?” He answered his own question: “Yes, sir. Mission will be completed.”

In November 2007, Lu started a conversation with Zhang: “Brother, you are graduating soon. Would you like to transfer the shop to me?” Zhang said, “Sure, the price will be ¥50,000.” Lu said, “This price is too high. How can I have such a large amount of money? I only have ¥7,000. You can have it immediately. I will pay you another ¥13,000 after I make money: ¥20,000 total.” Zhang turned this down and said he would offer the shop to another person at the price of ¥50,000. Lu said, “If you do not agree, I will start a shop next door. I also know the general manager of Zhong Tong Express in Wenzhou City.” Lu pressured Zhang in this way, and one week later, Zhang agreed to Lu’s offer and transferred his shop to Lu for ¥7,000.

On December 10, 2007, Lu officially started his first start-up in college, the Campus Delivery Service Shop. Lu made a brief business plan and set a bold annual profit target of between ¥60,000 and ¥70,000. In order to keep his courage and boost his confidence, Lu contemplated,

Why did I start a business? It was because my family was poor and I could not join a good university. I was never going to be able to realize my dream of becoming a government official and enjoying higher social status. I was also bullied by classmates because of my humble origin and poor family. So I decided to make money to improve my status. But when I have money, how can I demonstrate my social status?

His answer to this question was, “College students rarely have a car. If I buy a car, I can certainly show how rich and able I am. Then I will earn myself social status. I will have face and nobody will be able to look down upon me.”

The next question he faced was what kind of car to buy. If his annual profit reached ¥70,000, after allocating ¥20,000 to further develop the business, he could only spare ¥50,000 for a car. At this price, he would have to settle for a low-end car, so Lu decided that his goal for his first entrepreneurial endeavour in college would be to buy a Geely GC. To further motivate himself, Lu downloaded a picture of a Geely GC from a website, printed it in colour, and put it up above the ceiling of his bunk bed, so that he could see it every morning and every night. The Geely GC motivated him and gave him strength every day.

After taking over the shop, Lu re-painted the entire shop and thoroughly cleaned the space. He put up a whiteboard on the wall to remind himself of important things. In order to cut costs, he used the computers left by the previous owner. He recruited five part-time students and made each of them responsible for certain parts of the campus. He actually paid the students at a higher rate than they would receive for most part-time campus jobs, believing it would make them more passionate about the job. The business grew, and customers were quite happy.

After the delivery service shop was on track and had started to make a profit, Lu started to think about diversifying the business. The next opportunity came very soon. One day, when walking out of a classroom, he overheard several classmates talking about bachelor’s degrees. They said they regretted not studying hard in high school and thus missing the chance for a university education. They sounded truly regretful. Lu thought to himself, “I was a good student in primary school and high school, but I ended up in a vocational high school because my family was poor. I would like to get a bachelor’s degree one day, if I could.”

Lu started to research how he could earn a bachelor’s degree. He found out that he could complete his undergraduate study by enrolling in an online college. He then applied to the online education school of Shanghai Jiao Tong University (SJTU), intending to major in business administration. He continued his study at Wenzhou Vocational and Technical College, spent his spare time on the online courses, and went to Shanghai only for exams.

Through this process, Lu learned all about online education, including the application process, courses, exams, and overall learning experience. Lu thought of other students who might want to get bachelor’s degrees accredited by the government. In order to verify this idea, Lu met with the students who worked for his delivery service shop and asked them to conduct a survey in the cafeteria. One-third of the students surveyed said they would like to enrol in an online program to get a bachelor’s degree. Lu was encouraged by this result. He then compared himself with the recruitment staff at the online education school. The staff team was made up mainly of women in their 40s, having much less knowledge than Lu did about online education and the available majors. This made him confident about becoming a recruitment agent for the school.

Lu realized he had found another good business opportunity. He went to the online recruitment office of SJTU and pitched his idea. After negotiations, SJTU’s online education school agreed to let Lu recruit students on the school’s behalf at Wenzhou Vocational and Technical College, so he began recruiting students who wanted to upgrade their college degrees to bachelor’s degrees. On March 28, 2008, Lu set up a college–bachelor upgrade application service desk in the campus department store. Lu recalled, “This business made me good money because there was almost no cost involved. I received ¥1,500 for each student I recruited. If I could recruit 100, I would get ¥150,000 in my pocket.”

By the end of May 2008, Lu calculated his profit so far. The delivery service had a profit of over ¥40,000, and the total profit, including the money made from the recruitment service, reached over ¥60,000. Lu bought his first car—a Geely GC. He had achieved his target earlier than planned.

Continuing His Entrepreneurial Journey

In June 2008, after realizing his first target, Lu said to himself as he was driving his Geely GC that he should keep the two current businesses in good shape and explore new opportunities. Lu was on an entrepreneurial journey. It had been nearly one year since Lu had come to the college. He was now very familiar with the campus and the surrounding area. He noticed that shops were spreading along the several entrances to the campus, with restaurants, hair salons, and grocery stores providing various services. Wenzhou Vocational and Technical College was a big school, with over 10,000 students. Including the staff and faculty, the campus population was over 13,000. The need for living and study supplies and services was quite large.

Opposite Lu’s dorm building was a shopping street, with many shops run by owners from outside the campus. They were not college students, and most of them had not completed junior high school. They had little knowledge about the electronic products some of them sold. When students came to buy electronic products from them, they could hardly explain the functions of the products, and their service attitude was poor, but since they ran the shops in a large school that offered few alternatives, they did not need to worry about customers. Though they had insufficient knowledge and their service quality was poor, they could easily earn ¥30,000 to ¥50,000 a year from the 20-square-metre shops. After learning this, Lu started to compare himself with these shop owners, who had little education yet could still make money: “I am a college student, with more knowledge and better personal quality. If I run a shop, I can definitely do a better job.” Lu decided to open a shop, selling the most frequently needed stationery and living supplies. Since the business would be comprehensive, he thought he should rent a space between 200 and 300 square metres.

One day at lunchtime as Lu was standing in a long line in the cafeteria, he overheard the students next to him talking about looking for part-time jobs to subsidize their living expenses. Over lunch, Lu started to think about what he had heard. Among the 10,000 or so students in his college, 70–80 per cent were from fairly poor families from the countryside. Many of them wanted and needed to have part-time jobs. Unfortunately, they had no ideas about what employers needed nor access to job information.

From Lu’s perspective, a large number of students wanted part-time jobs. The college had a great variety of majors, covering the skills needed by many industries; students’ skills should be able to satisfy the needs of various companies from various industries. Lu thought if he opened a part-time job service centre, the business prospect would not be bad.

The question then became, where should he open this service centre? In a corner of one of the commercial streets of the college, Lu found a part-time job service centre for college students. The centre was located in the far end of a grocery store. Lu entered the small space and found a woman in her 40s dozing off behind a desk. He asked, “Auntie, do you introduce jobs for students?” The woman replied,

Yes, if you want a part-time job, you can register here. Write down what kind of job you would like to do and how much salary you want. We will send your information to our clients. If any company wants you, they will notify us and we will let you know. You need to pay a ¥100 registration fee.

Lu continued to ask, “Do you guarantee that I can find a suitable job? If the job you introduced is not suitable for me and I choose not to go, do I still need to pay the fee?” The woman replied, “We will definitely find you a job, but if you are not willing to go, this is your own business. Whether you go or not, you have to pay the registration fee.” Lu replied, “Okay, I see. Auntie, are there many students registering here?” The woman replied, “Quite a few. Every day we have new students coming in. This is a large college. There are so many students who want a job. ¥100 is nothing. It’s very cheap.” Lu smiled at the woman politely and said goodbye.

Lu left the job service centre and kept thinking about it while he walked back to his dormitory. He was acquainted with several dozen managers, and through them he should be able to find out more. Using the Internet, he could figure out the needs of companies and learn of commercial events that needed part-time or temporary personnel. If he could collect information from students who wanted part-time jobs, he could then match the needs of both sides, and he should be able to do a better job than the woman he had met at the job service centre. He thought further; if he put the shop and the job service centre together, he could make space for the centre at a visible spot in the shop. He could then use glass walls to segment the service centre space, equipping it with a desk and two computers. When students came to buy things, they would see the logo of the part-time job service centre, and if they had the need, they would stop by to use the service. What’s more, students would also like it if the centre only charged the companies and provided the service free to the students.

Because Lu had gained over one year of business experience and knew a number of company managers and small business owners, he already had a small network. Lu thought if he could contact the companies and expand the channels, he should be able to introduce jobs to the students. Lu had another idea: he should start a business selling daily necessities, stationery, and electronic products. At the same time, he would open a job service centre inside the shop.

Now he needed to know how to get the information of those students who would like to have part-time jobs, including their genders, majors, and job expectations. Lu recalled that many of the stores along the college entrances, such as restaurants, food delivery outlets, hair salons, and fitness centres, distributed discount leaflets all over the cafeteria and dorm buildings. So Lu went to the shops that often offered discounts and talked to their managers. He suggested that he could act as their agent to distribute their discount leaflets on the condition that they would change the discounts into coupons that could be used as cash. Then Lu printed the coupons of over 30 stores onto a leaflet; each coupon had a set amount, and the total cash value of each leaflet would be ¥500. Lu was confident that, with the coupon leaflet as a promotional tool, students would love to join his social practice platform.

Before making a final decision about whether to launch this project, Lu asked himself whether he would do well in running this commercial company, selling products, and providing job services. He told himself,

I have business and management experience, and I have made a thorough investigation into the business of selling utility products, knowing where to source the inventory. I also know a bunch of company managers, and I am good at scanning commercial events via the Internet. I also can recruit members for the job service centre and get to know their majors and needs. I can find jobs for them. Just do it. I will succeed!

In the commercial district of the college, Lu rented an over 300-square-metre space and registered Wenzhou Mingda Commercial Company (Mingda). The initial investment was ¥110,000, ¥60,000 of which was from his own pocket and the remainder from 10 other students. The company had 11 stockholders, and Lu became the chairman. Lu continued to use a car as an incentive target. He decided that, by mid-2009, he would buy himself a Ford Focus (the net price was slightly over ¥110,000) by using the money he earned through Mingda. As he had done the last time, he downloaded and colour-printed a picture of the car and put it near his bedside. Every day, when he got up and when went to sleep, he would see the car—his entrepreneurial target.

Lu used the coupon leaflet to attract students to join the centre as members. Students had to pay a ¥30 sponsorship fee before they could get the coupon leaflet worth ¥500 cash. This proved to be an attractive way to invite students—many of whom wanted to use their spare time or holidays for a part-time job or internship—to join. Lu actively promoted his service, and by the end of 2008, the job centre had recruited over 3,000 members and collected over ¥100,000 in sponsorship fees. During the same time, the shop generated a profit of ¥150,000. Altogether, Mingda made a profit of ¥250,000 in less than half a year. Lu earned ¥130,000.

By March 2009, when the new semester began, Lu had realized his second target and bought himself a Ford Focus for ¥115,000.

A New Question Ahead

On the morning of September 25, 2009, a piece of news caught Lu’s attention while he was reading the *Wenzhou City News* on the news board in his dorm building’s entrance. The news reported that a man from another city was looking for a business partner. This man commanded a unique technology that could seamlessly repair broken bowls. The bowls and plates repaired using this technology bore no trace of having been broken at all. Reading the news put Lu into deep thought. Based on his business experience, this should be a good project with a large potential market. Lu was excited by the idea that he could start an industrial company by investing in the project. He even started to envision the scenario of repairing China tableware and pottery in his factory.

He was so excited at the idea that he pulled out his mobile phone and was ready to call the man according to the contact information provided in the news. When he was about to dial the number, his classmate Li Xinming, one of his business partners in Mingda, appeared. Li greeted Lu and said, “Brother Dui, what are you doing here?” Lu looked at Li and said, “Look. Here is a piece of news in the newspaper. I think this is a good business opportunity. I was just about to call this person.” Li approached the news board and read the news carefully. He paused for a while and said to Lu, “Brother Dui, the business projects we did in the past involved no special technology know-how. But this one does. Brother Dui, you’d better be cautious. Can you do this? Are you confident?” Hearing his friend’s words, Lu started to hesitate. “Yes, my previous two projects had not much special know-how and could be managed through fast learning. I can also learn from similar businesses. But this one is technical. As a student majoring in marketing, can I do it? How about the market potential?”

Lu watched his friend go, and found himself sitting on the stairs of the dorm building, pondering the project. “Am I confident enough to make this entrepreneurial project happen and succeed?” he wondered. This was a valid question. Should Lu be confident facing this new business opportunity, with a technology element he had not experienced so far on his entrepreneurial journey? Should he take up this new opportunity and challenge?

1. ¥ = RMB or CNY = Chinese yuan renminbi; US$1.0000 = ¥6.8200 on September 30, 2009 and US$1.0000 = ¥6.9420 on December 31, 2016, as per US Treasury Reporting Rates of Exchange; all currency amounts are in ¥ unless specified otherwise. [↑](#footnote-ref-1)
2. This contest was organized by the All-China Students’ Federation, China Youth Daily, and other mainstream media. It targeted young entrepreneurs still in college or having graduated less than three years earlier. There were three criteria for this contest: (1) start-up performance, including business value, social innovation, and corporate social responsibility; (2) innovation and an entrepreneurial story that identified entrepreneurs who could be role models for college students; and (3) positive social impact; “Wen Cheng Lu Graduated from the Top Ten Among the Best,” Wenzhou Daily, November 28, 2015, accessed October 24, 2017, www.wzrb.com.cn/article667889show.html. [↑](#footnote-ref-2)