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Xiangdu: Succession of entrepreneurial spirit

Jean Lee and Liman Zhao 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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During a top management meeting in June 2016, Ruiqin Li and her family planned for the future development of Xinjiang Yier High Technique Agriculture Company (Yier). Although Xinjiang Xiangdu Winery Co. Ltd. (Xiangdu), a subsidiary of the Yier group, had become a big success, Li was still faced with challenges moving forward. In her opinion, Xiangdu had been founded by the family as a whole. The second generation, however, believed it was Li who made everything happen. Looking to the future after this “iron lady” moved backstage, would Xiangdu achieve greater success? Li also had to make a decision about the company’s strategy for an initial public offering. The shareholders’ opinions were split among three options: (1) take the whole Yier group public, (2) make Xiangdu public independently, or (3) make the group’s independent companies in industry chains public. Should Li fulfill her husband’s last wish to make Xiangdu a public company? If so, which choice should she follow?

Chasing a Dream with Companions in Xiangdu

Li’s Earlier Entrepreneurial Experiences

Li was born in the city of Yantai, Shandong Province, and moved to a small village in Qigexing Township, Yanqi Hui Autonomous County, after marrying Benxin Zou. Though life in the borderland was harsh, Li maintained a positive attitude and gradually adapted to the local climate, diet, and working environment. In an effort to improve their living standards, Li led her family to grow vegetables and raise pigs. While working as a production brigade accountant, Li came into contact with officials from the local government, as well as employees of banks and financial and tax agencies. These experiences broadened her horizons and greatly changed her way of thinking. As a result, she decided to set up a business.

In 1985, Li and one of her friends opened a brickyard, which closed down two or three years later due to poor operations. After reflecting on this failure, Li returned in 1988 and founded a company that produced leather, fur products, and leather garments under the Yier brand name. The products were quite popular among consumers and brought Li remarkable success. At the end of 1991, Li visited five Central Asian countries and became the first Chinese private entrepreneur in the Bazhou area to explore foreign markets.[[1]](#footnote-1) She identified several products for which there were great domestic needs, and she signed co‑operative agreements with local partners. She also opened a leather factory in Kazakhstan and engaged in cross-border trading. By 1998, the family had accumulated significant wealth, including several million yuan, a fleet of luxury cars, and many real estate holdings. However, while local cross-border business was booming, Li, exhausted and suffering from illness, decided to close the factory, which was polluting the natural environment, and to withdraw from the cross-border trading market in an increasingly harsh business environment.

Hunting for a New Opportunity

For Li, the purpose of doing business was more than just making money. She enjoyed continuous exploration and hoped to leave her mark in a field beyond the reach of ordinary people. To seek inspiration for a new business, she returned to her hometown in Shandong. After visiting several local companies, she found that Yantai had a rapidly developing wine industry. In her opinion, grape growing was a long-lasting and sustainable business, suitable for generational succession. When Li shared the new idea with her family, no one was in favour of it. Friends, government officials, and local people also disagreed with her. However, as they became aware of her determination and the contributions of grape growing to the desert, more people changed their minds and were willing to help.

In a rigorous manner, Li proved that her beautiful dream of growing grapes in the Gobi Desert was feasible. She paid frequent visits to relevant government agencies, including local and national academies of agricultural sciences and bureaus of agriculture, water conservancy, forestry, and geology. With the support of the Xinjiang Academy of Agricultural Sciences, Li spent over ¥2.8 million[[2]](#footnote-2) to employ experts to conduct feasibility research on the grape-growing project. Half a year later, the experts determined that the local environment was favourable in every respect for growing high-quality grapes. Determined to continue the cause, Li visited a researcher at the Chinese Academy of Agricultural Sciences in Beijing. Her goal then was to create a company that would last over 100 years.

In 1998, Li led her family and her neighbours to work on the desert. In Qigexing Township, they managed to drill 14 pumping wells, plant 5,000 mu [333 hectares (ha)] of wine grapes, and build a wind break with 280,000 aspens. By the end of 2012, with a total investment of over ¥200 million, they had completed construction of a 120-kilometre road network, 28 kilometres of high-voltage transmission lines, a wind break with 3 million trees, 36 pumping wells, and over 7 million metres of water-saving irrigation capillary pipes. The Gobi Desert, once desolate and abandoned, had become home to a vineyard producing wine grapes and protected by a green wind break. Li knew very well that nothing would have been possible without her family, who had joined her to chase her dream.

Husband Benxin Zou

When people talked about Xiangdu, they mainly talked about Li’s inspiring story. Yet Li often said that her success could be largely attributed to her husband. Jiang Ying, the vice general manager of Xiangdu, once wrote an article that hailed Zou as “a milestone of the vineyard in the Gobi Desert.” In Li’s eyes, her husband was like a giant tree—a man who possessed every quality of a willing ox, doing all the supporting work for her. However, this man who had been there for her for 38 years was unfortunately diagnosed with advanced lung cancer in March 2009.

In October 2010, Zou went to see, for the last time, the land and vineyard which he had dedicated half of his life to. When he was in critical condition, he asked his family not to hold a memorial meeting or erect a tombstone for him, but to have his ashes sprinkled in the vineyard so he could continue to safeguard their vineyard and their family. His spirit touched everyone at Xiangdu. In addition, he tried to persuade his wife to have the company listed in order to keep her from working too hard after his departure.

The Second Generation of Xiangdu

“We started our business with our kids. I’ve been learning from these youngsters, [in] whom I see some qualities quite different from other young people. They never fix their eyes on fame and interests,” said Li proudly. “I am so much moved by these youngsters. I could not forgive myself if I do not achieve something for them.” Most of the senior managers at this time were selected from within her family (see Exhibit 1). Li was a mother of three children, with whom she had dedicated all her time and effort to the development of Xiangdu (see Exhibit 2).

From the perspective of the second generation of the Zou family, Xiangdu’s success could not have been achieved without Li’s devotion. Led by Li, the family had maintained a habit of singing patriotic songs during the past 20 years. On Chinese New Year’s Eve, they would sit together, singing and drinking. They sang spiritual songs to show their gratitude for their country and to motivate the family to make their business increasingly better in the future.

The Next Generations of Xiangdu

Speaking of the future, Li hoped to build Xiangdu as a world-renowned brand with a century-long history. Therefore, she tried not to focus on cultivating the third generation of her family only[[3]](#footnote-3) but initiated a plan to grow talents among all the employees. According to the plan, Xiangdu helped cover 60 per cent of the tuition fees, from kindergarten to college, of the children of employees who had been working at Xiangdu for over three years. Those children who received the grant would become “Xiangdu’s children,” if they were willing to work at Xiangdu after graduation. This plan not only offered benefits to employees, but also manifested Xiangdu’s foresight and the warmth of its home-like culture. Xiangdu also operated a set of rules and incentives regarding talent, which had helped retain a number of crucial technicians of various nationalities who had been working for the company since its establishment, thus maintaining Xiangdu’s core competitive edge. In the initial stages, Li advised the next generations to “be a good person first, and do great things second; and efforts never end,” and this had become a core element of the corporate culture, shared by all employees. These mottos tied many employees firmly to Li, helped them overcome hardships, and supported them in realizing their dreams through unremitting efforts.[[4]](#footnote-4)

Li saw all of Xiangdu’s children as her own children. She believed that these young people had immense potential and should be tempered to grow stronger. Li explained that “when heaven is about to confer a great office on any man, it first exercises his sinews and bones with toil”—that is, a person who was incapable of overcoming difficulties could not shoulder important tasks. She believed that it often cost parents enormous time and energy to raise their children, so their children should keep moving forward and making achievements.

Li often said to her children, “Our generation focused on growing grapes, and your generation should take charge of wine making, so the mission for the next generation will be building a great brand!” Li had been doing all three tasks, witnessing the growth and breakthroughs of Xiangdu at every stage.

Xiangdu: The Three Polished Pearls

“The first pearl is our vineyard, the second, our wine, and the third, the phenolphthalein derivatives. If we keep on developing the entire industry chain, our three generations can really work together on one task to realize one dream, which is just like what our president expected,” said Xiaoyun Li, marketing director of Yier. Looking back, Li said with emotion,

We have developed from a start-up with less than three types of products to over 10 mid- and high-end products, and the capacity of our production line increased from 3,000 tons to 10,000 tons; our once little-known trademark, Xiangdu Winery, has evolved into a China well-known trademark. Throughout the past years, we as a family and a group of farmers, have experienced too many “first times” as well as the struggle mingled with tears and sweat. We also witnessed our business growing from zero to a small scale and to today’s size.

Vast Vineyard: Long-Expected Green Area in the Gobi Desert

In 1998, following Li’s dream, her whole family had come to the Gobi Desert to reclaim land and grow grapes. After a feasibility analysis, the Zou family started investing in the cause, which was so costly that the family had only ¥2 for the Spring Festival of that year. When recalling those times, Li’s second son, Jiyun Zou said, “We did not feel much disappointed, because we were born as farmers. If things wouldn’t work out, we had thought that we could just return home to continue our farm work. We believed that we would do better farm work than others.”

They planted 5,000 mu (333 ha) of grape plantlets in the boundless Gobi Desert. In the first year, the family was very worried because, if the plantlets failed to pass the cold winter, all their efforts would be in vain. Fortunately, the plantlets survived the winter and grew roots after the end of the second winter. From then on, the Xiangdu people buried the grapevines under the ground before winter and dug them out the next spring. They also used only farmyard manure rather than chemical pesticides and fertilizers, and applied a water-saving drip irrigation system so as to produce the best grapes. Furthermore, in 2011, Jiyun Zou invited to Xiangdu Daniel Fisher, a famous Australian winemaker, agronomist, and expert in vineyard management. This internationally famous agronomist and soil scientist paid a 10-day visit to Xiangdu every month to provide technical guidance and conduct an academic exchange.

The Xiangdu Vineyard was rated as an AAA national tourist attraction in 2009. As of 2013, the grape base of Xiangdu expanded to 40,000 mu (2,666 ha). The sight of the vineyard made Xiaoyun Li so excited that she said, “The vineyard is just the one we depicted on our plan map, and it really touches me when I see the real yard.”

Xiangdu Wine: To Be China’s Lafite

In 2002, Xiangdu was officially incorporated, and a winery was established and put into production. The company was a joint venture with a French chateau, which held a 49 per cent stake.

Xiangdu’s employees had been gradually influenced by philosophies and a work style focused on pursing the finest results. Xiangdu upheld the philosophy that, “The best wine comes from the best grapes,” and it developed its distinctive wine-making concept in concert with regional features: “Be with nature and freedom.” However, working with the French partner was full of challenges. From the design and decoration of the winery to the building of the wine culture centre and advertising investment—all were decided after arguments. Li shared the same style as most Chinese entrepreneurs: she wanted things to be finished as fast as possible. In contrast, her French partner cherished romanticism and idealism, preferring patience rather than haste. In 2010, after negotiations, Yier bought back shares owned by the French partner, who had been mostly engaged in technical support since 2004.

In 2001, Li sent Jiyun Zou to France to study wine-making technologies, even though she had a tight budget. During his time in France, while making great efforts to learn French, Jiyun Zou worked in chateaus to acquire expertise on everything from grape planting and management to harvesting, fermenting, and filling. He carefully studied and recorded every detail. Six years later, he went back home. He was soon assigned to be in charge of wine making at Xiangdu, and he rose up to become a rare winemaker of French-style wine and the leading expert at Xiangdu. Over a decade, he worked side by side with his mother, making significant contributions to the development of the company. “If Xiangdu is a vehicle, Jiyun must be the engine of it,” commented Li proudly.[[5]](#footnote-5) However, when it came to technology management, divergences often appeared between Li and Jiyun Zou. He said, “Sometimes, I even crossed with her over technologies in order to produce the best wine, but only the right and professional decisions would be adopted, rather than those made with authority.”

Li sought distinctiveness at every stage of Xiangdu’s development: from producing the first batch of Xinjiang’s own dry red wine in 2002 to gaining organic wine accreditation; from operating as a township-level enterprise to becoming a regional brand in Xinjiang, famous in Xinjiang and well-known throughout China. The company’s focus shifted from French-style tastes to new world tastes and from volume sales to customized production.

At a time when the wine brands Yantai Changyu Pioneer Wine Company Limited, China Great Wall Wine Co., Ltd., and Dynasty Fine Wines Group Ltd. represented over 60 per cent of the share in China’s wine market,[[6]](#footnote-6) Xiangdu survived and secured nearly ¥1 million in sales in 2007, planting its roots in the market. In 2008, it began to make a profit. Around 2012, Xiangdu climbed to the top of Xingjiang’s wine market, with sales reaching over ¥100 million. As of 2014, Xiangdu’s wine production reached 20,000 tons, realizing an output value of ¥1 billion. With several other well-known wine brands (e.g., Les Champs D’Or), Xiangdu helped drive the local wine industry in the Bazhou area. Around 2015, Bazhou had more than 20 vineyards, and the China Alcoholic Drinks Association, which nominated the Yanqi Basin area as China’s high-end wine-producing region, planned to designate Bazhou a wine-producing region.

In 2015, the value of China’s retail wine market was estimated at ¥8 billion, of which one-third consisted of imported wine.[[7]](#footnote-7) This huge market not only gave Jiyun Zou hope for future development, but it also enabled Li to make another dream: to build a Chinese wine brand.

Grape Products: To Build a Complete Industry Chain

When talking about future plans for Xiangdu, Li said,

Today, Xiangdu is moving towards the green and organic food sector. We will gradually grow to be an enterprise focusing on fine and deep processing of agricultural products; meanwhile, we will build an integrated agricultural industry featuring grape growing, processing, and selling, as well as R & D of grape bio products and wine-based tourism.[[8]](#footnote-8)

She said that Xiangdu had planned four years ago to build clean workshops for health products that used grape seed extracts, with annual production of 900 million capsules, and to produce grape seed oil and cosmetics.[[9]](#footnote-9) Xiaoyun Li explained further:

Our industry is quite interesting. Although we originally planned to focus on grape growing and wine making, we were further engaged in the breeding industry and even animal husbandry. We also developed some other businesses around wine. We have established a company for the deep bioprocessing of grape seeds to produce products such as grape seed oil. Since the tourism industry in Xinjiang is thriving, we will also try to initiate a special vineyard tourist project and set foot in the real estate industry.

In March 2016, Li brought a range of grape derivative products, such as grape seed extract capsules and grape polyphenol facial masks, to the 94th China Food and Drinks Fair, representing an entry into the further processing industry.

The Future of Xiangdu: Opportunities and Challenges

Embracing the Internet

In 2012, Li turned 60, but she kept learning. Together with Jiyun Zou and Xiaoyun Li, she participated in the first CEIBS Entrepreneurial Leadership Camp for further education. Unlike most of their classmates, who worked in the Internet or high-tech industry, the trio became representatives of the traditional primary sector. The two-year learning in the camp gave them new ideas, which they put into action.

They believed that Xiangdu should follow changes in the market and alter some of its traditional marketing methods and channels, while continuing to improve quality and retain credit. Li appreciated the online-to-offline concept and listed the company’s wines on e-commerce platforms for sale. Xiaoyun Li led a team (with fewer than 10 members) to develop a WeChat platform in Shanghai. Currently, the platform was selling various goods, including red wine, white wine, natural skin-care products, red dates, walnuts, and other dried fruits. Li also believed that the company’s management model needed to be changed. For example, she had found that all Internet companies had flat management structures, while Xiangdu’s current process required every vice-president or department director to lead a subordinate.

After a period of trial and error, Xiangdu included both offline and online pipelines in its marketing channels to provide convenient customer service. The offline channel was predominant, and the online channel was a complement. Using WeChat and Weibo, Xiangdu conducted marketing through the Internet and developed a partner model. Xiangdu also strove to grow from a regional brand to a national one through the Internet. Nevertheless, online promotion remained just a complement to the offline channels. How could the company break the limitations of its geographical location and leverage the Internet to expand its brand to the whole country?

Inheritance of the Company

As for her plans in the next three to five years, Li had said that she would withdraw from the front at the proper time. She kept emphasizing that the company had been established by the family as a whole. Currently, important decisions were still made at family meetings, and she had great confidence in the second generation. Li believed that she had to continue learning new knowledge and ways of thinking to avoid blocking the growth of the company and the innovation of the second generation. Though Li hoped that Xiangdu could be inherited, she also knew well that no one could take any material wealth along after death. Only a positive, persistent, and enduring spirit, totally committed to the growth of the brand, could exist forever.

As for the second generation, Jiyun Zou admitted that after his mother delegated all her power, the company would face a tough challenge in its search for growth. When talking about the gap between his mother and him, he said, “Maybe it [the biggest gap] is a sharp sense. My mom also has exceptional capabilities for studying. Sometimes we feel that she’s thinking too fast for us to follow her.” Xiaoyun Li said, “My mother-in-law is really great and inspiring. She has done some great jobs that even many men cannot finish. Her achievements not only come from her spirit of hard working, but her exceptional courage and precise judgment.”

Currently, Xiangdu’s shares were held in a block; in order to unite all family members, Li held all the shares. Li had concluded that a family business was a place where family members each had their missions, capabilities, and morals, and were committed to a common cause that could be passed down from generation to generation and could attract the management talents of different generations. Xiangdu employed some professional managers as senior executives, including the chief financial officer, chief technology officer, and a technical consultant from Australia. Li’s three sisters, who had served in the civil service system, had also joined Xiangdu after their retirement.

Struggle with Listing

Since the establishment of the company, Li had persisted in creating a company absolutely controlled by the family. She also had a plan to list the company on the stock exchange. She said, “It is indeed not necessary for a family business to go public. A company, especially a wine company, won’t have to turn to listing if it seeks inheritance and abundant funds. Listing may also bring some disadvantages while it brings you certain benefits.” Nevertheless, Li believed that going public might help promote the Xiangdu brand and make it more standardized. Their teams would also feel proud for listing.

Actually, it was not rare for wine companies to go public. Many chose to go public because they needed more funds to expand their wine businesses. By the end of 2015, there were only six listed wine companies in China: Changyu Pioneer Wine Company Limited, Gansu Mogao Industrial Development Co. Ltd., Tonghua Grape Wine Co. Ltd., Citic Guoan Wine Co. Ltd., Guangxia Yingchuan Helanshan Wine Co. Ltd., and Dynasty Fine Wines Group Ltd. However, not all of these companies performed well in the capital market. In August 2015, the Dynasty Fine Wines Group Ltd. announced, after an internal inquiry following two years of stock suspension, that it had conducted false trading.[[10]](#footnote-10)

Most world-renowned wine companies adopted family management and chose not to go public. For example, none of the members of the famous wine families known as the Primum Familiae Vini were listed companies (see Exhibit 3). Though they had long histories, these companies firmly believed that “family [was] not only the basis of wine, but the root of the wine manufacturers who love their hometowns and stick to their faith in inheritance.”[[11]](#footnote-11)

In 2011, Xiangdu received an investment influx from The Hina Group and Share Capital Partners from Shenzhen. Currently, investors held less than 30 per cent of Yier’s shares, while Li held 70 per cent. Meanwhile, Yier held 74 per cent of the shares of Xiangdu, so the family held absolute control of Xiangdu.

Shareholders had formed three opinions on the plan to list the company: (1) all of Yier could go public, which could improve the fame and brands of the whole group; (2) Xiangdu could go public independently because, as the symbolic brand of the group, Xiangdu was more likely to be recognized by the market; or (3) the independent companies in the group’s industry chains could go public to open a new market. Which option was most suitable for Xiangdu? Which stock exchange should the company choose for going public in the near future?

Faced with the impact of the Internet, how would Xiangdu be inherited after Xiangdu’s “iron lady” Li withdrew from the front? How could the company’s plan to list be promoted? Such questions about the direction of the company would puzzle not only the first generation but also the following generations, who would inherit the company.

Exhibit 1: Family members of Yier and their positions

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| --- | --- | --- | --- |
| **Name** | **Family Identity** | **Responsibility** | **Position** |
| Ruiqin Li | Mother | Yier | President |
| Wei Li | Eldest son | Yier | Vice-President |
| Jiyun Zou | Second son | Yier | Chief Executive Officer |
| Xiaoli Zou | Eldest daughter | Beijing subsidiary | General Manager |
| Xiaoyun Li | Eldest daughter-in-law | Yier | Marketing Director |
| Lele Dou | Second daughter-in-law | Yier | Board Secretary |
| Ruijiang Li | Eldest brother | Yier base | Planting Management |
| Chengrun He | Younger son-in-law | Yier | General Manager (of the base), Secretary of CPC Branch |
| Shufang Qiu | Younger sister | Xiangdu | Director of Logistics Department |
| Pansheng Li | Younger sister’s husband | Xiangdu | Factory Director |
| Honggang Li | Nephew | Yier | General Manager (responsible for sales in south Xinjiang) |
| Hongliang Li | Nephew | Mo Yu | Director |
| Dongmei Chen | Relative | Yier | Finance Director |

Source: Provided by the company.

Exhibit 2: Introduction of Li’s Next Generation

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| **Eldest Son Wei Li: The Vanguard of Xiangdu**  With very good physical qualities, Wei Li joined the army, before which he had studied law in a vocational school for over a year. In response to the need of his mother’s business, he began working with her on cross-border trading and was mainly in charge of customs declarations, receiving goods, and shipment. So, he earned the name of “vanguard” in the company. In 1998, he led a team to drill wells in the Gobi Desert. Upon the founding of Xiangdu, Wei Li began shouldering work such as procurement, supervision, and relationship coordination. In 2009, when Xiangdu developed stably, Wei Li chose to make breakthroughs himself and established a mining plant outside of Xiangdu. Around 2014, he was recalled back to Xiangdu to undertake online and WeChat marketing businesses to solve the challenges brought on by the Internet.  **Elder Daughter-in-Law Xiaoyun Li: A Woman Married to Xiangdu**  Born to an intellectual family, Xiaoyun Li received a very good education. Before marrying Wei Li, she was an urban white-collar worker with a monthly salary of several thousand yuan. In 1998, Xiaoyun Li came to the boundless Gobi Desert with her husband. Since then, she witnessed the Zou family’s decline from rich to poor. Her mother-in-law commented that she withstood all the tests, even though “she used to live a very comfortable life.” Xiaoyun Li recalled, “At the very beginning, at least I myself believed that what we did was to accomplish the dream of my mother-in-law; however, as time went by, I found that the dream had become mine; in the meantime, I had grown unconsciously from a tender woman into a tough businesswoman!”  She spent nearly two decades working at Xiangdu. Working as director of marketing, she travelled a lot but never complained. The results of her devotion were quite rewarding. During the past time, she gained not only business success, but also strong intimacy with family members. “During the decade of our entrepreneurship, my mother-in-law and I had meals together and slept in the same room and sometimes even on the same bed, so we know each other quite well. Although I am her daughter-in-law, I am well aware of her hardships and sufferings. She is an entrepreneur and a considerate mother,” said Xiaoyun Li emotionally. “Before becoming a member of this family, I was the youngest among all my brothers and sisters, but I later became their eldest sister-in-law. Fortunately, we get along with each other quite well. We share the same goal, which is to develop our business bigger and stronger in the long-term!”  **Second Son Jiyun Zou: The Engine of Xiangdu**  In August 1996, Jiyun Zou graduated from Xinjiang University and achieved a bachelor’s degree in economic management, after which he moved on to work as a civil servant for four months. Being unable to tolerate the undemanding work, he handed in his resignation letter and joined in his mother’s business. He began working for his mother’s leather factory and helped with sales of leather garments. Two years later, he went to work side by side with his mother on reclaiming land and growing grapes. In 2001, he took his mother’s advice and travelled to France to study wine-making technologies. He returned home six years later and then acquired a certificate of level-II wine taster and qualified as a certified member of a national wine-tasting committee, becoming a then rarely seen maker of French-style wine. Jiyun Zou brought both the technologies and philosophies of wine making to Xiangdu, which, in combination with the local culture of Xinjiang, gradually formed the distinctive wine culture of Xiangdu: “Be with nature and freedom.”  **Younger Daughter-in-Law Lele Dou: A Talented Manager**  Lele Dou fell in love with Jiyun Zou when she studied in France. Love drove her to give up her white-collar job in the big city. In 2005, when Jiyun Zou needed to return home to work for his family, Lele Dou followed him without hesitation to Qigexing Township. The great change in living environment make it hard for her to adapt to the life there for some time, but she managed to blend in using her strong adaptability and even grew to be Li’s right hand. As the secretary of the board, she managed to put everything in the company in great order.  **Youngest Daughter Xiaoli Zou: From a Docile Girl to General Manager**  As the “princess” of the family, Xiaoli Zou did not suffer from any hardship in her childhood. She was still a student when her parents and siblings were working hard on the leather plant and cross-border trading. After graduating from a vocational school, she first secured a comfortable job in the bureau of finance of the county. While her family was busy opening up wasteland and planting grapevines, she was sent with recommendation to college for undergraduate study. Later, Xiangdu’s wine business made huge steps forward in Xinjiang’s market and the company was in urgent need of marketing management talent to help expand business to other regions. Xiaoli Zou decided, after careful consideration, to sail side by side with her family. In 2006, she was sent to develop business in Beijing’s market. She succeeded in accomplishing the task given by her mother and gained comprehensive knowledge of the state of Beijing’s wine market. Two years later, Xiangdu set up a subsidiary in Beijing. It was managed by Xiaoyun Li in the first year, and then Xiaoli Zou became general manager. |

Source: Provided by the company.

Exhibit 3: Primum Familiae Vini (SFV) members

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| --- | --- | --- | --- | --- |
| **Wine Company/Chateau** | **Country** | **Established** | **Vineyard Area (in Hectares)** | **Listed/Unlisted** |
| Miguel Torres | Spain | 1870 | 1,300.0 | Unlisted |
| Vega Sicilia | Spain | 1864 | 250.0 | Unlisted |
| Mouton Rothschild | French | 1720 | 90.0 | Unlisted |
| Maison Joseph Drouhin | French | 1880 | 73.0 | Unlisted |
| Perrin et Fils | French | 1978 | 200.0 | Unlisted |
| Pol Roger | French | 1849 | 55.0 | Unlisted |
| Hugel Family | French | 1639 | 127.0 | Unlisted |
| Egon Müller | Germany | 1797 | 11.3 | Unlisted |
| Symington | Portugal | 1882 | 940.0 | Unlisted |
| Antinori | Italy | 1461 | 1,728.0 | Unlisted |
| Sassicaia | Italy | 1948 | 70.0 | Unlisted |

Source: Created by the case authors based on the following sources: “Miguel Torres,” Wine World Network, accessed December 2, 2017, www.wine-world.com/winery/miguel-torres-chile; “Vega Sicilia,” Wine World Network, accessed December 2, 2017, www.wine-world.com/winery/bodegas-vega-sicilia; “Mouton Rothschild,” Wine World Network, accessed December 2, 2017, www.wine-world.com/winery/chateau-mouton-rothschild; “Maison Joseph Drouhin,” Wine World Network, accessed December 2, 2017, www.wine-world.com/winery/maison-joseph-drouhin; “Perrin et Fils,” Wine World Network, accessed December 2, 2017, www.wine-world.com/winery/perrin---fils/C0EFDFF8-AB29-4625-8083-31AD46370268; “Pol Roger,” Wine World Network, accessed December 2, 2017, www.wine-world.com/winery/champagne-pol-roger; “Hugel Family,” Wine World Network, accessed December 2, 2017, www.wine-world.com/winery/famille-hugel/fadd6e2d-41dc-4e5d-9c27-a6a2938826f5; “Egon Müller,” Wine World Network, accessed December 2, 2017, www.wine-world.com/winery/weingut-egon-muller-scharzhof; “Symington,” Wine World Network, accessed December 2, 2017, www.wine-world.com/winery/symington-family-estates; “Antinori,” Wine World Network,accessed December 2, 2017, www.wine-world.com/winery/marchesi-antinori; “Sassicaia,” Wine World Network,accessed December 2, 2017, www.wine-world.com/winery/tenuta-san-guido.

1. Bazhou was an autonomous prefecture within the Xinjiang Uygur Autonomous Region, which had four prefecture-level cities, five regions (including three municipalities and two autonomous prefectures), and five autonomous prefectures. [↑](#footnote-ref-1)
2. ¥ = CNY = Chinese yuan renminbi; all currency amounts are in ¥ unless otherwise specified; US$1.00 = ¥ 6.65 on June 30, 2016. [↑](#footnote-ref-2)
3. Now, she was the grandmother of three grandchildren. Her eldest son had an 11-year-old daughter; her second son had a nine-year-old boy; and her daughter had an eight-year-old girl. [↑](#footnote-ref-3)
4. Sino Foreign Management, “A Dream Is to Chase: The Story and Life Philosophies of Ruiqin Li, the ‘Iron Woman of Xiangdu,’” 1st ed. (Beijing: Economic Daily Press, 2015), 146. [↑](#footnote-ref-4)
5. Ibid. [↑](#footnote-ref-5)
6. “The Top Four Wine Brands Take Up 60% of the Share of China’s Wine Market,” cnwine.cn, August 16, 2004, accessed May 3, 2015, www.cnwine.cn/news/detail.aspx?id=69940. [↑](#footnote-ref-6)
7. “Analysis of China’s Wine Market in 2016 and the Developing Trend of Wine Industry [in Chinese],” www.chyxx.com, March 23, 2016, accessed May 3, 2016, www.chyxx.com/industry/201603/398226.html. [↑](#footnote-ref-7)
8. Wang Xingrui, “Xinjiang’s Distinctive Road of Development: Xiangdu Winery Seizes Opportunities to Build a Complete Industry Chain [in Chinese],” www.iyaxin.com, February 23, 2016, accessed April 21, 2016, http://news.iyaxin.com/content/2016-02/23/content\_10024795.htm. [↑](#footnote-ref-8)
9. Ibid. [↑](#footnote-ref-9)
10. Ning Tian, “The Sixth Listed Domestic Wine Family Business Comes Out,” dahe.cn, December 8, 2015, accessed May 3, 2016, http://newpaper.dahe.cn/dhb/html/2015-12/08/content\_1342350.htm?div=-1. [↑](#footnote-ref-10)
11. “Uncovering the Secrets of the Best Wine Families—Primum Familiae Vini [in Chinese],” Fengsung.com, June 14, 2016, accessed August 5, 2016, www.fengsung.com/n-160614115049153.html. [↑](#footnote-ref-11)