



Boao Forum for Asia Annual Conference 2016

Session Summary (No. 51)

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March 24 , 2016

Listen to Entrepreneurs 5 **The Wisdom on Innovation**

Time: 13:15-14:15 , March 24 , 2016

Venue: ICC , Level 1 , Peacock 1

Moderator: WANG Han , Anchor , Hunan Satellite TV

Entrepreneur: ZHANG Yue , Chairman & CEO , Broad Group

Key Points:

- Innovations come from people's needs for materials.
- The driving force of innovation is people's longing for a good life.
- The direction of innovation is inward not outward.
- Retention is also a kind of innovation.

Synopsis:

Innovations Come from People's Needs for Materials

ZHANG Yue noted that innovations come from people's increasing needs for materials. He said that there are four levels of people's needs: the first is the basic need for survival , such as eating and clothing ; the second is fun and more convenience brought by materials ; the third is cultural needs , such as spiritual pursuits ; and the fourth is thinking about long-term matters. At



present, China is just developing into the fourth level. Therefore, our innovations should also be carried out in line with this phase's requirements.

WANG Han said that the driving force of innovation is people's longing for a good life. A good life should be one that is decent and poetic.

The Direction of Innovation Is Inward but Not Outward

ZHANG Yue said that innovation is not simply to do the superficial work. Taking building houses as an example, innovation lies in the building materials but not the looks. We used to use concrete to build houses, and then we used steel and now we innovate by using stainless steel. The life of stainless steel is 2000 years and only have 0.1 mm of corrosion. It can be said that stainless steel will stay in the same state for 10,000 years. The only way to lower the material cost is by innovations in processing. And now we have found cellular material, which is a kind of light-weight stainless steel and can be used to support a 100 to 200-storey building. This is a breakthrough in innovations. The processing of cellular material is very complicated and costly. It has been used only in the space in the past. The processing cost of this technology was 40000 RMB/square meter but now we have lowered the price to 400 RMB/square meter or even less. This is innovation.

WANG Han noted that television stations are facing the same issues in cultural innovations. For example, many TV stations buy television models from others instead of making self-innovation. Their own teams only need to produce programs and compete in star resources in the producing process. Now it often takes tens of millions to invite a star for a reality show. But the truth is that not much money is spent on production, and even less is spent in equipment, editing and salaries and welfare of the employees.

Retention Is Also a Kind of Innovation

ZHANG Yue said that when everyone else is breaking old rules and orders, retention can be a kind of innovation, too.



WANG Han noted that innovations have two directions: forward and backward. Isn't it innovation to apply the vital elements passed from our ancestors to the modern life? A simple example. The Coca Cola drink maintains the same taste for 100 years. Then what are its innovations? The characters on its cans show that the spirit and culture in which it interacts with the era are changing every year or even every season. This constant renewal makes it immortal.

He took his job of preserving Hunan dialect as an example. He said that preserving dialects is actually protecting our good memories, and it is protecting the cultural essence of our nation and the most valuable part of our life.