

## Sales Machine

# Sales Culture: Interview with Acer's Stan Shih

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Last week, I posted an interview with Dell CEO Michael Dell. He's a visionary, of course, but he's far from the only one in the business world. In fact, if current trends continue, Taiwan-based Acer will surpass Dell as the world's second largest PC maker. And that's pretty amazing since ten years ago, Acer wasn't even in the top ten.

If culture is destiny — and I believe that it is — then Acer must have a sales culture that's even more impressive than Dell's. As it happens, I also interviewed Acer founder Stan Shih before he retired a few years ago. As you'll see, Shih worked for many years to create a dynamic corporate culture at Acer, one that combines the values of the high tech world with those of the Asian business world.

- **James:** How do you foster entrepreneurship in a large company?
- **Shih:** We have a saying in Taiwan: "it's better to be the head of a chicken rather than the tail of a cow." What this means is that most entrepreneurs would prefer to run their own small businesses than work for a big company. The key to recruiting such entrepreneurs is a management philosophy that respects independence, coupled with employee ownership of the company. In a truly effective company, every employee should be a shareholder in a big way.
- **James:** How can a company best be successful in an era of globalization?
- **Shih:** When globalizing, you always have limited resources of talent and capital. The best way to globalize is therefore to localize, to integrate the local resources of talent and capital and integrate it with the parent company. We think in terms of "global brand, local touch," and try to for a group that leverages the size of the parent company but still

draws on the experience of the local partners. You must have a common vision and a goal, but implementation must be based upon the local leaders' management style.

- **James:** What's the nature of control in a well-run company today?
- **Shih:** In the past, control is controlled by who owns 51% of the company. It makes much more sense to control a company by managing the common interest of the people inside of it. This kind of approach, however, takes longer to establish because you have to establish a consensus, which requires a lot of communication and mutual trust. And then we can share the common vision and common goal and reach strategies that serve the mutual benefit.
  
- **James:** How do you define leadership?
- **Shih:** Leadership is the process of achieving a dream together, especially when that dream seems impossible to achieve. Leaders have to be open minded, and have to accept the ideas of others, even when they might lead to mistakes. The best training for leadership is to learn from your mistakes. This means that leaders never argue and they never try to shift blame onto others. When something goes wrong a leader always asks "what's wrong with me," not "what's wrong with them."
  
- **James:** How has the concept of loyalty changed over the years?
- **Shih:** Today, you create employee loyalty through a common vision and strategy. This must be reinforced, however, by the common interest, which means that people must have incentives, stock options and profit-sharing that matches their level of risk. Loyalty also comes from protecting the interests and position of managers and employees when they make mistakes. People really appreciate the opportunity to learn from their mistakes.
  
- **James:** Where do employees fit into the picture?
- **Shih:** The customer comes first, then the employees and then the shareholders. Some companies put the shareholder first. That makes the investors happy but those companies can't survive for ten, twenty, thirty years. They're too concerned with short-term profits to give much attention to growing a business.

BTW, of all the CEOs I've interviewed (and I've interviewed at least 100), Stan Shih was the most "gentlemanly". He made me feel like I was an honored colleague, not just some reporter trying to do a job. I'm sure that he was able to do that because he had lots of practice making his employees feel that way, too.

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