

## TRANSCRIPT

# Alibaba's "Secret Sauce": Purpose, Harmony, & Dialectics

### Host:

A company's philosophy is the value system that shapes its approach to business and innovation. A well-crafted philosophy can propel companies to new heights, while a misguided one can lead them astray.

Let's explore the philosophy, or more specifically, the "Tao" of one of the world's most successful companies, Alibaba. Not only is it the world's largest retailer and e-commerce platform, but Alibaba also has ranked among the Top 10 most valuable brands, globally.

To walk us through this, we're joined by Brian Wong, former Special Assistant to the Chairman of Alibaba Group, Jack Ma. Brian is the author of "The Tao of Alibaba", which explores the company's foundational principles. He will illustrate how the company's Tao philosophy has helped shape the conglomerate's global growth and success.



**Brian A. Wong:**

The secret sauce of Alibaba I really linked it to the philosophy of Taoism, mainly because I saw this as a sort of interlinking sort of philosophy that ran throughout the company. Obviously, Taoism is a very deep and profound philosophy. But if we want to simplify it, and I would break it down into three areas.

First is the path and the way. And this is very much a principle that runs throughout Taoism, that everything, everyone, every organisation has sort of a path or a way, and in what I call the purpose.



# 道

“a path or a way”

The second concept is really a concept of harmony. Although Alibaba is an organization, it thinks about itself in the context of a much larger universe, much like how Taoism talks about this harmony within the universe and how you need to sort of fit within that bigger picture. And so everything that Alibaba did throughout its sort of development thought about contextually this ecosystem. And even in the early days, we brought in biologists and ecologists to share with us kind of how systems work. And then we laid that into how we think of ourselves as a business in the larger context of suppliers, buyers, customers, partners, public sector, et cetera.



Source: Securities and Exchange Commission (2014)

And then the third concept is really embracing contradictions. What we call dialectic. And this is probably the most profound and also most complicated aspect of Taoism, because of its concept of opposites, black and white, big and small, entrepreneurial, or sort of corporate. And what you saw in the history of Alibaba is this ability to kind of embrace what are seemingly opposite concepts and bring them together to create something new.



## Top E-Commerce Companies in 2021



Source: GroupM, Company Filings - 2021 Data

And an example of that is just Alibaba as a company. It's the largest e-commerce company in the world by gross merchandise value and turnover. But it's built off of this collection of the smallest businesses in the markets. We went about building Alibaba using a charitable heart but using business tactics. And most people think charities and business are polar opposites, but you can blend the two and create something that's quite unique.

These three components really do play into the situation we have today, a rapidly changing, unpredictable sort of business environment, but also sort of a geopolitical situation that is also very different from what we had in the past. So if you think about the path or the way or purpose of an organisation, this mission-driven sense of any company is really the guiding light for an organisation and its people.

But at the same time, being able to be flexible and work between different sorts of polarities. This, when we talk about embracing contradictions, it's like you're constantly adjusting and adapting, yet at the same time, you have a very clear direction as to where you want to go. And

then in the context of this harmony, it's really thinking about how each of the factors of your environment affect your business.

So I would say that for companies, particularly in this environment, having these elements helps them adapt and adjust, but also stay on track, because there is a danger of going off track to follow something in a short term basis or making a rash decision, but then losing sight or forgetting that there is a longer term focus that needs to kind of also guide your organisation.

**Long-termism is challenging for companies to embrace. How can managers adopt this mindset?**

I think the normal reaction is to resort to a kind of black and white or what they call reductionist views, because that's also often how many of us are trained, particularly in the West. That's also why I kind of framed the book I wrote on Alibaba's management principles within a philosophical approach, because the cultural context also helps adapt your thinking. Things are in shades of grey or within ranges, not just one or the other.

And in some ways, we need to unlearn what we've learned in certain environments and then contextualise it, but also realise that as the world becomes more complex, we have to have more nuanced ways of looking at and solving challenges.



**Host:**

Whatever you call it—the Tao, the way, or the path—the philosophy your organisation embraces, will ultimately dictate its trajectory and determine its success.

As Brian shared, in the case of Alibaba, this philosophy was distilled into three core principles: Purpose, Harmony, and Dialectics. Inculcating a sense of purpose across all levels of the organisation enabled employees to align their efforts with the company's overarching mission.

The principle of harmony allowed Alibaba to recognise its place within the larger ecosystems it operates in by focusing on understanding the interdependencies within its supply chain and the broader market.

And embracing dialectics, or the acceptance of contradictions, empowered Alibaba to find strength in opposing forces, which encouraged innovative thinking that created unique solutions.