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Xinyulou – the Building of Credibility – is now the brand name as well as the company name of the most successful retail group in China. China started its economic reform at the end of 1978. The reform removed all the constraints for people to become rich. Having been suppressed for too long, many Chinese people tried to make money by all means, making the country full of scams. Credibility went down the drain. ZHANG Hongrui, the head of production brigade in a small village, did not like what he saw and wanted to prove that credibility could prevail. Nobody believed him, some even thought he was crazy. Zhang started with a small store and from the very beginning he let people bring back things they did not like or did not fit, making himself totally different from all the other retailers. Still, there were too many bad cases, making it very difficult for him even to recruit people. He persisted, registering “Building of Credibility” as the name of the company to invite the public to monitor him and calling employees “sales guide” instead of salesman and rewarding them only on how well they satisfy customers not to look at how much they sale. All the products are sold with very clear information. Customers are advised to buy less when they have an option or not to buy if they did not really need them. The store grew into a large department store, occupying 280 square meters, but the store did not make money until six years later. When the debits and credits are even, Zhang claimed he won. Zhang did win! Now the Xinyulou Group has 33 department stores with a total space of half a

million square meters and 30,000 plus employees in multiple provinces. Zhang has long passed the button to the management team, not to his three children, although they are all working for the Group. He made it clear they have to work and compete with other people to take the leadership position after he is gone. He has also institutionalized the values he started the store and wrote a store song linking employees' own life with the family, the company as well as the peacefulness of the world. New stores are added only when everything matches all the procedures and employees anywhere are expected to behave according to the same exact standards. Every morning, employees of all Xinyulou stores start their day with a morning meeting in which stories, lessons or experiences from the previous day are shared. The meeting ends with the store song played by the loudspeaker and everyone stands in line to sing along. Employees are evaluated according to how they serve the customers but not sales volume. All stores in county towns close at 6:30 at night (to allow other stores to make money) and are closed 7 days during the Chinese New Year. Employees also get half day off on other major holidays and annual leaves because Mr. Zhang believes taking a good care of employees is the most essential if you want them to take care of their customers. He has been nominated as the national model for having strong credibility.



Mr. Zhang, founder of Xinyulou, receiving our interview in his office in 2015.



The section-based morning meetings in all Xinyualou Stores 30 minutes before the opening.



Singing the store song after the morning meeting every morning.



A very happy Salesguide in Xinyulou. We asked her how long has she been smiling like this, she said 14 years and also told us, her happy smiles has brought smiles to all her family members and her friends...