

Rudy C Tarumingkeng:

Rendanheyi Model of Haier

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ruduct75@gmail.com
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Rendanheyi Model of Haier, is an innovative organizational approach developed by **Haier**, the world's largest appliance manufacturer. This model is a unique way of structuring a large multinational company to encourage agility, autonomy, and customer-centricity.

Key Concepts of the Rendanheyi Model:

1. Self-Managing Micro-Enterprises:

- Haier has divided its operations into **4,000 self-managing micro-enterprises** (MEs).
- Each micro-enterprise operates as an independent business unit, with autonomy in decision-making and operations.

- Among these, **about 250 micro-enterprises** are *market-facing* and directly interact with customers. These are referred to as "**users**" because they focus on understanding and serving the market's needs.

2. **Nodes (Support Units):**

- The remaining micro-enterprises function as "**nodes**", providing internal support services to the market-facing units.
- These nodes supply essential services and resources such as:
 - **Human Resources (HR)** – Managing talent and workforce needs.
 - **Finance** – Handling budgeting, accounting, and financial planning.
 - **Information Technology (IT)** – Supporting technological infrastructure and systems.

3. **How the Model Works:**

- **Market-facing MEs (Users)** focus on creating products or services that meet customer needs and drive business growth.
- **Nodes** act as internal service providers, ensuring that users have the necessary support to operate effectively.
- Each micro-enterprise is accountable for its own profitability, fostering a sense of ownership and entrepreneurial spirit.

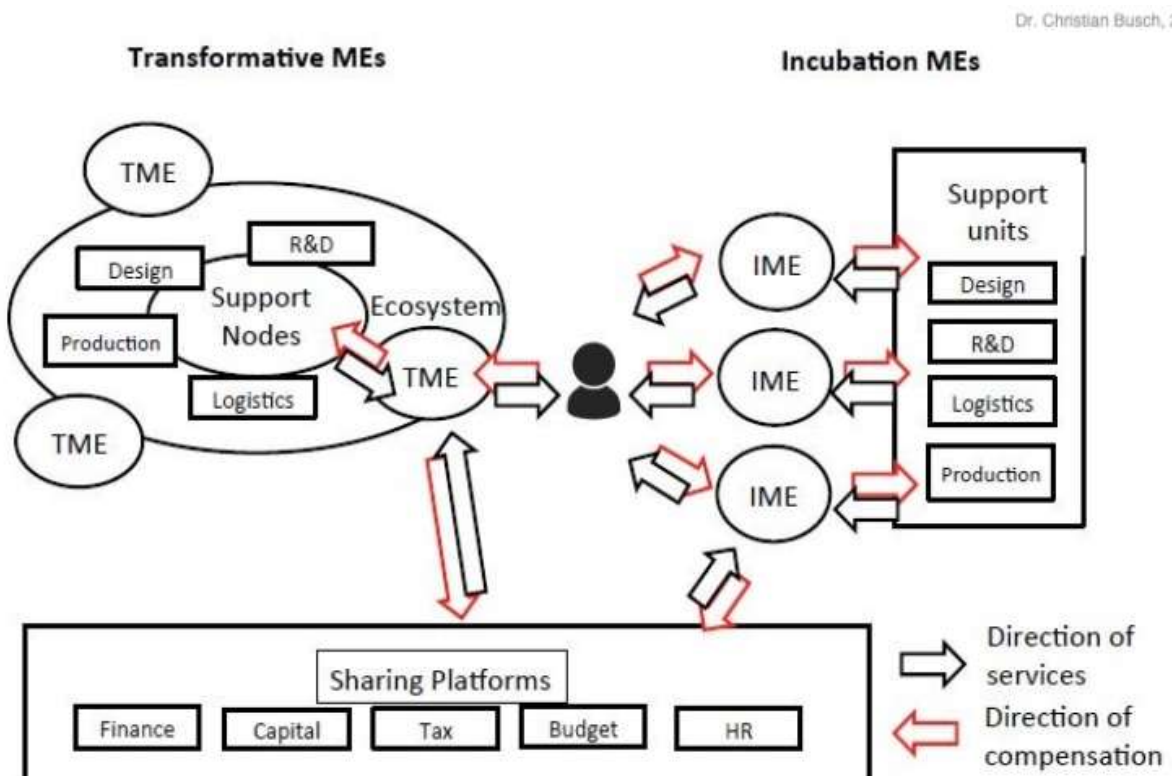
Benefits of the Rendanheyi Model:

- **Agility and Flexibility:** Small, self-managed units can quickly adapt to market changes.

- **Customer-Centric Approach:** Market-facing units are closer to the customers, allowing for better responsiveness.
- **Innovation-Driven:** Autonomy encourages innovation within units.
- **Internal Efficiency:** Support nodes focus on delivering efficient and effective services to users.

Conclusion:

The Rendanheyi Model transforms the traditional hierarchical corporate structure into a **network of independent, self-managed teams**. This enables Haier to remain innovative, competitive, and responsive to market demands. It's a significant example of how large organizations can structure themselves to enhance efficiency, innovation, and customer focus.



Sumber:

https://www.12manage.com/forum.asp?TB=mintzberg_configurations&S=24

The diagram illustrates the **Rendanheyi Model** developed by **Haier**, focusing on the structure of **Micro-Enterprises (MEs)** within the organization. It provides insights into how these units interact, share services, and are compensated.

Key Components of the Diagram:

1. Transformative Micro-Enterprises (TMEs)

- These are **market-facing units** responsible for innovating and transforming business processes to meet market demands.
 - They directly interact with customers and drive product/service innovation.
 - TMEs are supported by various **Support Nodes**, such as:
 - **Design** – Handling product design and aesthetics.
 - **Production** – Managing manufacturing and production processes.
 - **R&D** – Driving research and development for innovative solutions.
 - **Logistics** – Managing supply chain and distribution.
 - **Ecosystem Interaction:** TMEs function within an ecosystem, meaning they collaborate with different nodes to deliver value to the end customer.
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2. Incubation Micro-Enterprises (IMEs)

- These are **new, emerging units** focusing on incubating ideas and developing new business models.
 - IMEs rely on **Support Units** (similar to the support nodes for TMEs), including:
 - **Design**
 - **R&D**
 - **Logistics**
 - **Production**
 - IMEs are nurtured within the system to eventually transform into more autonomous TMEs once they become profitable and sustainable.
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3. Support Nodes and Sharing Platforms

- **Support Nodes:** These internal services provide critical support to TMEs, ensuring they can operate efficiently within their ecosystem.
 - **Sharing Platforms:** These platforms offer shared resources for both TMEs and IMEs, such as:
 - **Finance** – Managing financial transactions.
 - **Capital** – Handling investments and funding.
 - **Tax** – Managing tax obligations.
 - **Budget** – Overseeing budgeting and financial planning.
 - **HR** – Managing human resources and talent development.
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4. Flow of Services and Compensation

- **Direction of Services (Black Arrows):**

- Services flow from support nodes and platforms toward the TMEs and IMEs, enabling them to access the resources they need to function.
 - **Direction of Compensation (Red Arrows):**
 - Compensation or value exchange flows back from the TMEs and IMEs to the support platforms and nodes.
 - This system ensures that every unit that contributes value is compensated fairly, creating a self-sustaining and balanced ecosystem.
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5. Central Role of the Customer

- At the center of the diagram, there is a human figure, representing the **customer**.
 - Both TMEs and IMEs are designed to focus on the customer's needs, ensuring that all services and innovations are aligned with market demands.
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How the Model Works:

1. **TMEs** receive services from **Support Nodes** and operate with a customer-centric approach, focusing on delivering innovative and market-driven products/services.
2. **IMEs** are in the developmental phase, receiving support to incubate new business ideas.
3. Both TMEs and IMEs rely on **Sharing Platforms** (like HR, Finance, Budget) for fundamental resources.
4. Value flows back through compensation to support units, ensuring a continuous cycle of service and reward.

5. The entire system is designed to keep the customer at the core, ensuring that all operations are ultimately focused on satisfying market needs.

Key Insights from the Diagram:

- **Decentralized Structure:** Each micro-enterprise operates with a high degree of autonomy but relies on internal ecosystems for support.
- **Customer-Centric Approach:** All MEs are focused on delivering customer value.
- **Value-Driven Compensation:** Units that provide valuable services receive compensation, ensuring fairness and motivation across the organization.
- **Flexibility and Innovation:** The model allows for rapid innovation and adaptation through the incubation and transformation of MEs.

Conclusion

This diagram emphasizes how Haier's **Rendanheyi Model** decentralizes organizational structure, promotes innovation, and maintains customer-centricity. It balances autonomy with interdependence, ensuring that while micro-enterprises are empowered to make decisions, they still rely on shared platforms and nodes for efficiency and sustainability.

Deeper Analysis of the Rendanheyi Model

The Rendanheyi model, as illustrated in the diagram, is a **revolutionary organizational framework** that challenges traditional corporate hierarchies by promoting decentralization, entrepreneurship, and customer-centricity. Let's explore each component more deeply and

understand how it contributes to Haier's operational excellence and innovation.

1. Transformative Micro-Enterprises (TMEs)

- **Definition:** TMEs are mature, market-facing units that have successfully established their value proposition and operate with **full autonomy**. Their primary focus is on **delivering innovative solutions** that meet evolving customer demands.
 - **Characteristics:**
 - **Customer-Focused:** TMEs directly engage with the market, allowing them to understand customer preferences and tailor solutions accordingly.
 - **Innovation-Driven:** Constantly seeking to innovate products and services.
 - **Performance-Oriented:** TMEs are evaluated based on their performance and profitability.
 - **Role in Ecosystem:**
 - TMEs leverage **support nodes** (like design, production, logistics, and R&D) for specialized services.
 - They also engage with **sharing platforms** (like finance and HR) for foundational operational support.
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2. Incubation Micro-Enterprises (IMEs)

- **Definition:** IMEs are **emerging business units** within the organization. They focus on **experimenting with new business**

models and ideas. These units are still in the incubation phase and receive significant support to validate and refine their market propositions.

- **Characteristics:**

- **Experimental Nature:** Encouraged to take risks and innovate without the immediate pressure of profitability.
- **Growth-Oriented:** IMEs are designed to evolve into TMEs once they achieve sustainability.
- **Support-Dependent:** Highly reliant on internal support units for design, production, R&D, and logistics.

- **Transition Path:**

- Once IMEs prove their viability and profitability, they **transition into TMEs** and gain full autonomy.
 - If an IME fails, it is either restructured, integrated into another enterprise, or dissolved.
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3. Support Nodes and Units

- **Definition:** These are internal departments that provide essential services to both TMEs and IMEs. Their goal is to **facilitate operations and innovation** by supplying necessary resources and expertise.
- **Key Functions:**
 - **Design:** Provides creative solutions for product aesthetics and user experience.
 - **Production:** Manages manufacturing processes, ensuring high-quality and efficient output.

- **Logistics:** Ensures efficient supply chain management and product distribution.
 - **R&D:** Conducts research to drive technological advancements.
 - **Interaction with MEs:**
 - Support nodes function as **service providers** and are compensated based on the value they deliver to MEs.
 - This creates a **market-oriented internal ecosystem**, where nodes must remain competitive and efficient.
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4. Sharing Platforms

- **Definition:** These platforms offer **foundational services** necessary for the overall functioning of the ecosystem. They provide resources that ensure stability and operational continuity.
- **Components:**
 - **Finance:** Manages financial planning and resources.
 - **Capital:** Provides investment and funding support for growth initiatives.
 - **Tax:** Ensures compliance with taxation regulations.
 - **Budget:** Oversees budgeting and financial management for MEs.
 - **HR:** Manages talent acquisition, development, and retention.
- **Role:**
 - These platforms **standardize processes and minimize redundancies**, ensuring that each ME can focus on its core business functions.

5. The Flow of Services and Compensation

- The diagram distinguishes two primary flows within the system:
 1. **Direction of Services (Black Arrows):**
 - Support nodes and sharing platforms provide services to TMEs and IMEs, enabling them to operate and innovate efficiently.
 - For instance, an IME focusing on developing a new product will receive design, production, and R&D support from the relevant nodes.
 2. **Direction of Compensation (Red Arrows):**
 - In return for services, TMEs and IMEs provide compensation to the nodes and platforms, creating a **value-exchange system**.
 - This ensures that every unit contributing to the ecosystem is fairly rewarded, encouraging continuous improvement and competitiveness.
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6. Customer-Centric Ecosystem

- The **central figure in the diagram** represents the customer, reinforcing Haier's **customer-first philosophy**.
- **Implications:**
 - All activities within the TMEs, IMEs, and support nodes are ultimately designed to **satisfy customer needs**.

- The organizational ecosystem remains dynamic, with MEs being continuously evaluated based on customer feedback and market relevance.
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7. Operational Dynamics and Governance

- **Self-Governance:** Each ME operates as an independent business unit with accountability for its performance and profitability.
 - **Market-Driven:** Even internal support units must remain competitive to be chosen by MEs.
 - **Intrapreneurship:** Employees are encouraged to act as entrepreneurs, taking ownership of their projects and driving innovation.
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8. Advantages of the Rendanheyi Model

- **Agility:** Smaller, autonomous units can respond faster to market changes.
 - **Innovation Focus:** Decentralized structure fosters a culture of continuous innovation.
 - **Customer Orientation:** All units prioritize understanding and meeting customer expectations.
 - **Accountability:** Clear performance metrics and compensation systems promote responsibility.
 - **Internal Competition:** Nodes and platforms must continuously improve to attract MEs.
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9. Challenges of the Rendanheyi Model

- **Coordination Complexity:** Managing thousands of autonomous units requires strong coordination mechanisms.
 - **Resource Allocation:** Ensuring efficient resource distribution among MEs and nodes can be complex.
 - **Cultural Alignment:** Encouraging consistent values and customer focus across all units is critical.
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10. Real-Life Application and Success

- Haier's successful implementation of this model has led to:
 - Greater **market responsiveness**.
 - Enhanced **innovation cycles**.
 - A culture of **ownership and entrepreneurship** among employees.
 - Sustainable growth and global expansion.
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Conclusion

The **Rendanheyi Model**, as represented in the diagram, showcases an advanced and highly flexible organizational structure. By leveraging **Transformative MEs (TMEs)** and **Incubation MEs (IMEs)**, and connecting them to efficient **support nodes** and **sharing platforms**, Haier ensures that its operations remain **innovative, customer-driven, and competitive**.

This model also exemplifies a shift from traditional top-down hierarchies to **self-managed, entrepreneurial ecosystems**, ensuring continuous value creation both for the organization and its customers.

Extended Insights into the Rendanheyi Model

The **Rendanheyi Model** by Haier is not just an organizational structure but a **philosophical shift** towards fostering an entrepreneurial ecosystem within a large corporation. Let's explore deeper into its dynamics, operational complexities, and global significance.

11. The Philosophical Foundation of the Rendanheyi Model

- **Ren (人):** Represents the **individual or employee**.
- **Dan (单):** Refers to **user value** or the specific product/service that creates value for the customer.
- **Heyi (合一):** Means **integration**, representing the connection between the employee and the value created for the customer.

Essence: The model emphasizes **direct linkage** between individual contributions and customer value. Each employee is seen as a micro-entrepreneur responsible for delivering meaningful outcomes.

12. Empowerment Through Autonomy

- Employees at Haier are **empowered as entrepreneurs**.
- They have the autonomy to:
 - Propose ideas.

- Form their own **micro-enterprises (MEs)**.
- Seek and serve customers independently.

Impact: This creates a culture of **intrapreneurship**, where employees are driven by ownership, accountability, and the desire to innovate.

13. Competitive Internal Ecosystem

The **internal competition** among nodes and platforms is a critical feature. Each support unit (like design, logistics, finance) operates as an independent business and must **compete for contracts** with MEs.

- **Market-Driven Internal Services:** Nodes must demonstrate value and efficiency to attract MEs.
- **Performance-Based Compensation:** Rewards are determined based on the actual contribution and value delivered.

Result: This fosters **continuous improvement and efficiency**, ensuring only the best services thrive within the ecosystem.

14. Risk and Reward Dynamics

- Every ME, whether Transformative (TME) or Incubation (IME), operates with a **clear profit and loss (P&L) statement**.
- Success or failure directly impacts the team's survival and growth.
- **High Risk, High Reward:** MEs that succeed receive greater compensation and autonomy, while those that fail risk being dissolved or restructured.

Outcome: This dynamic encourages **calculated risk-taking**, pushing teams to innovate while maintaining market discipline.

15. Customer-First Philosophy in Action

- The **central role of the customer** in the diagram highlights Haier's dedication to value creation.
- Every decision, innovation, and business model is **evaluated against customer satisfaction and relevance**.
- Customer feedback loops are integrated into ME operations, ensuring continuous adaptation to changing needs.

Significance: This ensures that all innovations are **demand-driven** and reduce the risk of market irrelevance.

16. Global Scalability of the Model

- Haier has successfully applied the Rendanheyi Model **across global operations**, adapting it to diverse cultural and market environments.
- It allows for:
 - **Localization of decision-making** while maintaining global oversight.
 - Flexibility for regional MEs to innovate according to local customer needs.

Case Study Example: Haier's expansion into Europe and America saw the establishment of region-specific MEs, each tailored to local consumer preferences.

17. Technology as a Backbone

- The success of such a decentralized model relies heavily on advanced technology infrastructure:
 - **Digital Platforms:** For real-time communication and collaboration.
 - **Data Analytics:** To monitor market trends and customer preferences.
 - **Cloud Services:** To ensure seamless integration between MEs and support nodes.

Outcome: This digital backbone enables efficient resource allocation, transparency, and responsive decision-making.

18. Challenges and Limitations of the Rendanheyi Model

While the model is revolutionary, it is not without challenges:

- **Complexity in Coordination:** Managing thousands of autonomous units requires sophisticated coordination and communication mechanisms.
 - **Risk of Fragmentation:** Over-decentralization may lead to misalignment with overarching corporate objectives.
 - **Cultural Resistance:** In traditional, hierarchical cultures, transitioning to a decentralized model can face significant resistance.
 - **Measurement of Performance:** Establishing fair, standardized performance metrics for independent MEs can be challenging.
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19. Mechanisms to Address Challenges

Haier has implemented strategies to overcome these issues:

1. **Digital Monitoring Systems:** Real-time dashboards track the performance of MEs and support nodes.
 2. **Incentive Alignment:** Compensation structures are closely aligned with customer value creation and profitability.
 3. **Cultural Adaptation Programs:** Training and development initiatives help employees adapt to the entrepreneurial mindset.
 4. **Governance Structures:** Strategic oversight ensures that while MEs have autonomy, they still align with Haier's broader mission and vision.
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20. The Evolutionary Aspect of the Model

- The Rendanheyi Model is designed to **evolve with market dynamics**.
- MEs are constantly encouraged to:
 - Re-evaluate their value propositions.
 - Pivot according to customer demand.
 - Collaborate with other MEs and nodes for mutual growth.

Significance: This evolutionary capacity ensures that Haier remains **resilient and adaptable** in the face of market disruptions.

21. Lessons for Other Organizations

Organizations worldwide can draw valuable insights from the Rendanheyi Model:

1. **Embrace Decentralization:** Encourage autonomy and entrepreneurship at all levels.
2. **Foster Internal Competition:** Create market-driven internal ecosystems to improve efficiency.
3. **Prioritize Customer Value:** Ensure every team and project aligns with customer needs.
4. **Use Technology to Integrate:** Invest in digital infrastructure for better coordination and performance tracking.
5. **Cultivate a Growth Mindset:** Promote continuous learning and flexibility among teams.

22. Rendanheyi and the Future of Work

- The model is an embodiment of **future organizational trends** such as:
 - **Decentralized leadership.**
 - **Agile teams.**
 - **Gig and freelance economies.**
 - **Entrepreneurial work cultures.**

Reflection: As the nature of work evolves, organizations adopting models like Rendanheyi will be **better equipped** to handle market volatility and rapid innovation cycles.

Conclusion: A Model for Sustainable Growth

The **Rendanheyi Model** is not just a structural innovation but a philosophical transformation in how organizations operate. It:

- Encourages **ownership and accountability** at every level.
- Places **customer value at the core** of all operations.
- Drives **continuous innovation** through internal competition and dynamic resource allocation.
- Facilitates **sustainable growth** by promoting adaptability and evolution.

For organizations aiming to thrive in the digital era, adopting the core principles of Rendanheyi—**autonomy, customer-centricity, and agility**—can be a significant step toward long-term success and resilience.

References

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3. **IE Insights Video:** This video explains how the Rendanheyi model integrates Chinese and Western cultures to transform traditional

companies into self-organizing units, as articulated by Haier's founder, Zhang Ruimin. [haier.com+2ie.edu+2mckinsey.com+2](#)

4. **Visionary Marketing Article:** This article delves into Haier's management model, exploring how Rendanheyi fosters a new organizational humanism and designs the future of work. [medium.com](#)
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These resources provide diverse perspectives on the Rendanheyi model, offering valuable insights into its implementation and impact on organizational dynamics.