An Interview with Michael Minhong Yu, Founder, Chairman, and Chief Executive Officer, New Oriental Education & Technology Group

We have been fortunate versus other sectors. The segment that we think may have been impacted from the financial crisis is adult English, but our high-end adult English program – called Elite English – continues to grow at a fast pace. Our core – kids, middle school, and students preparing for overseas study – all have continued to grow nicely through the downturn.

Did you always have an entrepreneurial spirit, and what made you feel, in 1993, it was the right time to start New Oriental?

I think few entrepreneurs can get the timing exactly right for when they should start a new venture. Sometimes, events that seem unfortunate at the time can push you in a direction that leads to tremendous opportunity. In my case, I had graduated from Peking University and decided to become an English language instructor at the university while saving money to study abroad. I quickly realized it would take decades to save enough money on just my teaching salary, even if I assumed I would be able to get a scholarship. So I decided to work part-time “moonlighting” as an English language instructor at a local private training organization. Initially, it was just to make money while I simultaneously prepared to study abroad. But the year I chose to apply to graduate school was unlucky; visas were hard to get. So I decided to work at a local training organization instead, and that is how New Oriental started.

How has New Oriental been affected by the economic crisis, and what is your outlook for growth for 2010?

The impact of the global economic crisis was felt differently in different parts of the country, depending on how exposed a given area was to exporting and the overseas consumer. For example, Beijing felt the effects much less than did Guangzhou or Shanghai. Overall in China, the crisis seems to have been less acute than in other parts of the world, and up to now, from what I see in my travels, things are coming back more quickly than maybe initially feared.

How much of an impact has the global economic crisis had on the China market, and have you seen the market stabilize in recent months?

As New Oriental has grown, has it become harder to maintain an entrepreneurial culture within the company?

This is an issue that all organizations face at a certain time in their growth cycle, and it’s something I’ve spent a lot of time thinking about. New Oriental, until now, has remained quite entrepreneurial, even as it is growing so quickly. But it is something we have to continue to cultivate or risk becoming complacent. Part of what I’ve tried to develop is a compensation system that rewards innovation at the local level. China is actually very different depending on the province in which you are living, working, or doing business. The people of Sichuan are worlds apart from those in Guangdong; people from Shanghai may think about things a lot differently from those in the Jilin or Liaoning province. So from several years ago, when we first started moving from Beijing to open centers in cities across the country, our school heads have always had a lot of autonomy to develop the classes and set the curriculums that suit the needs of students in their respective provinces. So part of it is process.

The other is company culture. Creativity is one of the core characteristics that define the “New Oriental Way.” For that reason, I am unrelenting in asking our people at every level of the organization, but especially my senior managers, to demonstrate not only results but also innovation at the local level. China is actually very different depending on the province in which you are living, working, or doing business. The people of Sichuan are worlds apart from those in Guangdong; people from Shanghai may think about things a lot differently from those in the Jilin or Liaoning province. So from several years ago, when we first started moving from Beijing to open centers in cities across the country, our school heads have always had a lot of autonomy to develop the classes and set the curriculums that suit the needs of students in their respective provinces. So part of it is process.

You also serve as Vice Chairman of the Beijing Young Entrepreneurs Association. How much of a focus is there on entrepreneurship in China?

In China today, entrepreneurs have almost become celebrities. The positive is that more young people are inspired to test their business ideas and try to see their own thoughts and dreams become reality. The negative is that now everyone recognizes us, so it’s even harder to have private time to ourselves, unless I am overseas with my family. For the most part, people still don’t recognize me there.