Root Solution:
Seeking the Right Answers in Management

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EXECUTIVE SUMMARY

There are three kinds of solutions to business problems: symptom solution, pattern solution, and root solution. Symptom is simply visible phenomena; they are not problems; therefore, symptom solution is only temporary, such as adding cold water to a boiled water. Pattern solution looks alright, but it is not sustainable, costly, and sometimes risky; therefore, it also won't help the business in the long run, such as adding cold water through a thin pipe to the same boiled water. Root solution is powerfully simple, because it dives to the bottom of the issue, such as turning the stove off. Obviously, businesses need to seek root solutions. For years, Company Q has been trying to seek the "right" answers to manage the company, but facts have always left them disappointed, until they found out that the GPS-IE® Management Improvement System is truly systematic, logic- and result-driven, and sustainable.

ORGANIZATIONAL BACKGROUND

Company Q is a leading manufacturer in the construction industry in China. The company was founded in 1999 and grew very fast due to the real estate development during that time. Between 1999 and 2010, China's Gross Domestic Product (GDP) enjoyed fast growth with an amazing annual average of 10.11%. And among all the economic miracles, real estate played an important role – it was widely considered one of the pillars of the national economy.

In 2008, the financial crisis impacted worldwide, and China was no exception. The central government implemented a huge economic stimulus plan which saved the economy. Its major lever was to inject huge cash reserve and adjust economic policies. Due to the overall stimulus package, the national economy bounced back and remained healthy; the company's growth rate continued.

In 2010, ten years after it was founded, the company went public at the Shanghai Stock Exchange, which is the biggest and considered a barometer of China's economy. Between 2010-2014, with extra investment from the public, especially with the growth of real estate industry, the company continued to thrive. During these five years, its sales enjoyed a steady increase of USD33 million per year, and net profit annual growth rate was 14%. It is obvious that the company's growth was mainly attributed to China's booming economy.

SETTING THE STAGE

However, in 2014, under the new administration's policy, the real estate industry cooled down. Housing prices started to fluctuate, and people were not certain where the trend would end. GDP growth rate in 2011 dropped to 9.5%, and in 2012 it decreased to 7.9%. The economic slowdown continued, between 2013 and 2014, GDP growth rate slowed down to 7.77% and 7.30%. Real estate industry growth also declined from 5.4% in 2011 to 1.2% in 2012. People started to buckle up because the economy would take a roller-coaster ride. The following table shows the China's GDP growth rate between 1998-2018.

Table 1. China's GDP growth rate, 1997-2018

Year	GDP Growth (%)	Annual Change
2018	6.60%	-0.16%
2017	6.76%	0.02%
2016	6.74%	-0.17%
2015	6.91%	-0.39%
2014	7.30%	-0.47%
2013	7.77%	-0.09%
2012	7.86%	-1.69%
2011	9.55%	-1.09%
2010	10.64%	1.24%
2009	9.40%	-0.25%
2008	9.65%	-4.58%
2007	14.23%	1.51%
2006	12.72%	1.32%
2005	11.40%	1.28%
2004	10.11%	0.08%
2003	10.04%	0.91%
2002	9.13%	0.79%
2001	8.34%	-0.15%
2000	8.49%	0.82%
1999	7.67%	-0.17%
1998	7.84%	-1.39%

Source: Wikipedia.org (Historical GDP of China, 2019)