

DEALING WITH CHINA



AN INSIDER
UNMASKS THE NEW ECONOMIC
SUPERPOWER



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Former U.S. Treasury Secretary

The campus of Broad Group in Changsha was designed to reflect Zhang Yue's eclectic influences and his passion for the environment. It encompasses a sprawling organic garden that provides up to half of the food consumed by his workers, and the grounds are dotted with dozens of statues of inspirational figures, from Confucius and the poet Li Bai to Coco Chanel and Jack Welch. There are likenesses of environmentalist Rachel Carson, Sir Isaac Newton with an apple about to fall on his head, and Winston Churchill flashing a V for Victory sign. One company building is modeled after the palace at Versailles, another after an Egyptian pyramid.

Zhang Yue and his brother started Broad Air in 1988 to manufacture central-air-conditioning systems based on nonelectric absorption chillers for industrial or commercial use. They adapted existing technology, patenting an arrangement of copper pipes inside the chillers, and sold the energy-saving devices in China and around the world. Powered by gas and waste energy, the coolers hold a particular appeal in developing countries with unsteady electricity supplies, but some companies in more developed countries have also gravitated to the technology owing to its quality and energy-efficiency performance. Every nonelectric cooler comes with 25 years of free real-time monitoring. On a visit to the company in the spring of 2012, I watched as technicians in Broad Air's space-age control room checked on the performance of its units in locations as diverse as the Adolfo Suárez Madrid-Barajas Airport in Spain; Qualcomm headquarters in San Diego, California; and Fort Stewart, the U.S. Army base in Georgia.

Zhang says that 80 percent of his clients are repeaters. "If you bring long-term benefits for your clients, they will choose you."

An artist who began his career as an interior decorator, Zhang is a passionate environmentalist who gave up his private jet to limit carbon emissions and distributes a pamphlet entitled “Life Attitude of an Earth Citizen” with 22 rules for an environmentally responsible person to live by. He has guided the company into several new lines of business. Broad Air now sells devices to measure air quality, as well as air purification devices, more than 200 of which are said to be in use in the Zhongnanhai leadership compound. More recently, Zhang launched a subsidiary to construct prefabricated, energy-efficient, environmentally friendly buildings.

Companies like these are the future for China. They are big job creators and are expanding internationally—clear goals for the country. The companies are beginning to stake a claim for Chinese innovation as well. It’s an area where China should have vast potential to become a global leader.