

What Swiss SMEs Can Learn From China's Involution Culture

MANAGEMENT SUMMARY & CORE TAKEAWAY

China's 'involution' - ruinous competition marked by weekly product iterations - has driven 400 of 500 EV makers into bankruptcy. Swiss SMEs should adopt the iteration speed, not the price war: faster learning cycles, leaner processes, shorter time-to-market - without sacrificing quality or margins. AI outsourcing makes that pace possible without building in-house overhead.

CONTEXT & EXECUTIVE RELEVANCE

The term 内卷 - involution - describes a form of competition in China that consumes itself: companies invest ever more effort without the industry as a whole becoming more profitable. Rhodium Group documents this mechanism in numbers: since January 2022, China's producer price index has fallen by 5.4 percent - margins keep shrinking despite rising productivity. Involution is therefore not a buzzword but a structural problem that forces entire industries into a race with no winners.

Involution is most visible in China's electric vehicle industry. Between 2017 and 2024, the average profit margin of EV manufacturers fell from 7.8 to 4.3 percent. The reason: to stay relevant, manufacturers had to update their models on weekly rather than annual cycles - any delay meant lost market share. That speed came at a price: between 2018 and 2025, 400 of 500 Chinese EV manufacturers disappeared from the market.

CORE ACTION ITEMS

01 Weekly rather than annual iteration: small, frequent improvement steps instead of one big, perfect launch

02 Open-source speed: build on open models that evolve fast, rather than waiting for a closed proprietary development

03 The right measure: adopt the iteration culture without sliding into price dumping or overcapacity

SWISS COMPLIANCE & ARCHITECTURE GUIDELINES

- ☑ Full compliance with revised Swiss Data Protection Act (revDSG).
- ☑ Zero vendor lock-in on closed proprietary models.
- ☑ Seamless integration into Abacus, Bexio and M365 ecosystems.

Non-Binding Process Analysis

Let us review in 20 minutes where AI agents create immediate measurable efficiency in your workflows.

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