

# China

## The new business superpower

Quorn Country Hotel  
Charnwood House  
66 Leicester Road  
Quorn  
LE12 8BB

Wednesday  
24 September 2008  
5.15 pm – 8.00 pm



# Developing Long Term Relationship with Chinese Partners

Prepared for emita China seminar

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Ting Zhang 张婷  
China Business Solutions Ltd

# China's Ambition (by 2020)

- From a big nation to a strong nation:
- Ambitious target:
  - entry to the category of S&T strong power, compatible to the powers of some of the leading developed countries
- S&T plan:
  - from support economic development, to take the lead of development
- Investments in R&D:
  - expected to be 2.5% of GDP by 2020 (from 1.3% in 2005)
- Innovation with Chinese characteristics
  - make breakthroughs in key technologies and reduce the reliance on foreign technology
- Intellectual Property:
  - Increase no. of patents granted to rank among the top five in the world

# Selling into Chinese market is not straightforward

- Rapidly changing market
- Distributors not committed
- High demand for service support
- Problem with kick-backs
- Mismatching pricing
- Difficulty to recruit and retain local staff

# China is not just ONE market

- China is a heterogeneous market as complicated as Europe
- Regional differences in doing business within China

- 23 provinces
- 5 municipalities
- 2 Special Administrative Regions
- Over 50 minority ethnic group autonomous regions



## There are also cultural issues

- Self-sufficiency and patriotic mentality
  - “Insiders” and “outsiders”
  - Short-termism: “get rich fast”
  - Different interpretation of “contract”
  - “Face” and “Seniority”
  - Complex *guanxi* and networks
- 
- **The Chinese market is maturing in many sectors and so are the Chinese companies**

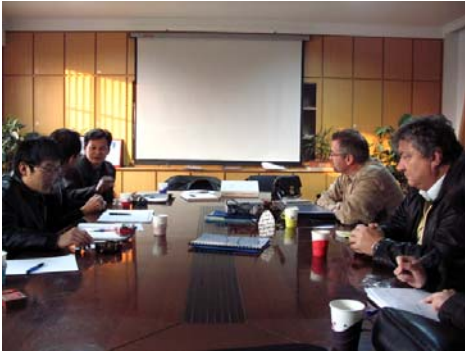


# So What Do You Do about China?

- **DON'T PANIC!**
- **DON'T IGNORE IT!**

- Seek advice
- Do your homework
- Know your customer
- Determine your entry strategy

- Don't be naïve about your comparative advantage
  - be ruthlessly objective
  - know where you are vulnerable (eg. IPR)
- Choose the right partner



# Partnership



# Working Together with Your Chinese Partners

- Find out why they want to do business with **YOU**
- Align business goals and interests
- Help them achieve **THEIR** goals through doing business with **YOU**
- Make **FRIENDS** with your partners
- Don't put all eggs in one basket
- Be **FLEXIBLE**

# Building Your Own *Guanxi* in China

“Price is key to get deals done in China but Guanxi is more important”

– Alcatel Shanghai Bell

## What can YOU do?

- Getting to know all your stakeholders
- Proactive government PR
- Research links with leading academic institutions
- Joint R&D projects with your Chinese customers
- Leverage relationship & networks

# Take Away

*“The most successful foreign companies are those who truly understand the dynamics and characteristics of the market in China, and the way things get done in China.”*



# Q&A

## **China Business Solutions**

*We Make it Happen*

Tel: +44 (0)1223 421968

[www.ChinaBusinessSolutions.com](http://www.ChinaBusinessSolutions.com)



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