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Bulletin

Entrepreneurship in a Chinese Context



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Lifelong Learning Programme



Education, Audiovisual & Culture
Executive Agency

I started to do business with China approximately 12 years ago, and at that time Asia and more in particular China, was changing very fast. Infrastructure and construction activities were everywhere and a high priority for the Chinese government. A total new business world was opening and some pioneers like me, were agitated to take the first steps into that new world and to learn how to deal with that new and huge market. I had no clue where this adventure would bring me.

es and ... copying products. Our minds were facing increasing profits and new markets. The sky was the limit.

I started to read books about China (Mister China – Tim Clissold, Chinese Lessons – Tom Pomfret, ...) and started to talk to other business people who already had experiences in China. Instantly it became clear for me: “China was a hard and special case”. Failure, misunderstandings and frustrations were the key notes in the books and



I have to say that in the beginning, it seemed to be easy to visit China and start to do business with China, which was known for low labor cost, low price-

the most experienced business people told me to stay away from the Chinese market. One will never understand how Chinese people do business.

At that moment I understood 3 main issues:

First of all, the **big difference of the place of people**. In the west, the numbers come first and the people have to fit in those numbers. In China, people come first and then we look with them how to manage the numbers. Secondly, I experienced that you need a better **understanding of China's culture**, to understand better the Chinese business mentality and model. In China, more

brings you faster and deeper in connection with Chinese business people.

Till today I am convinced about the fact that knowledge of those 3 indicated main issues, form the basis for your future failure or your future success in Chinese business activities.

I was sure about the future opportunities with China and had to face my lack of knowledge and started to look for a solution, before I initiate as nad've



than in other countries, Culture is "LIFE". And last but not least, **the knowledge of the Chinese language**, which illustrates in large amount the Chinese culture,

business person. I understood that I had to learn the basics of the Chinese language and culture, what you only can by living in China for a while.

At that time, I was selected for a European Union exchange program, M.E.T.P., Management Exchange and Training Program. The METP program was a intergovernmental project between the European Commission and the government of the People's Republic of China, and implemented by the China Council for the Promotion of International Trade (CCPIT). In the dynamic context of rapidly developing relations between the EU and China, both the Chinese government and the European

tions. The program offered EU professionals like me, especially from small and medium-sized enterprises (SME's), the opportunity to go to China for 10 months to learn the language and acquire in depth knowledge of Chinese business culture.

During the first 2 weeks, the selected European and Chinese participants jointly took part in an intercultural training in China. An intensive program of outdoor activity, intercultural business simula-



Commission identified the need for companies and individual professionals to better understand each other's business practices. METP was designed to address this need and it consequently focused on the core of economic rela-

tion, small group projects and company visits. The training was initiated to enable the managers to perceive cultural differences, learn to handle these successfully and consequently increase their awareness of their peer's cultural backgrounds.

Besides this intercultural training, there was an intensive 7 month business Chinese language training, completed by a 'business program' consisting of lectures, company visits, study tours and round-table seminars.

Due to the fact that I had to invest more or less 1 year of my expensive time as entrepreneur, running my own natural stone business in Europe, wasn't that simple. The key idea of the investment in time was for me to complete my international

The program was very successful for me, and even more. Due to the fact that I could live inside China, I could learn a lot more about cultural differences, Chinese behaviour and Chinese business. The fact that I could study in the middle of China, was splendid to learn a lot about Chinese people, Chinese mentality, Chinese behaviour, Chinese values and norms. Today I can say with pride that for me, China is more than human rights, Tibet and air pollution.



business skills and to improve my personal knowledge about everything that is going on in China. For me as entrepreneur, the time was ready to take the whole view of China, instead of taking a part. I had to know more about China, and so be it.

As result of the METP program, China has less secrets for me. I want to emphasize on a few important topics and give some personal reflection on my idea of China today and tomorrow:

LOOSING FACES SYNDROME

Chinese people are afraid of losing face, especially when they are confronted with negative topics or results. Western managers are used to this issues and handle them in full confidentiality, but Chinese people will hide themselves for those negative feelings. Be aware of this typical characteristic.

MANAGEMENT MODELS

60% of the management models do not work in China because of the dif-

In order to cope with this, as a first step we could change Western management models to fit into Chinese culture. The opposite occurs when Chinese managers do not know where to start when they wish to work with Westerners, when they want to invest abroad. The Chinese companies are often very successful in China and in export. But once they need to start up business relationships with Western companies the difficulties begin. This does not mean the Chinese managers are not competent,



ferences in culture, social habits and philosophical background. There is no country other than China where culture plays such a role in managing business. The country's culture is several thousand years old, so Westerners should realize that they cannot change this for their own purposes.

Simply look at the crucial role of networks, the importance of hierarchy, indirect statements and progress seeking for a new harmony. WESTERN MANAGEMENT STYLES JUST DO NOT WORK IN CHINA, especially not in CHINESE SME'S.

not at all. It is just knowledge about how to approach and work with Westerners, a necessity when you are looking to do good business in for example Europe.

BUSINESS CHANGES EVEN IN CHINA

Sales & marketing are taking the first steps in China. I called it 'from fax machine to deploying a strategy'. Until the financial crisis stuck, many Chinese companies could be successful by simply waiting at the fax machine for the order to flow in. Recently competition has increased, China has become more expen-

sive and there is more legal action against intellectual property infringements. So if Chinese suppliers wish to continue being successful, they need to be more pro-active in sales, to create new products and features, to improve customer services with extra value, to promote products, to improve brand recognition, to focus on the high-end market and to find niche products and markets.

There is the key for restructuring Chinese companies. They need to take

ies". Today I am convinced about the fact that Chinese people can be creative and innovative, but do not know how to manage innovation. At SME's, Chinese managers are not used to promote creativity.

Concerning knowledge management, Chinese people should learn from the past and share knowledge with the next generation. China needs to set up programs to examine how to acquire knowledge, how to retain knowledge and how to protect knowledge.



decisions on how to differentiate their company from the competition, and this with good management training and knowledge marketing models. Chinese companies have to learn to get a feeling about the market. If you know everything about tomorrow, what would you do differently today.

MADE IN CHINA – CREATE IN CHINA – DESIGN IN CHINA

At the level of research & development, I could ask the question: "are Chinese companies doomed to make only cop-

If you want to do business in China, you need to be aware of some basic knowledge. Chinese people were, are and will always be totally different in their business approach based on the Confucian values. Those values are rooted in the culture and the language of each Chinese person. In my opinion, only through understanding the Chinese culture and Chinese language, entrepreneurs from abroad can reach contact with Chinese business and have success on long term. I had the opportunity to live among Chinese, experience every-

day life, and see how much the country has done in recent years. It gave me the opportunity to understand Chinese culture more, and to improve me intercultural communication. At the same time, I had the unique chance to meet people from all over China, which is important if you want to understand the complexity and the opportunities in the different regions of China.

Once you have been in China, you will carry forever a big piece of China with you.

Vincent Mottrie
Flanders Blue Square

PARTNERS



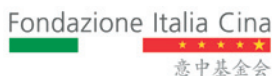
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