ABOUT

- BUILDING MATERIALS
- NATURAL STONE & TILES
- INTERIOR & EXTERIOR
- PROJECT MARKET
- SHOPPING MALLS
- RETAIL ESTATE

- CONSULTANCY SERVICES EU – CHINA
- SOURCING SOLUTIONS EU – CHINA
- ORDERS & QUALITY CONTROL
- TRADING SOLUTIONS EUR – CHINA
- LOGISTIC SERVICES
- NETWORK EU – CHINA
ABOUT

SCREENING OF THE MARKET
SUPPLIER IDENTIFICATION & QUALIFICATIONS
LOGISTICS SOLUTIONS

SOURCING & SELECTION OF SUITABLE SUPPLIERS
PRICE NEGOTIATION
OPERATIONAL FOLLOW-UP
PRODUCTION INSPECTION
QUALITY CONTROL SERVICES
PURCHASE ORDER FOLLOW UP

TRANSLATIONS SERVICES
TRAVEL ASSISTANCE SERVICES
INTERNSHIP PROGRAMS
CHINA STANDS FOR CONTRAST
China's Near Future 2013

**Past**
average 10% (annual basis)

**Present**
China's GDP growth slowing down for now 10 quarters (Q3, 2012: 7.4%)

**Future**
Many economists believe that the Chinese economy will continue to grow at 7 - 8.5%. This downslide has come to an end due to:

- recent economic data on retail
- sales & exports
- industrial production and fixed asset investment

This forecast rests on 3 important assumptions:

- political will & capacity of the new leadership
- intensity of consumption vs investment
- no precedents for a significant downshift in the investment share of GDP without a considerable slowdown in economic growth.
CHINA 1.0 – MAO ZEDONG - 1949 to 1978
“The years of Mao Zedong”

ECONOMICS: China had a planned economy
POLITICS: Leninist political system
FOREIGN POLICY: Spreading global revolution

CHINA 2.0 – DENG XIAOPING - 1978 until financial crisis of 2008
“Label of socialism with Chinese characteristics”

ECONOMICS: export-led growth backed up by “financial repression”
POLITICS: quest for stability and elite consensus in the wake of the Tiananmen massacre
FOREIGN POLICY: creating a peaceful environment for China’s development by quietly amassing power & keeping a low profile.
CHINA’S FUTURE

CHINA 3.0 – GLOBAL FINANCIAL MELTDOWN 2008 - ...

Quest for solutions to 3 crises of success

AFFLUENCE – STABILITY – POWER

ECONOMICS: the main divide is between

- a social Darwinist New Right that wants to unlock entrepreneurial energy by privatising all the state-owned companies
- an egalitarian New Left that believes the next wave of growth will be stimulated by clever state planning.

POLITICS: the main divide is between

- political liberals who want to place limits on the power of the state, either through elections, the rule of law, or public participation
- neo-authoritarians who fear these measures will lead to a bureaucratised collective government that is unable to take tough decisions or challenge the vested interests of the corrupt, crony capitalist class.

FOREIGN POLICY: the main divide is between

- defensive internationalists who want to play a role in the existing institutions of global governance
- nationalists who want China to assert itself on the global stage.
DO YOUR HOMEWORK !!!

BUSINESS
STUDENT
SCIENTIST
ADVENTURE
VISITOR
“If you were not an entrepreneur in your home country, don’t even think about being one in China.”
Chinese people are totally different in their business approach based on the Confucian values (Hierarchy, Protocol,...)

Chinese people are entrepreneurs

Chinese people like their centralized government structure & like to use the principle of the gradual state-led economic reform

Western people will never understand the Chinese political system by only focus on the lack of democracy
KNOWLEDGE OF DIFFERENCES IN CHINESE COMPETENCIES

**Westerner Managers**
- accuses the Chinese of being too vague
- tend to think in a linear way
- is not really interested in patriotism
- want to be direct in any situation, regardless of face issues
- use the word “NO” as a normal thing

**Chinese Managers**
- accuses the Westerner of being too extreme
- requires holistic thinking
- like patriotism as competency
- want to be indirect to protect the other person’s dignity (loosing faces)
- refuse to use “NO” as it is regarded as impolite
PERSONAL START

BOOKS ABOUT CHINA: MISTER CHINA - TIM CLISSOLD

CHINESE LESSONS - JOHN POMFRET

CHINA WILL RULE THE WORLD - JACQUES MARTIN

START TO LEARN CHINESE: 1 YEAR UIBE BEIJING TO LEARN MANDARIN

CHINESE NETWORKING & EXPERIENCES OF OTHER BUSINESS PEOPLE
GET READY FOR CHINA FIRST

LIVING & WORKING IN CHINA

- **Chinese environment:**
  - Population
  - Urbanism/Megacities
  - Pollution

- **Learn Chinese:**
  - Personal Life
  - Business advantage
  - guan xi

- **Be flexible, have a thick skin**

- **Be prepared to work 24/7:**
  - Chinese Business Style
  - Foreign Clients

- **Build up relations:**
  - Chambers of Commerce
  - Embassies
  - Industry Round Tables / Forums
CHINESE BUSINESS ENVIRONMENT

TARGET MARKET: WHO IS YOUR CUSTOMER

- Chinese
- Foreigners
- Export

WHICH CITIES ARE YOUR TARGET

- Different region = Different Culture
- 1st Tier Cities / 2nd Tier Cities / 3rd Tier Cities
- How many cities with a population > 1 MIO
- Where is the money currently
  - East China: 51% population – 64% of GDP
  - Central China: 44.5% population – 32% of GDP
  - West China: 4.5% population – 4% of GDP

LOCAL POLICIES

- Development zones
- Incubator, Tax Break, ...
SETTING UP A BUSINESS IN CHINA

LEGAL FORMS

- OFFSHORE (Hong Kong):
  - Easy setup
  - Tax benefits
  - English Law
  - Mother company

- REPRESENTATIVE OFFICE

- WOFE: Wholly Foreign Owned Enterprise

- JOINT VENTURE: mostly the case

- FOREIGN INVESTED PARTNERSHIPS (FIPs)
  new company form
CHINESE BUSINESS PARTNER

TOTAL TRUST

SHARED GOALS

CHOOSE A RIGHT PARTNER

- Talk to potential partner (½-1 year)
- Try to analyse his environment (friends, family,..)
- What is his connection with relevant authorities
- Can you match him with local government goals
- Use him as door opener
- Don’t choose high personality
- Stay always in control
If you are not copied, you don’t have a good product
INTELLECTUAL PROPERTY RIGHTS

CASE: OLIOCORP, GREEK OLIVE OIL PRODUCER

- No register of trademarks
- Sales through local distributor

Problem

- Distributor started to sell other products under the brand name
- Distributor registered the mark and therefore legally owned it in China

Lessons

- Trademark was free when OlioCorp entered China
- China is a first-to-file registration
- In China, if you don’t register, you don’t owned it
## HUMAN RESOURCES

### COMMUNICATION
- Not a language issue, but a cultural issue
- Think different & matches your business culture
- build up, train, support them

### STRENGTH
- Ask for Chinese advice
- reliable
- Hard working

### WEAKNESS
- Creativity (case art class)
- Problem Solving (case building a house)

### RELATIONSHIP WITH EMPLOYEES (EX-EMPLOYEES)
- employee guan xi
- business card

### KEEP COMPANY SECRETS & STAY 100% IN CONTROL
SUSTAINABILITY ON LONG TERM

- LEARN CHINESE
- CLARIFY YOUR GOALS & DON’T GET DISTRACTED
- LISTEN & OBSERVE
- NEVER STOP LEARNING ABOUT CHINA
- EXPECT THE UNEXPECTED & BE PREPARED
- DON’T TRY TO BE CHINESE & DON’T COMMENT ON DIFFICULT TOPICS
- DON’T RUSH INTO OPPORTUNITIES
Western business people need to understand China and embrace it. Try to feel the excitement of China, that is changing with breathtaking speed. We can continue to view China through Western spectacles. This is not only intellectually lazy and arrogant, but very counterproductive. Always have your exit strategy!

Prof. Martin Jacques (London School of Economics)
THANK YOU VERY MUCH FOR YOUR ATTENTION!!!

- Mobile: +32 0479 300 210
- Email: vincent.mottrie@telenet.be
- Skype: vincent.mottrie