

Many business discussions of late have been surrounding China's impact on UK and global markets. Leaving aside the more contentious and political issues of the new Chinese industrial revolution, there are serious lessons to be learned. So we have put together the...

7 SECRETS TO BUSINESS SUCCESS IN CHINA

1. Learn About China

Many companies, when they expand to overseas markets, do not have a detailed knowledge of the new market they are going into. If a company is expanding into a small, comparatively unimportant market, where the revenue potential is limited, it could be argued that this is acceptable, but in the case of China, it isn't.

No matter how the world economy develops, China is going to play a greater role as it becomes more integrated into the world economy. While there may be slowdowns and setbacks along the way, this is a major trend which will not change.

Already, China is a major manufacturer for world products. More and more, companies will see China as a market with increased purchasing potential.

Virtually all of the leading companies in all sectors are Chinese companies. It is almost impossible for foreign brands to succeed on their own without Chinese partners; the only exceptions are a few luxury brands. As a first step, it is necessary to find out who these players are.



China is still affected by the legacy of the state-owned enterprises, which often are still major players in the economy. The finance and distribution sectors are still heavily influenced by government participation.

In China, the learning process never ends. Just when you think you are beginning to understand it, something happens to surprise you and to remind you of the complexities of China. For many, that is also a good part of the attraction of the country.

Be humble, and never stop learning.

2. Find the Right Partner

Since virtually all of the major players in all sectors in China are Chinese companies, it is very important to find a good reliable partner to work with. A good partner, and a good trusting relationship, will significantly shorten the learning curve, and add to a company's revenue picture.

Before a company starts looking for a partner, it first needs to understand the landscape of the sector it is going to participate in. Who are the major players? What are their strengths and

weaknesses? What key relationships do they have? What is their corporate culture?

Then, the company going into China has to have a clear idea of what its own strengths are, and what it can bring to the table. At this stage, the company has to be coldly realistic about what it can do, and then bring these forth in partnership discussions. In a good match, the companies will have complementary strengths and business cultures.

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In a good partnership, both sides will respect each other for their core expertise, and will focus their energies on jointly developing new products and services for the Chinese market. This will quickly pay off in the form of faster return on investment and revenues.

In a poor partnership, there is no trust, and energy and attention are devoted to getting the upper hand on the other business partner. Each partner thinks that is better, and seeks to dominate the partnership and abuse, and even humiliate, the other partner. When this happens, an outside competitor benefits.

Partnerships are influenced by personalities, and it is important that key executives on both sides of the table feel that, at the very least, they can work to build a trusting relationship, and have an open channel for communications.

3. Start Small

Outside investors look at China either as a great, undeveloped market with huge potential, or as a hopelessly backward market. Most of the time, these outlooks are heavily influenced by the general world economic outlook.

In fact, China is an underdeveloped country with limited infrastructure, but growing purchasing potential. It now offers one of the best skilled workforces at very competitive wages. As more companies invest in China, this money will work itself more widely into the economy.

For companies wanting to sell in China, it is wise to start small, and then grow with the market. In any new business venture, there is a learning curve, and mistakes will be made. A smart manager tries to keep these mistakes from being too costly.

There may be a temptation to make a large investment because everyone is going to China, but many of these large-scale investments have turned into very costly mistakes.

For a large corporation, they can justify these large investments, and even losses, because investment in China was a

strategic decision. However, the price is often that the executives who were involved in the initial phase of the investment were burned out by the experience, and valuable people were lost.

Business success in China is a marathon, not a sprint. Run it that way.

4. Hire the Right People

Every business claims that its success is based on its people. This is just as true in China as everywhere else. In fact, it is more true in China, simply because of the growth potential of the market.

It's very important to have senior people who know Chinese and are comfortable working with Chinese. As much as possible, your Chinese company or office needs to have a Chinese face.



At the same time, a good Chinese manager needs to understand the culture of the parent company, and be able to explain the rationale for his plans to develop the China market. In addition to being a good executive, he needs to be a good bridge. At the same time, he needs to be open to suggestions and willing to listen, and not feel insecure.

In China today, there is a shortage of management who can lead teams well. There is an even greater shortage of people who can lead cross-cultural teams across multiple geographies, and have good communication skills.

If a company can find individuals with these skills, they will be in a good position for success in China.

5. Have a Realistic and Flexible Strategy

China is a rapidly growing developing economy. In business terms, this means that there are parts of the economy which are very well developed and very modern, while there are other parts which are less developed and efficient.

For a business, this means that it must be able to adapt and act quickly. For executives who have worked in countries with mature and stable economies, it is a whole new experience. This is why many of the major European multinationals send their management track people to China for at least two years' exposure to this market.

Because this market is so rapidly changing, it is almost impossible to set a strategy for it completely outside China. A smart multinational always gives its local Chinese management sufficient freedom to act quickly without facing the overhead of explaining every move to the overseas headquarters.

6. Listen to Your Customers

In almost every industry, the best information for new products and services come from their customers. Unfortunately

for most companies, they are usually very bad at acting on this information efficiently. In a growth market like China, competition is very intense, especially in the retail sectors. For this reason, customer satisfaction, and customer insights are invaluable.

For companies selling to the business sector, having a good healthy feedback channel is also important. Product departments become stale when they are only willing to act on their own ideas, and refuse to listen to outside feedback.

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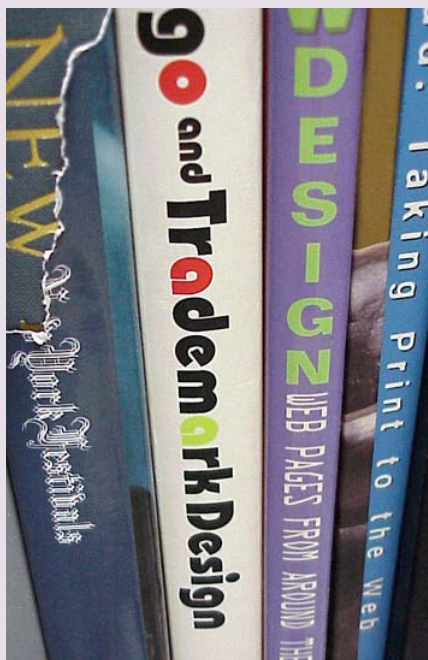
Top 5 Marketing Trends so far in 2006

1. Advertising agencies moving to direct response.

More and more companies are demanding that agencies show them a Return on Investment on their marketing spend. They are tired of spending £000's on campaigns that don't show results so they are testing more direct response methods of selling.

2. Advertising £'s are moving into the Internet Marketing space

Companies are just now starting to realise how to use the internet and how they can receive a measurable return on their marketing spend. The Internet is the new frontier for marketers and the search marketing and pay-per-click marketing industry is booming. Why? Because there are no company size or budget barriers and you can be country & region specific.



3. Education-based marketing is becoming more popular

Businesses are beginning to realise that "in your face advertising" is not getting the return it once did and so now they are turning to a more subtle, but just as effective marketing approach by educating their prospects with follow up soft-sell messages, infomercials and briefing papers.

4. Large businesses are using more small business marketing tactics

This is another sign that large businesses are requiring a return for their marketing £ and so they are getting smarter about the way they bring their products and services to market.

An example of this is the new tactic large businesses are using to spread word-of-mouth marketing, viral marketing and buzz about their products and services. And yes, you guessed, the USA has even started a "Word-Of-Mouth Marketing Association" recently!

5. International expansion of marketing products and services

The Internet has brought our dispersed global economy into one large community. It has been the catalyst for new and amazing marketing overseas opportunities.

International opportunities and relationships have been popping up like crazy because of the Internet.

There's never been an easier time to marketing your products and services internationally, and a lot of marketers are catching on to that opportunity.

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In China, many companies are in their early stages of growth, especially private companies. First generation entrepreneurial companies are usually founded on the vision of a single individual, who has the drive to bring a product to market and sell it at a profit.

Companies of this kind usually have a very centralised management, with most power concentrated in the hands of the founder.

The downside of this is that the entrepreneur is usually distrustful of outside input, and is often dismissive of others' opinions. If the entrepreneur has a good feel for the market, then the company prospers, but if his judgment is off, usually the whole company suffers. In a rapidly changing market like China's, when companies succeed, they succeed quickly, and when they fail, they fail equally quickly.

Long-term overall success in China depends on having the systems in place to handle multiple input points of information, and then being able to digest and act on them.

Listen to the views of many, do your own research, then act.

7. Be Prepared for Fast Growth

Earlier on, companies were advised to "Start Small". This is because any business has to leave itself time to learn about China, find the right partners, hire the right people and develop the right strategy.

But, no company should be like this all the time. A company must be prepared to quickly change to keep up with the pace of change in China, and to make decisive moves to help its business when the time is right. Opportunities can come and go very quickly.



The Better Business Alliance. 3 Kirkley Drive, Smalley Grange
Heanor, Derbyshire. DE75 7UR
Tel: 0845 331 3002 Fax: 0870 762 8697 E-mail: info@tbba.co.uk

More useful information, advice and tips coming up next month