

Four key rules for

China is booming so now is the time to make

Report by

JUDITH EDWARDS

jedwards@berksmedia.co.uk

TRADE between China and Europe is booming and in the Far East there is an insatiable appetite for luxury labels. In fact, any manufacturer with a quintessentially British brand with provenance has an appeal to overseas visitors, and potential for export.

The Chinese love the history and romance of British names, which include Mulberry, Barbour, Thomas Pink, Penhaligon's and Church's shoes.

Companies which provide translated brochures providing an insight into brand heritage are paving the way to better sales.

As well as export, firms need to be ready to take advantage of tourism and 'Golden Week' in October is a big holiday for Chinese when many will visit the UK and Europe.

Despite the global economic slow down, business in China is booming and the World Bank expects growth to be the same 8.2% this year as it was in 2011.

China's Ministry of Trade's 12th Five Year Plan for foreign Trade Development (2011-2015) has a stated goal of increasing trade with Europe.

To be successful in the world's second largest economy, it is important to understand its business culture.

Lily Yuan Li, director of Prospect Chinese Services, a specialist in connecting UK and Chinese businesses for partnerships, trade or other transactions, has put together some of the main points to consider when doing business in China and with its people.

This is Lily's four-point-plan to success.



Making connections: Lily Yuan Li is director of Prospect Chinese Services. 122896

Business meetings

This is where you and your Chinese counterpart are most likely to meet for the first time.

When you meet, swapping business cards is tantamount to a hand-shake. Receive a business card using both hands and read it immediately. Always offer yours in return and never write on someone's card unless directed to do so. The card should have your name and job title printed in Chinese on the reverse.

Beware of literal translations using tools such as Google Translate.

An experienced translator or interpreter will pick the right characters with the correct meaning and associations. Mainland China use different characters to Hong Kong and Taiwan.

During the meeting, keeping a sense of decorum and not losing face is the key to building a relationship. Causing embarrassment by being confrontational will cause a loss of face and complementing someone on their business acumen in front of their colleagues is a superlative move.

Smiling is the Chinese way of covering embarrassment, where perhaps you have not been fully understood or the person you are with does not want to answer a question.

They may answer afterwards in their own time, but if it is necessary to ask again, do so without an audience.

Meetings require patience. Chinese business people do not consider it impolite to answer a mobile phone in a meeting, and asking them to turn off their mobile will not go down well.

Where possible, bring your own interpreter, and brief them well. Discussions involving legal or technical concepts, as well as any translated written material, need to be well anticipated to avoid misinterpretation.

Negotiations

Where money is at stake, trust between parties can be broken by a lack of understanding of each other's cultural differences.

In many cases, this trust and understanding is more important to the Chinese than the transaction itself and indicates whether they can do business in the future. The Chinese associate will assume that all aspects of a proposed deal are negotiable and is prepared

the five-year plan

sure you know the nation's business etiquette

for heavy bargaining throughout the process, whereas a western party would not expect significant changes after a draft contract has been agreed.

Negotiators and interpreters who understand both cultures are invaluable. Chinese negotiators are shrewd and use a wide variety of bargaining tactics.

Be patient, make sure your interpretation of the contract is correct and let the Chinese know you are prepared to walk away rather than land a bad deal

They know that foreigners who have travelled to China will be reluctant to go home empty-handed. Arranging meetings just before their scheduled flight home is often beneficial to the Chinese.

The trick is: do not tell them when you are due to fly back. An experienced Chinese negotiator on your team will help you identify these stratagems.

Be patient, make sure your interpretation of the contract is correct and let the Chinese know you are prepared to walk away rather than agree to a bad deal.

Leadership

Companies operating in China should have an understanding of the Chinese view of leadership in cultivating long-term success and motivating Chinese staff.

Importing a Western leadership style does not work. To be successful, leaders in China need to blend Western best practices with



Holistic thinking: Lily Yuan Li, at the pagoda in Cliveden, specialises in linking UK and Chinese businesses for partnerships, trade, or other transactions. **PHOTOS: PAUL JOHNS** 122896

Chinese wisdom. A good Chinese leader is seen to exhibit holistic, as opposed to linear, thinking as practised by western leaders.

They aim to make decisions which take account of all circumstances and be receptive to being directed to save face, as opposed to tackling issues head on.

A good Chinese leader, following the holistic method of using the information available and their senses to come to a conclusion may take longer but they believe this produces the best results. It could be argued that this perception

is due to the fact that the Chinese consider being first is second to being right.

There is an argument that what is lacking in Chinese leadership is innovation, which is encouraged under Western best practice as this goes hand-in-hand with risk-taking.

There is a Western proverb, "The early bird gets the worm", which is the opposite of the Chinese proverb, "The first bird out of the bush gets shot" which encapsulates the Chinese attitude to risk.

www.prospectchinese.com