

Recruiting Chinese Investment

- **A Roadmap for Developing A Sustainable Relationship**



The Chinese Are Coming, Good or Bad?



Good:

- Brings capital Investment
- Create employment
- Reduce risk of conflicts
- Increased bilateral trade opportunities

- Over 10,000 people traveling between the 2 countries by air everyday



Bad:

- Failure can devastate a community
- Failure can hurt public opinion against all Chinese investment
- Lack of trust and lack of patience



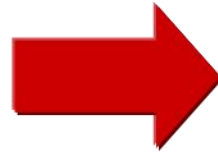
“Made in China” at a Turning Point

The Past

Passive selling on price

Buyers of the world raced to China to profit from price differential

Bringing knowledge of demand



The Future

Active selling on value

Ability to listen & understand consumer demand

Ability to design new products that consumers need

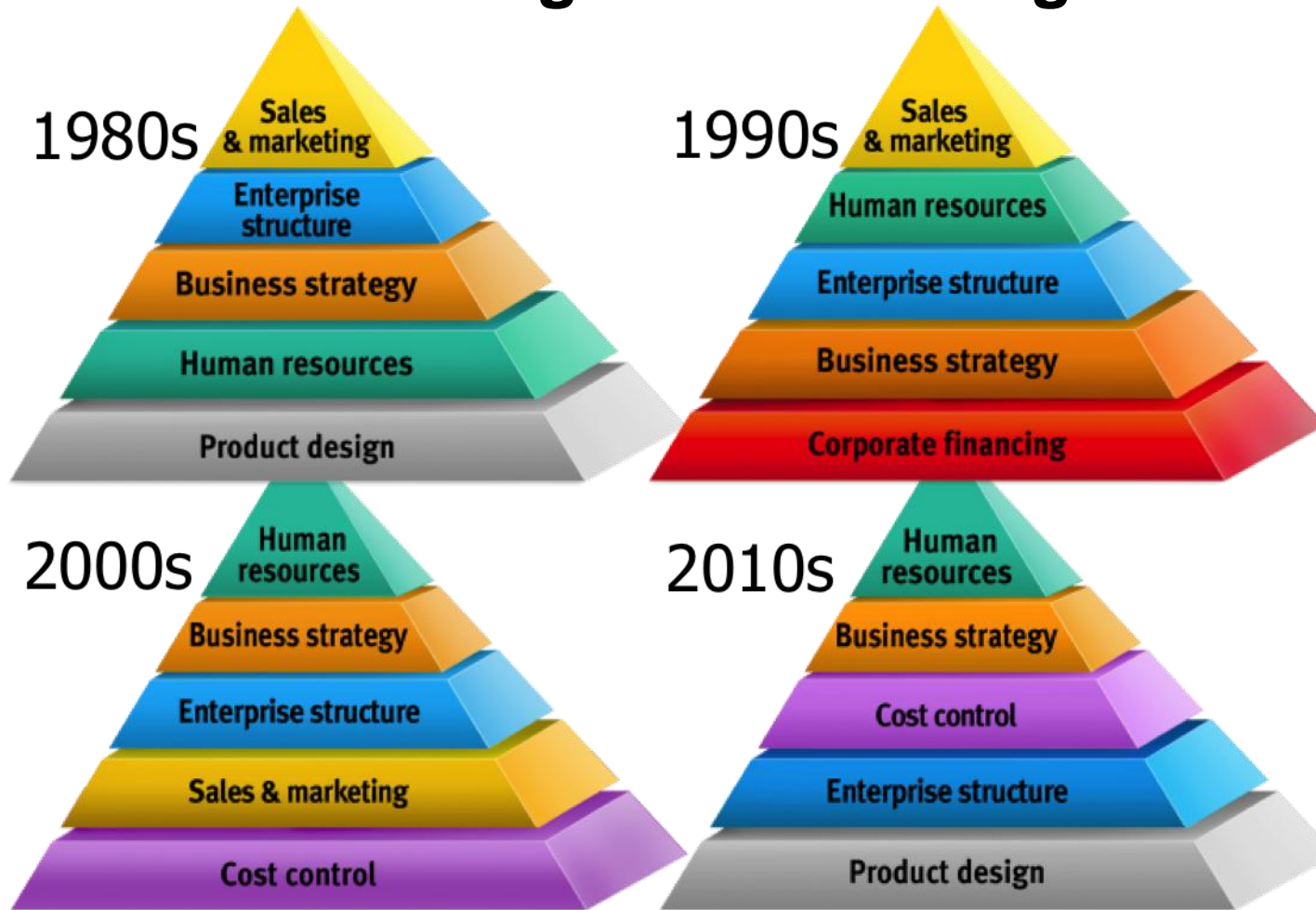


“Made in China”

- Changing from price model to value based model
- Not unlike the history of American manufacturing, just much faster and the productivity is almost 10 times less than US
- Evolution of management thinking which reflect the changing business environment and may well predict the future.



Evolution of management thinking



Source:
*Chief Executive
China*
Management
Challenges
Polling: 1045
responses
Nov, 2012



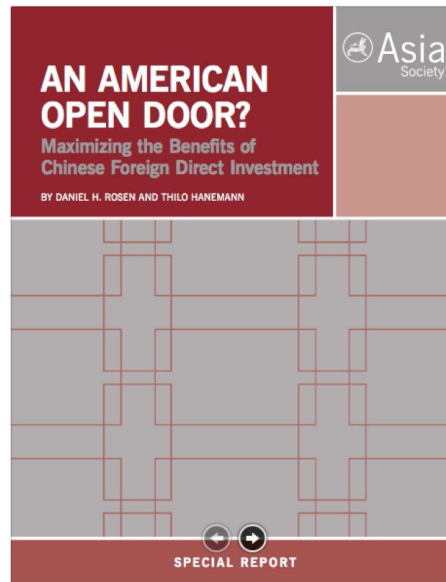
China Going Global 走出去

- Attitude and positioning
 - From Going out to sharing wealth



China Going Global 走出去

- Trends

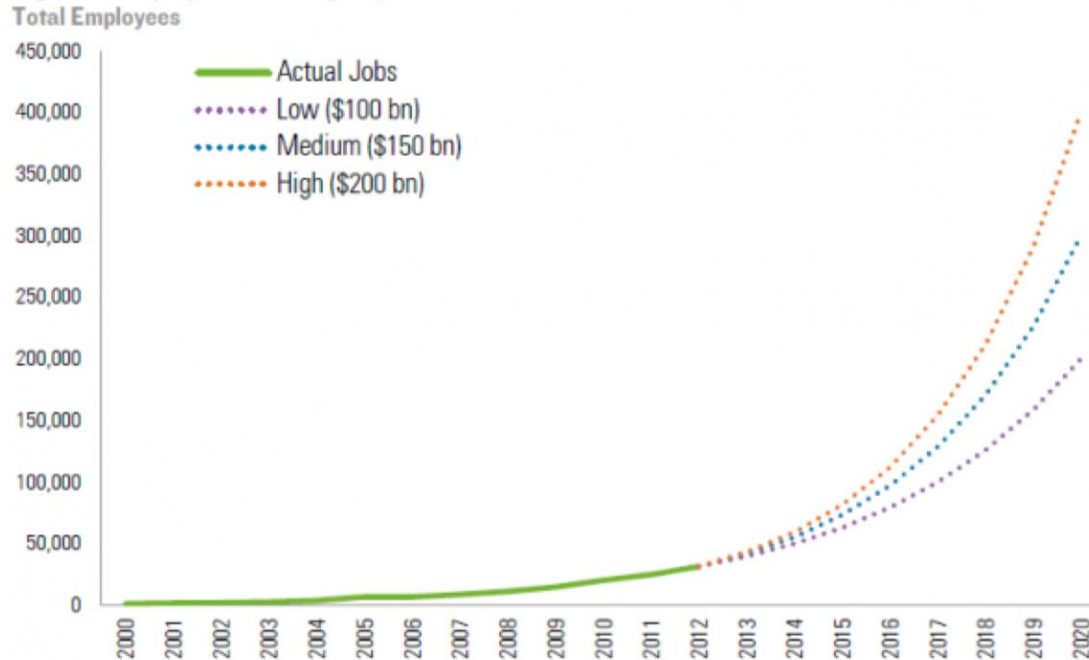




China Going Global 走出去

- Employment Impact
 - Chinese investment currently employs 27,000
 - Projected to employ 200,000 - 400,000 by 2020

Figure 3: Employment at Majority Chinese-Owned U.S. Affiliates, 2000-2020



Source: Rhodium Group.



China Going Global 走出去

- The Motives
 - Government Initiatives
 - Satisfying quotas and leadership political agenda
 - Jumping through Protectionism Barriers
 - Closer to Consumers, new markets
 - Acquiring technologies and knowhow
 - Obtaining natural resources
 - Learning/acquiring new technologies and knowhow



How can this be bad?

- Failure rate is ultra high
- With limited past experience, anecdotal evidence of problems, especially early, will be magnified (no limit on US media)
- There is and will continue to be great pressure on “quick” success even though investing companies must take a long view approach



Gaps & challenges for Chinese companies

- Cultural and trust gap
- Learning – and using - Western management practices and developing an expected level of transparency
- Lack of understanding of the US legal system
- Educating (and learning) the American business and political markets through communications, public relations and lobbying efforts



What is the US counter part doing?

- “Slam Dunk” mentality
- Equally as short term in thinking
- Lack of patience and understanding
- Competing agendas
- Fear of job loss (1990’s manufacturing exit still fresh on minds)



The Sustainable Process:

- Localized **Communications**
- Provide **Education** on all levels
- **Bridge** the **Trust** gap, experience
- **Enhance** public opinion
- Have lots **Patience**
- Have **Empathy**
- Find Local **Sponsor**
- Follow **Best Practice** and **Processes**
- Lead with **Transparency**
- **Engage**, engage, engage



The Sustainable Process:

- Localized Communications





The Sustainable Process:

- Provide **Education** on all levels





The Sustainable Process:

- **Bridge the Trust gap, experience**





The Sustainable Process:

- **Bridge the Trust gap, experience**





The Sustainable Process:

- Bridge the Trust gap, experience





The Sustainable Process:

- Enhance public opinion





The Sustainable Process:

- Have lots of **Patience**



Ronnie Chan – Restoration of The Hall of Rectitude in Forbidden City



The Sustainable Process:

- **Have Empathy**

7. 您认为以下哪些因素最有可能导致法庭做出“不公正”的判决：（多选）

Response	Count	Percent
您的公司被视为“非本地”企业	62	47.7%
您的公司缺乏法院方面的人脉，不能对判决结果施加有利的影响	94	72.3%
法官或裁决机构对法律法规的理解和应用水平较低	43	33.1%

[/desktop.vovici.com/analysis/generatepublicreport.aspx?esid=389821&subaccountid=88524](#)

Recent Survey
of Attitude on
Chinese Legal
Systems

EFM Analysis: 中国商业法现状与国际竞争力

检察机关行为不当或有偏向性	69	53.1%
审理过程中出现贿赂官员现象	80	61.5%
您公司的委托律师应诉不当	28	21.5%
以上皆否	11	8.5%



The Sustainable Process:

- Find Local **Sponsor**

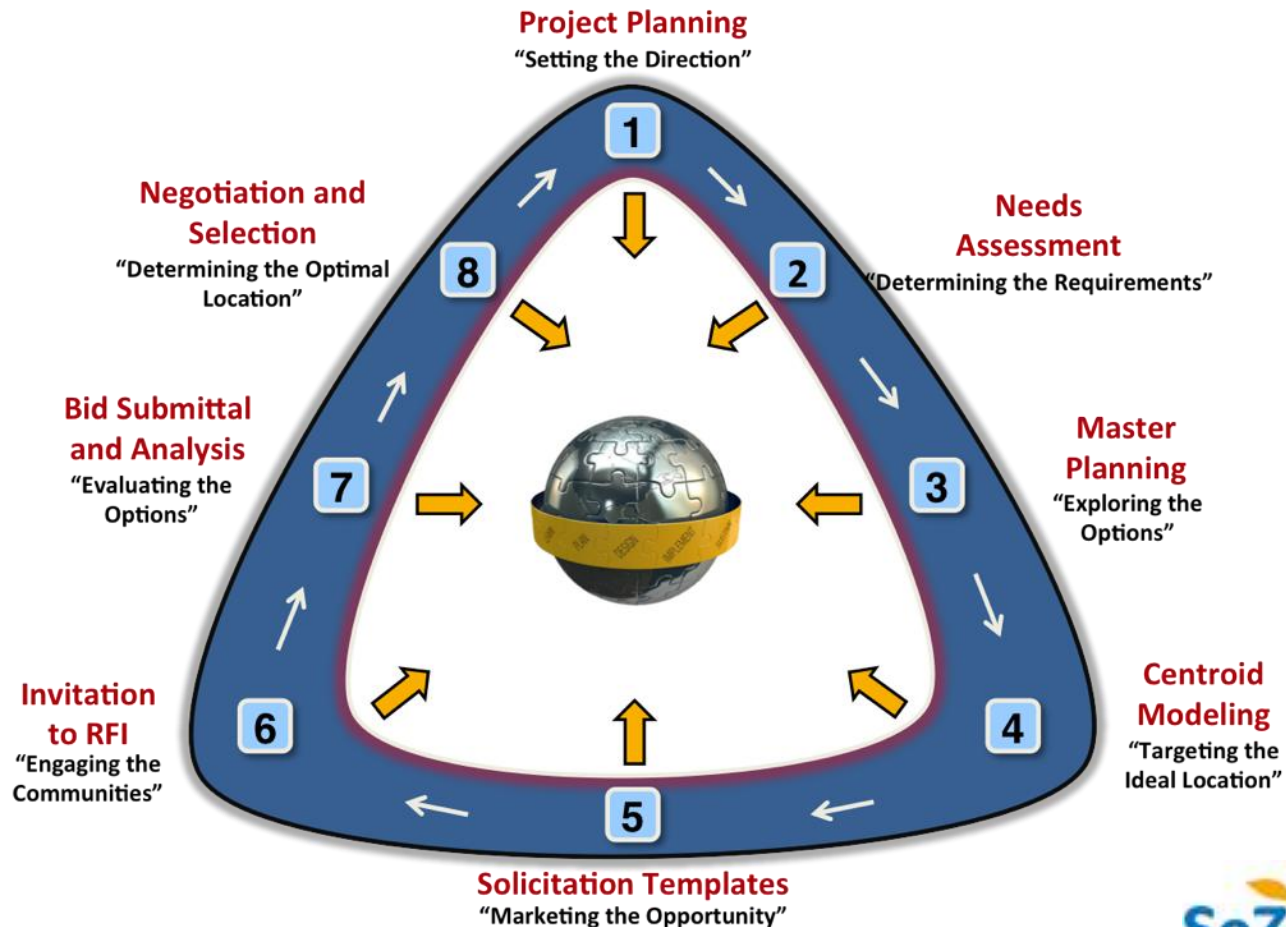


George Landegger



The Sustainable Process:

- Follow **Best Practice and Processes**





The Sustainable Process:

- Lead with Transparency





The Sustainable Process:

- Engage, engage, engage





The Sustainable Process:

- Engage, engage, engage





The Sustainable Process:

- Engage, engage, engage





The Sustainable Process:

- **Engage**, engage, engage



Hon Dr. Brzezinski



Amb. Nick Platt



Win-Win

