
INDEX

- 3M, 96, 205
- A. T. Kearney, 79, 153
- ABB, 69
- AIG, 35, 42–43
- Alcatel, 50
- Amway, 52
- Analecst, The*, 108, 110, 186, 191, 196, 197, 198, 199, 200, 201, 202
- AOL Time Warner, 91–92
- Art of War, The*, 71, 103–104, 106, 145, 219, 233–234, 235, 237, 239, 240, 243, 255, 258
- Asia East Gate and Learning, 174
- Avon, 122
- balancing managing and leading, 213–228
“one right solution” and, 226
and adjusting the balances, 227–228
business versus government, 216–217
change and, 228
combining theory and practice in, 226–227
dogmatism versus empiricism in, 227
five balances of a joint venture and, 215
management-leadership unity, 221–228
management versus leadership, 222–224
managerial versus personal needs, 217–220
profitability versus commitment, 220–221
results versus relationships, 216
training versus learning, 215
universality versus particularity, 224–226
Western managerial thinking and, 213–214
- Bass, 73–74, 77, 238
- Bausch & Lomb, 116, 117
- Beijing Jeep, 91, 93, 127, 131, 132, 192
- Bennis, Warren, 214
- Bible, The*, 255
- BOC, 57–58, 170, 174–175
- Bohr, Niels, 255
- Book of Rites, The*, 19
- Brahm, Laurence, 147–148
- Bristol–Myers Squibb, 68, 250
- British Sugar, 206
- Brown, Lester, 3
- Buffett, Warren, 197
- Built to Last* (Collins and Porras), 258
- Burke, Leo, 151, 168
- Burn, Batey, 79, 81
- Bush, President, 255
- business, history of, 256–257
- business arrangements, 9
co-operative venture, 62, 89–90
compensation trade, 89
customer alliance, 248, 249
direct-marketing, 52
export processors, 74
forms of alliance, 248
importing, 60
joint venture, 2, 9, 12, 14, 61–62, 90–93, 249, 259. *See also* Joint Venture Contract
- letter of credit (LOC), 6, 7, 119
- licensing, 61, 89
- low-risk alliance, 89
- OEM, 249
- representative office, 57–58
- supplier partnership, 248, 249
- technology transfer, 61, 89
- wholly foreign-owned business, 15, 96
- business leader, 233–234, 240–241. *See also* self-management
- business proposition, 4, 90–93
- business philosophy and, 91
- complementary skills and resources and, 2,

- 91–92
 supporting business relationship(s) and, 4,
 6–7, 92–93
- business school, 1, 16, 257
 Harvard Business School, 259
- business strategy, 232–251
 “competition” and, 3
 “generic strategies” in the West, 242
 “rolling a snowball” and, 3
 “strategic planning” in the West, 242
 and alliance advantage, 248–250
 and differentiation advantage, 247–248
 and excellence advantage, 244–247
 and innovation advantage, 250–251
 business climate and, 235–237
 business leader and, 240–241
 business location and, 237–238
 business organisation and, 239–240
 business purpose and, 234–235
 competition versus creation, 242–244
 five forces behind business success, 233
 four levels of strategic advantage, 242–244
- Cadbury, 49
- Capsugel, 240
- Carrefour, 66–67, 70
- China
 ancient inventions of, 155
 connections-based, 25–32
 Cultural Revolution in, 24, 156–157
 eating and drinking in, 28–29, 30–31
 education in, 158–159
 feudal system in, 154–155
 Global Competitiveness of, 153
 Great Leap Forward in, 24, 156
 household responsibility system in, 157
 imperial examination system in, 154
 kickbacks in, 6, 29–30, 207
mahjong in, 30–31
 manufacturing productivity of labour in, 27
 money worship in, 158
 per capita income of, 27, 47, 55
 political reform in, 158
 population structure of, 47
 quality of the people in, 154–159
 research and development (R&D) in, 66, 70
 savings rate in, 62, 63–64, 69
 superstition in, 30–31, 155
 Three Gorges Dam in, 205
 Tiananmen Square in, 158
 transportation in, 49
- China–Britain Business Council, 36, 56, 81
- China Concept Consulting, 79, 81
- China Europe International Business School,
 69, 164
- China market, reading the, 45–70
- “connection” and, 62–63
 “public funds” and, 64–65
 “soft data” and, 57–59
 “status” and, 63–64
- accessibility and, 49–50
 affordability and, 46–47
 at three levels, 53–54
 competition and, 50–51
 consumer goods and, 66–67
 government control and, 67–68
 hard data and, 54–57
 high-technology and, 68–69
 industrial goods and, 67
 inland and, 70
 limiting factors in, 46
 patterns and trends, 62–70
 pilot operation and, 60–62
 regionalism and, 47–48
 regulation and, 51–52
 services and, 69–70
- Chinese business. *See also* Haier
 “following the crowd” and, 65–66
 Baoshan, 67, 204–205
 Baoying Electrical Appliance, 92
 CMTD, 78, 81
 Chen, Ming-Jer on, 15
 collectively-owned enterprise, 24, 83, 205
 Great Wall Computer, 90
 Handan Iron and Steel Works, 209
 HiSense, 51
 Kelon, 50, 246–247, 249
 Legend, 21, 50–51, 91–92
 overseas, 259–260
 People’s Bank of China, 153
 private business, 24, 83, 84, 85, 205
 state-owned enterprise, 83, 84, 85, 152, 205
 Zhongyuan Pharmaceutical, 39, 171
- Chinese worldview, 33, 252–256. *See also* feelings; *See also* human-heart-
 edness; *See also* intuition
- Chinese-style truth, 186
- Chinese medicine, 254
- Chinese mind, 253, 254
- reality and, 194, 201, 253
- Tao*, 252
- validity of, 253
- Citroen, 249
- Clason, George S., 231
- Classic of Opposites, The*, 222
- Clinton, President Bill, 237, 256
- Coca-Cola, 74, 247
- communication, 125–150
 balancing frankness and face in, 142–144
 cultural barriers to, 5, 131–137
 gap between expatriates and headquarters,
 7, 145–150

- moderate style for, 143–144
 non-confrontational methods for, 144–145
 tension between frankness and face in, 142
- Compaq Computer, 50
- compromise, 43, 190–191, 260
- Confucius, 24, 32, 33, 151, 179, 252, 256.
See also Book of Rites, The; *See also* Analects, The; *See also* Doctrine of the Mean, The; *See also* Great Learning, The
- connection, 32–34, 35–38, 78. *See also* networking
- consultant, 8, 78–79, 105, 106–107, 153
- Courtaulds Coatings, 61
- cultural differences, 131–133
 “culture shock” and, 19, 133
 and principle-centred adaptation, 43–44
 balancing managing and leading and immediately relevant, 136
 business versus government, 100–101
 contract versus relationship, 5–6, 41–42, 100, 126–128
 frankness versus face, 101–102, 142
 friendship as, 32–33
 group/individual versus family, 22–24
 harmonising, 133–137
 humour as, 31–32
 ignoring irrelevant, 134–135
 learning leadership and related, 136–137
 logic versus intuition, 101
 management training and related, 136–137
 management versus leadership, 7
 rules versus connections, 20–25
 tolerating irrelevant, 135–136
- culture
 Hofstede, Geert on, 20
 as a three-layer onion, 133
 collectivism, myth of Chinese, 20–22
 individualism, 20–22, 24
- Decree Collection of Tang Dazhao*, 203
- Dell, 64, 75
- Deng Xiaoping, 12, 157–158, 204
- Doctrine of the Mean, The*, 196, 199–200
- Drucker, Peter F.
 and “effective” executive; MBO, 11
 on alliances; joint ventures, 9
 on Chinese management, 260
- Du Pont, 170–171
- Ecolab, 121, 122
- Economist Intelligence Unit, 12
- Einstein, Albert, 125
- Ericsson, 50, 220, 237
- expatriates, 159–168
 “three types” of, 147–148
- adjustment phase for, 164
 and “China syndrome”, 162
 and “reality”, 146–147
 and communication with headquarters, 149–150
 and coping with stress, 162–164
 and making friends, 164
 and preparing for posting, 161–162
 costs of, 166
 crisis phase for, 163
 failure rate of, 161
 honeymoon phase for, 163
 personal health of, 164
 recovery phase for, 163–164
 training as a role of, 164–165
- face, 33–34, 171
 saving and giving, 34, 36–37, 40, 114, 142–143
- FDI in China, 12–14
 human resource challenge and, 152–159
 in 1990s, 152
 managerial frustration and, 205–206
 WTO and, 13–14, 96, 229
- feelings, 33–34, 178–180, 252
- financial modelling, 4, 93–94
 internal rate of return (IRR), 93
 net present value (NPV), 93
 payback, 94
 return-on-investment (ROI), 4, 93–94
- Financial Times*, 259
- Forbes Global*, 43
- Ford, 62, 66, 70, 79, 169
- Gallup, 56
- Gates, Bill, 251
- General Electric (GE), 61–62
- General Motors, 47, 65, 66, 67, 207
- Gilbertson, John, 220
- global business, 15–16, 257–258, 260
 East Asian countries and, 16, 205–206
 Eastern European countries and Russia and, 16
 global mindset and, 260
- Good to Great* (Collins), 258
- goodwill, 11, 38–39
 building, 185–186
- government regulations, 4, 51–52, 116, 117, 118, 217
- Great Learning, The*, 193–194, 196
- Greenberg, Hank, 35, 42–43
- Grove, Andy, 258–259
- guanxi*, 2, 4. *See also* connection
- guide, using a China, 78–79
 employing your own specialist, 79
 hiring a professional consultant, 78–79

- in assessing a potential partner, 88–89
 - using a local guide, 78
- Guinness, 61
- Haier, 14, 50, 171, 246–247, 259
 - financial management at, 209
 - marketing management at, 212
 - operations management at, 207–208
 - personnel management at, 210–211
- harmony, 33, 186, 253
- headquarters, 7
 - and “banner”, 146
 - and communication with expatriates, 148–149
- history, 62, 198
- Hoffmann-La Roche, 46, 60
- Hong-ren, 201
- Hong Kong, 254–255
- HSBC, 176
- human-heartedness, 33, 42–43, 179, 252, 256
- human feelings, 33–34, 179, 185, 260. *See also* feelings
- human nature, 41–43
- humour, 31–32, 141, 183

- IBM, 75, 76, 90
- I Ching*, 97, 255, 258
- Industrial Revolution, 257
- In Search of Excellence*, 1, 226
- integrity, 190, 192–193
- intermediary, 102, 114. *See also* third party
- International Monetary Fund, 55
- intuition, 33, 41, 44
 - in assessing a potential partner, 86–87
 - in decision-making, 59
 - in embracing uncertainty, 201
 - in understanding the China market, 53–54

- Jiang Zemin, 37, 158
- Johnson, President, 255
- Joint Venture Contract*, 5, 115
 - Articles of the Association* and, 115
 - board structure in, 5, 119–120
 - capital contribution schedule in, 118–119
 - equity share holding in, 4, 6, 7, 116–117
 - labour structure in, 122
 - management structure in, 5, 120–122
 - registered capital in, 115–116
 - termination in, 7–8, 96, 130
 - total investment in, 4, 115
 - valuation of capital contributions and, 117–118
- Jung, Carl Gustav, 255

- KFC, 67, 74, 246, 247–248
- Korn & Ferry, 153

- Kotter, John, 213–214

- language, 102
 - and interpreter competencies, 105, 139–140
 - and speaking through interpreter, 140–141
 - barrier, 137–139
 - breaking through barriers in, 139–141
 - learning the Chinese, 141
- Lao Tzu, 252–253. *See also* Tao Te Ching
- leadership, 222–224. *See also* people
 - publications on, 213–214
 - training programmes, 258
- leading the Chinese, 180–193. *See also* leadership; *See also* relationships
 - at three levels, 181
 - by appealing to their hearts, 181–186
 - by giving them examples, 191–193
 - by reconciling their viewpoints, 186–191
 - Chinese boss, 183, 184, 186
 - different employees, 185
 - officials, 183, 184–185, 186, 190, 217
- Lederle, 60, 190
- Lee Kuan Yew, 43
- Lee Tsung Dao, 255
- Leibniz, Gottfried Wilhelm, 255
- Levin, Gerald M., 38
- li*. *See* proprieties
- Liddell Hart, B. H., 255
- Li Ka-shing, 259–260
- Liu Chuanzhi, 21, 91–92
- Liu Shaoqi, 41
- localisation, 7, 165–168, 221
 - benefits of, 166–167
 - dangers of, 167–168
- location, 72–77
 - Beijing, 48, 49, 74, 75, 152
 - Chengdu, 49–50, 70, 76, 238
 - Chongqing, 70, 76
 - coast, 70
 - Dalian, 74, 250
 - foreign investment zones, 72
 - Guangdong, 48, 51, 52, 74, 75–76, 77
 - Guangzhou, 47, 48, 49, 50, 74, 77
 - inland, 70
 - pitfalls in choosing, 72–74
 - Pudong, 77
 - Shanghai, 46, 47, 48, 49, 50, 52, 74, 75, 76, 77, 152, 238
 - Shenzhen, 74, 75, 76, 77, 90
 - Shijiazhuang, 74
 - Sichuan, 49, 70
 - Special Economic Zone, 76, 157
 - strategic consequences of, 74–77
 - Suzhou, 60, 240
 - Suzhou Industrial Park, 43
 - TEDA, 238

- Tianjin, 48, 74, 75, 76, 238
 Wuhan, 50, 70, 72–73, 76, 77
 Xi'an, 70, 76, 77, 238
 Xiamen, 74, 75, 77
- logic, 2, 8
 people's disruption of 2–8
 versus intuition, 101
- Lu Xun, 156
- Macartney, Lord, 125
- management, 222–224
 applied to businesses in China, 206–212
 China's desperate need for, 204–206
 control, 5–6
 financial, 6, 208–209
 history of Western, 204
 marketing, 211–212
 operations, 206–208
 personnel, 209–211
 reshuffle, 3, 7, 221, 241
- Mann, Jim, 131, 132, 147
- Mao Zedong, 41, 67, 156–157, 171, 226–228
- market research, 3, 211
 agency, 55–56
 doing your own, 56–57
- Marshall, John, 205–206
- Mary Kay, 212
- MBA, 1, 16, 69, 153, 174, 175, 257, 259
- McDonald's, 46, 48, 207, 211–212, 238, 247–248
- McKinsey, 81
- Mencius*, 181, 197
- mianzi*. *See* face
- Microsoft, 51, 249, 251
- Monash Mount Eliza, 174
- Motorola, 70, 168, 169, 175, 235–237, 251
- nature, 253
- negotiating with the Chinese, 4, 103–115
 behaviours and, 113–115
 emotions and, 108–110
 on finance, 115–119
 on management control, 119–122
 philosophies contrasted, 99–102
 post-contract negotiation and, 126–130
 preparations and, 106–108
 team and, 103–106
 thinking and, 110–113
 Western speculation and, 98–99
- Nestle, 49, 77
- networking, 35–43. *See also* connection
 step 1: making first connections, 35–38
 step 2: nurturing and enlarging, 38–40
 step 3: becoming a master, 40–43
- New York Life, 14
- Nobel Laureates, 256
- Nokia, 169, 237
- Nottingham University, 69
- Ohmae, Kenichi, 231
- On Contradiction*, 228
- On Practice*, 226–227
- Orsan, 120
- Pacific Dunlop, 76
- partner, 2–3
 and formal introduction, 87–88
 and informal investigation, 88–89
 and real “engagement”, 89–90
 approaching a potential, 79–82
 assessing a potential, 82–90
 business proposition, 90–93
 capabilities of a, 85–86
 credibility of a, 84–85, 95
 final decision on, 93–96
 motives of a, 83–84, 95–96
 relationship problems, 5, 7, 73
 selecting a, 90–96
- Patten, Chris, 15
- people. *See also* human nature
 knowing, 38–39, 183–185
 listening to, 41, 188–189
 meeting, 36–38
 observing, 41, 184
 respecting, 182–183
 skills, 44. *See also* leadership
- Pepsi, 74, 211, 212, 247
- Perot, H. Ross, 203
- Persian Gulf War, 255
- Peters, Tom, 1
- Peugeot, 92
- Pfizer, 46, 68, 74, 250–251
- Piaggio, 52
- Polaroid, 89
- Porter, Michael, 232–233
- Posth, Dr Martin, 45, 183, 190
- Practice of Management, The*, 11
- PricewaterhouseCoopers, 79, 81
- Procter & Gamble (P&G), 211, 212
- proprieties, 179
- published resources, 55, 81
Beijing Jeep (Mann), 192
Business China, 55, 153
China's Top 100,000 Companies, 81
China: A Directory and Sourcebook, 55
China Business Review, 81
China Economic Review, 55
China Statistical Yearbook, 55
Consumer China, 55
Doing Business in China (Ambler, Witzel), 162
Doing Business with China, 55

- KAMPASS China*, 81
Managing in China (Jones), 164, 200
Mr. China (Clissold), 162
New Silk Road, The (Stuttard), 162
 www.business-china.com, 81
 www.china-window.com, 81
 www.chinatoday.com, 161
 www.expatsinchina.com, 162
 www.fdi.gov.cn, 55
 www.shanghai-ed.com, 162
- qing*. *See* feelings
 Qin Shihuang, 154
 quantum mechanics, 253
- relationships, 11, 216. *See also* connection
 criterion for Chinese, 178–180
 Western neglect of, 214
 Western versus Chinese, 178–180, 182
- ren*. *See* human-heartedness
renqing. *See* human feelings
 results, 11, 216
 Revpower, 96
 righteousness, 179
- Sanyo Electric, 77
 Sasser, James R., 79
 Schiller, 174
 self-management, 193–202, 260
 balanced character and, 197–200
 embracing uncertainty and, 200–202
 learning and, 194–197
- Senge, Peter, 258
 September 11, 256
 Shell, 175, 218
 Siemens, 50, 70, 169, 175–176, 212
 Sino Mining Ltd, 75
 SMG Presses, 172–173
 SmithKline Beecham, 68, 250
 Sun Tzu, 197–198. *See also* Art of War, The
 Sun Yat-sen, 30, 155, 254
 Swissotel, 192
- Tambrands, 167, 168, 212
 Taoist, 32
Tao of Physics, The (Capra), 255
Tao Te Ching, 44, 113, 177, 196, 197, 199,
 201, 202, 242–243, 255–256
- Tektronix Inc, 89–90
 Tesco, 96
 Texas Instruments, 80, 92, 122
 third party, 80–81, 145. *See also* intermediary
 Thompson, J. Walter, 160
 tolerance, 41–42, 135–136, 190
 training the Chinese, 168–176
 and finding and retaining talents, 176
 trainers from parent company and, 173
 ingredients for effectively, 169–171
 overseas training and, 172–173
 quality of the Chinese and, 154–159
 resources for, 172–176
 shortage of qualified labour and, 152–154
 training centre and, 175–176
 training partnerships and, 174–175
 training providers and, 173–174
- trust, 11, 34, 39, 42, 128, 259
- United Biscuits, 173
 University of Liverpool, 70
 Upjohn, 60, 68
 UPS, 50
 US–China Business Council, 36, 81
- Vietnam War, 255
 Volkswagen, 64, 221, 249
- Wall’s, 166
Wall Street, 258
 Watson, Kent, 147, 241
Wealth of Nations, The (Smith), 257
 Western worldview, 33, 252–256
 “tyranny of the OR”, 186–187
 Aristotle, 252
 division, 11, 253, 257
 Plato, 252
 postulation, 33
 religion, 22, 23, 33, 253
 science, 253
 truth, 252, 253, 256
 Western medicine, 254
 Western mind, 252, 253
- Whirlpool, 50, 246, 249
 Whitehead, A. N., 195
 wisdom, 253
 ancient Chinese, 71, 114–115, 195, 260
 understanding ancient Chinese, 194
 Yin Yang, 123, 224, 258
- Wolinski, Irene, 200
 World Economic Forum, 153
 WTO, 13
 Wu Bangguo, 209
- Xi’an–Janssen, 68, 171, 250
- Yan Fu, 155
 Yang Chen Ning, 159, 255
yi. *See* righteousness
 Yukawa, Hideki, 255
- Zhang Ruimin, 207–208, 259
 Zhou Enlai, 41
 Zhu Rongji, 43, 154, 206, 229