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For China success, U.S. ventures must listen and learn

By RON GALLAGHER, WRAL Tech Wire

RESEARCH TRIANGLE PARK, N.C. —Business in China can move very fast, but American companies that want to enter markets in the world's most populous nation must understand that it moves according to its own cultural patterns and must adapt to those, according to two China veterans who spoke Tuesday evening to the North Carolina Chinese Business Association.

"If you do good work and don't act like a big, dumb, American jerk," a good reputation spreads very quickly through industry in China and relations are much easier, Chris James, Cree (Nasdaq: [CREE](#)) vice president of strategy and business development, told the audience of about 150 people.

Grace Whi-Tze Ueng, whose Savvy Marketing Group has a Chinese practice to help Americans companies, laid out 10 points the firm has distilled from research into American businesses' experiences in trying to enter the Chinese market.

Chinese do not engage in drawn-out negotiations about business decisions, James said.

In meetings, "You talk more about non-business things than you do in the U.S.," James said. "In some ways, it's a lot easier than doing business in the U.S."

Research to gain cultural and market knowledge are critical, however.

Cree people had known the family who controlled COTCO Luminant Device Ltd. for some time before COTCO Chairman Paul Lo decided to sell the light-maker to Cree in 2007.

"We got to know them and we were honest," James said in explaining how a deal with a total value of \$320 million over two years was completed in two hours once the decision to sell was made.

"China moves very fast. Make decisions quickly" so talented staff do not become frustrated with American-speed corporate processes and leave, Ueng advised.

Very important, Ueng said, is to research possible Chinese ventures on several levels. China is not a homogeneous society, she said, and understanding "preference by province" is critical to marketing products.

"It's not just one place you're going to do your thing in," Ueng said.

Her firm's white paper, "Creating a Winning Business in China," notes that "adapting to local values, tastes and preferences is critical to success."

One critical step is to prepare executives before they visit China, perhaps even having them learn some Chinese, Ueng said. An uninformed first performance can foreclose plans, said.

She told a story of Microsoft founder Bill Gates meeting a president of China without being culturally prepared and being told to go away until he had learned about Chinese behaviors and culture.

Because he was Bill Gates, "He got a second chance. We won't," she said.

Don Hobart, Gov. Beverly Perdue's chief of staff, asked the audience to let him know if they are working on any Chinese opportunities or are establishing partnerships that could benefit from Perdue's noting them during a trade mission there Oct. 17 through 21.