



# Australia China Health Summit

## Developing your China network

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# Partnering with China – Why do things go wrong?

- 同床异梦 – “Same bed, different dreams”
- Different concepts of “win-win”
- Poor preparation, rushing ahead
- Underestimating what can go wrong
- Bad or no advisors
- Relying on local partner
- Not being active in JV
- Cultural and linguistic misunderstandings

# Three key considerations

- Reasons for interest – how to provide desired value?
  - financial
  - market access
  - management know-how
  - customer needs
- Cultural and sub-cultural differences
  - how to balance “knowhow of the West” with “culture of the East”
  - international best practice meets feelings and sensibilities
- Language barriers – mitigating resultant inefficiencies

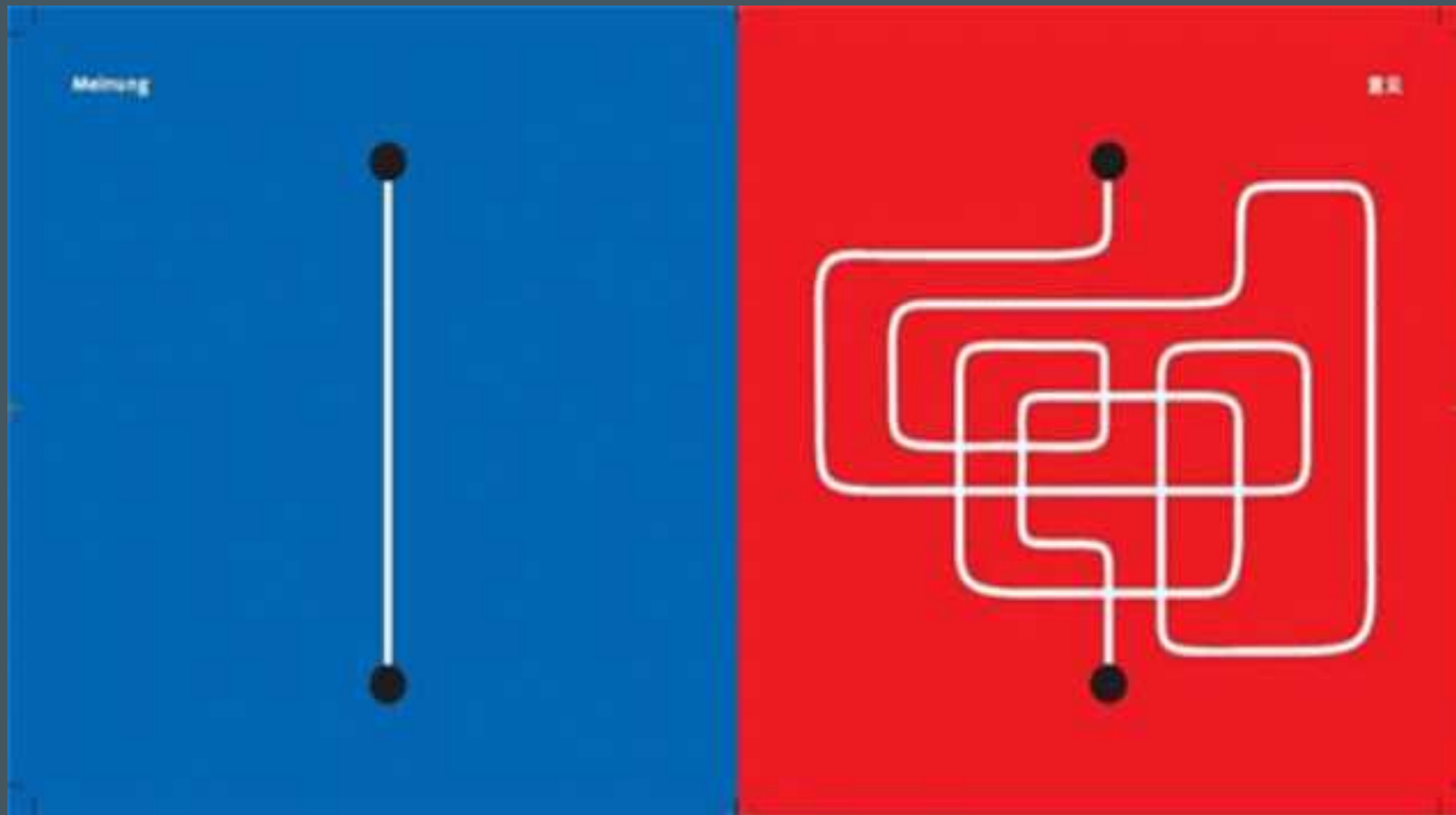
# Culture – What is it?

- “What really binds human beings together is their culture, -- the ideas and the standards they have in common.” (Ruth Benedict 1934)

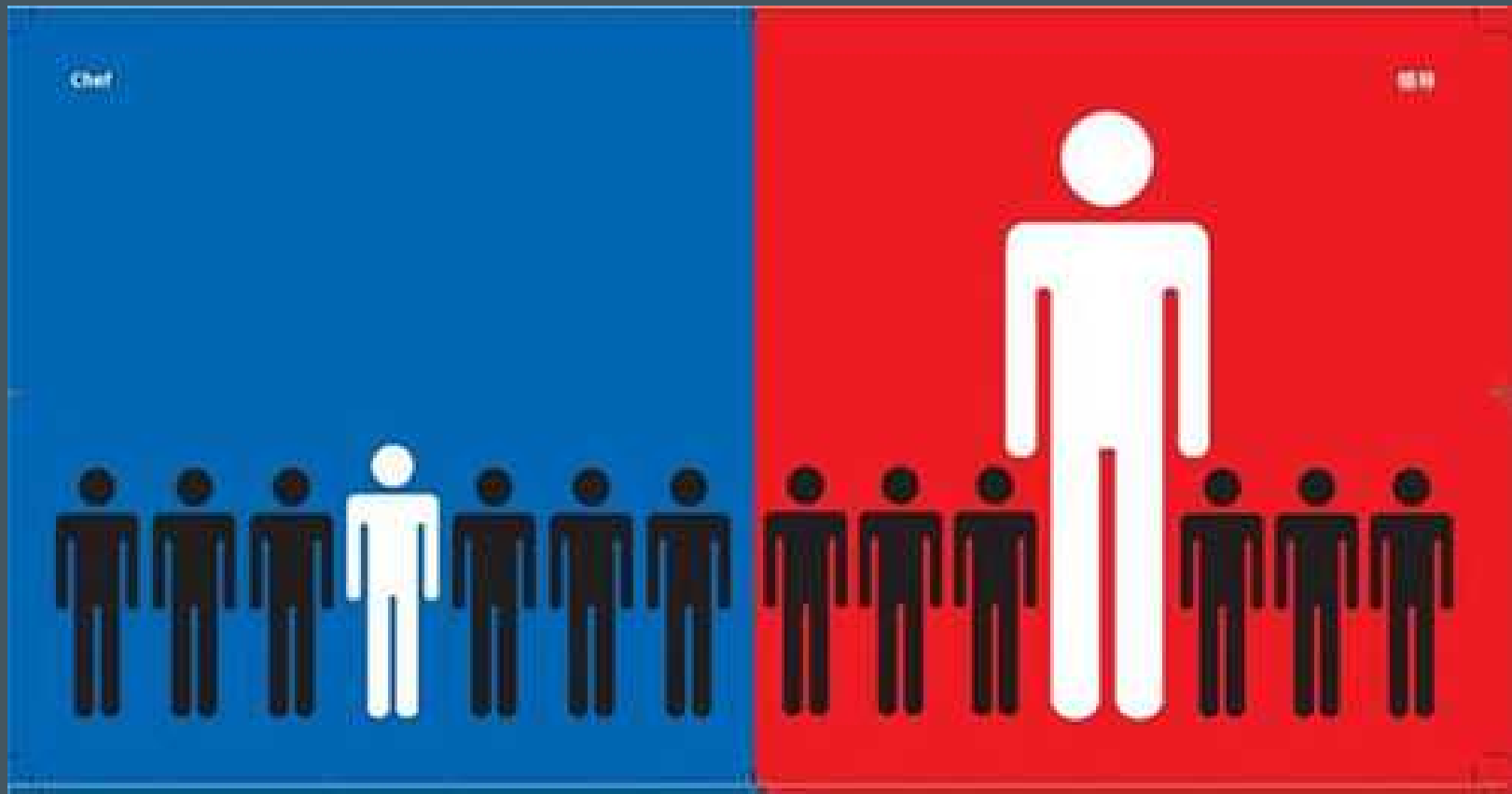
# Different cultural perspectives

- Australian: post-Enlightenment Westerners
  - behaviour driven by reason and enlightened self-interest
  - deny “irrational” emotions
- Chinese: Cultural vacuum surrounded by swirling development and fragments of traditional culture
  - behaviour driven by emotions
  - deny “self” (zisi) interests
- Sense and sensibility

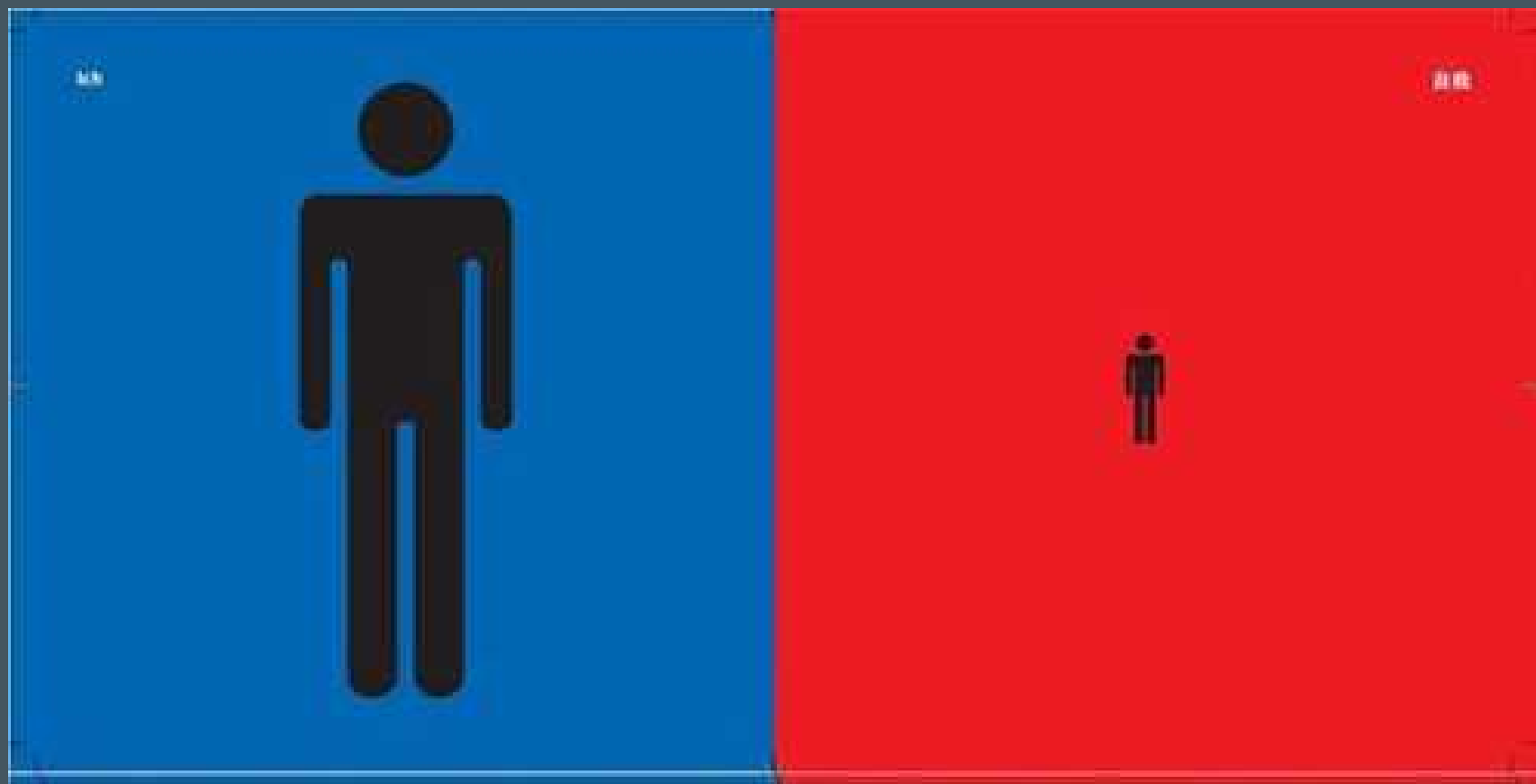
# My personal view is...



# Who's the boss?

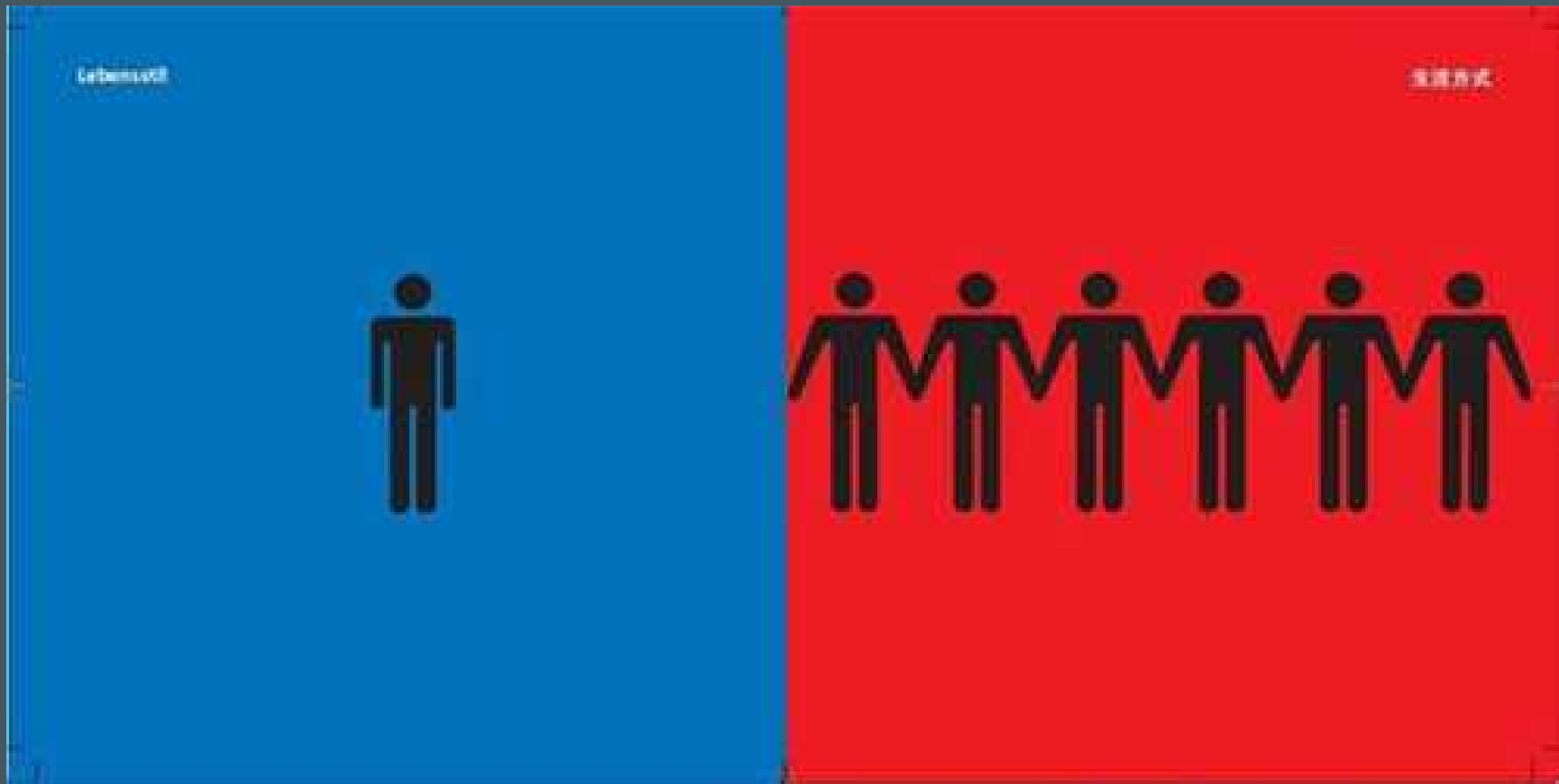


# Who am I?

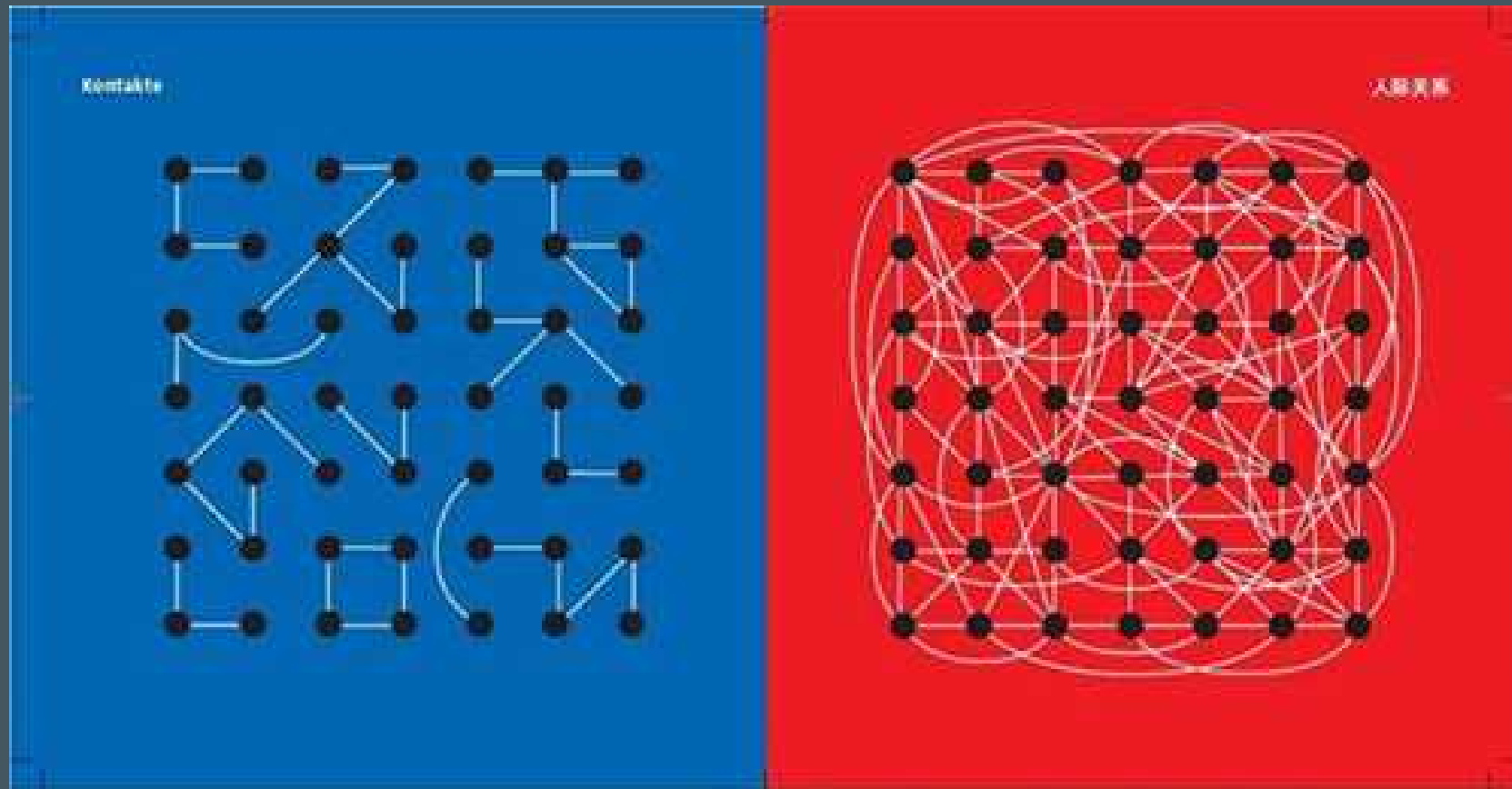




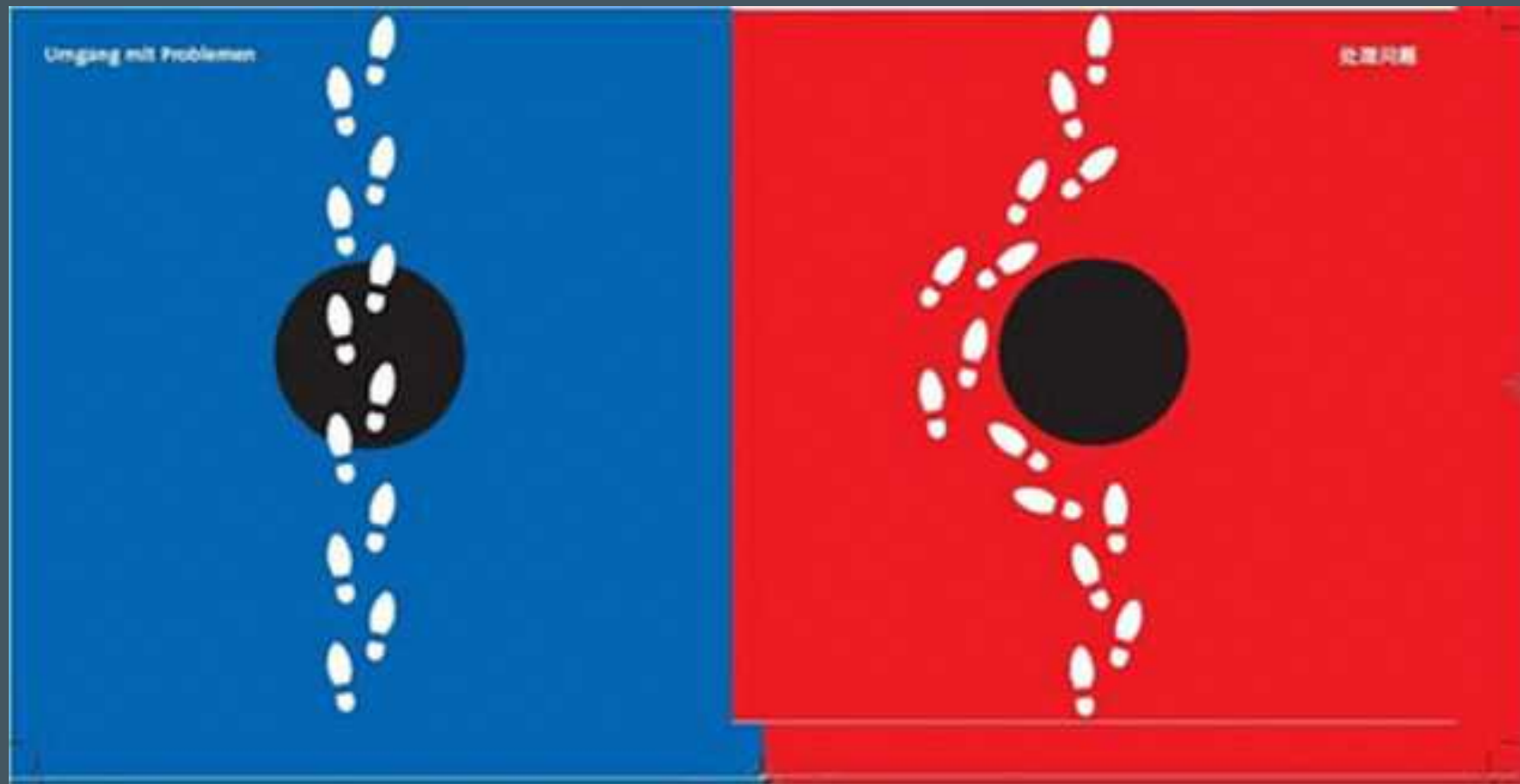
# What's my way of living?



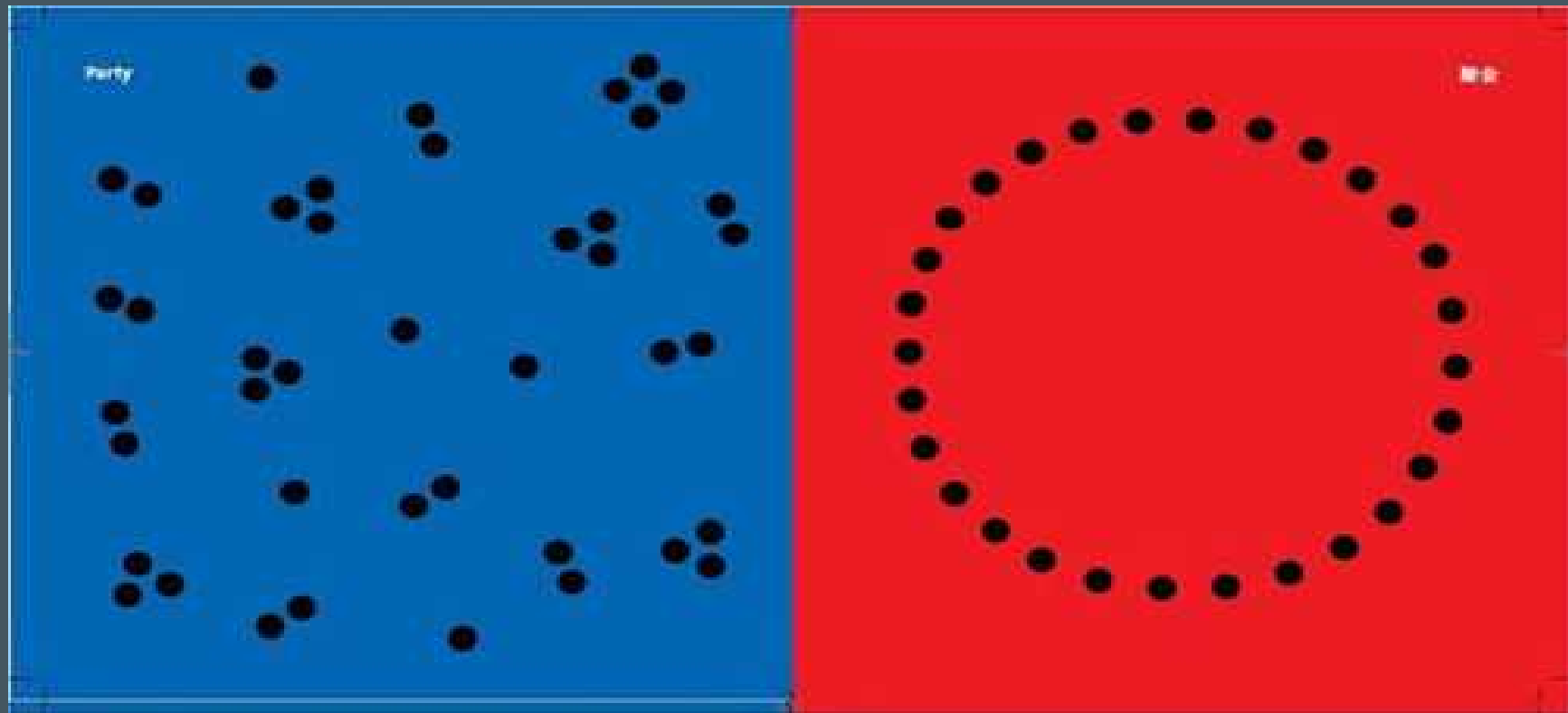
# What do my relationships look like?



# What happens when I encounter a problem?



# What happens when I have a social gathering?



# Truly understand local cultures

- Valuing individual vs group/collective
- Valuing egalitarianism vs hierarchy
- Valuing sincerity vs harmony
- Valuing problem solving vs relationship building
- Valuing familiarity vs formality
- Valuing reason/logic vs emotion

# Summary of key cultural differences

Doing business	In Australia	In China
Status and hierarchy	Management of many Australian businesses tends to be fairly 'flat'. Information and responsibility can flow sideways and upwards in an organisation.	Management of most Chinese businesses is hierarchical. Information is passed down on an 'as needs' basis.
Contracts	Contracts are a core component of commercial relationships.	Contracts are much less important than the relationship.
Business style	Business people are often direct and do not hesitate to discuss upfront what they need and want.	Business people are often indirect (they rarely – if ever – cut to the chase in meetings), guarded and reluctant to explain their interests or ultimate desires.
Relationships	Individuals can win the trust of outsiders just as easily as the trust of one's in-group. Personal relationships are important, but not critical, for getting on in life.	Ties of reciprocity are fundamental. Individuals seek refuge in their in-group network of relationships of trust. Foreign business partners rarely form part of the in-group.
The role of government	Although business lobby groups are capable of influencing government, there is a clear demarcation between business and government.	Government is pervasive and involved in most aspects of business.
The pace of business	Transactions move fast and the expectation is that deals are done quickly.	Business often requires a long lead time and a long courting process, with many meetings, banquets, business trips, social events.

# Choose local partners very carefully

- Thorough DD is required – investigate the background, histories and track record of partners
- Try to learn and understand their motivations and objectives
- Do not rely on information at face value – check and re-check
- Only rely on trusted intermediaries

# Be aware of cultural similarities

- Desire to look good
- Desire to avoid looking bad
- Desire to secure a good deal
- Importance of relationships



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