



赛麒商务咨询（上海）有限公司
中国上海市延安中路 829 号
达安广场西楼 10-C
2000040
电话：(21) 6247-3561
传真：(21) 6247-3562
www.ChinaSageConsultants.com

TEN TIPS FOR B2B SELLING IN CHINA

TIP #1: BE INTELLIGENT – BE SELECTIVE

Don't be misled by the "1.2 billion consumers" in China. Nearly 80 percent of Chinese people still live under rural conditions and have no real buying power; even in developed areas you'll find Chinese buying behaviors that are very different than you're used to. China is abundant in opportunities but you must pursue the right ones. Since its markets are rapidly evolving and highly non-homogeneous, selling success is often situation dependent and sometimes even arbitrary. Be selective in what you commit to or you will waste ample time and money.

TIP #2: ENSURE YOUR PRODUCT FITS

Don't make assumptions for China based on your western business experience ... this is a sure road to failure. Instead, carefully assess how your offering fits in the *China* market. Culturally, the Chinese are very price-sensitive and price will always be an issue. Still, some high-value higher-priced offerings do have their place. This is especially true for certain B2B engineered products. To sell successfully in China, you'll need to ensure the following are true.

- Your product and/or service really do offer real performance advantages that clearly offset a premium price.
- There are no closely comparable Chinese alternatives. If there are, they're bound to be 50% lower or more in price and the first choice of most buyers.
- For anything more than a one-shot deal, your product must not be easily duplicated by Chinese competitors. Products with high proprietary content and/or bundled specialized services have the greatest chance for sustainable sales success.

TIP #3: HAVE THE RIGHT ATTITUDE

Nothing *China* is a slam dunk. Therefore, be sure both you and your organization have the right attitude when taking on the China challenge. The right attitude will significantly increase your chances of success. With the wrong attitude, expect nothing more than a long list of frustrations. A good China attitude includes the following characteristics.

- Patience
- Perseverance

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- Stamina and persistence
- Friendly sincerity
- Firmness to press your point
- Flexibility
- Tact and tasteful sense of humor
- Technical knowledge of product
- Willingness to use simple clear language to ensure communication effectiveness
- Honesty and frankness
- Open-mindedness
- Non-defensiveness regarding what you hold as sacred
- Respect of differences
- Sensitivity and desire to really understand the “why” of situations you encounter

TIP #4: DON'T DEPEND ON THE LEGAL SYSTEM

Spurred by membership in the WTO, the Chinese government is working rapidly to upgrade the legal system. Still, the system remains lacking in many areas including qualified professionals to run it. Protection afforded to individuals and business entities is inconsistent and often biased. In a legal dispute, the order of favor tends to be 1) Chinese party local to the jurisdiction, 2) Chinese party not local to jurisdiction and 3) foreign party. The Chinese legal system will eventually align with international practices but it will take some time to do so. Before doing business in China, you should

- ensure the maximum negative impact of a deal gone bad is survivable
- establish possibilities for friendly conflict resolution outside of the courts
- enlist the support of China knowledgeable legal counsel

TIP #5: SEEK EXPERT ADVICE

Unless you have a lot of time and money, going-it-alone and learning to be effective in China is cost-ineffective. Seek the assistance of experts that know China and have already done what you are trying to do. Experts come in many forms including consultants, attorneys, the US Commercial Service, Chambers of Commerce, businesspeople, etc. You can find many good resources simply by asking around. Just be sure that whoever you choose to assist actually does have the experience needed. We hear there are many “China experts” who interestingly enough have never been to China!

TIP #6: KNOW YOUR STRATEGIC INTENT

Are your selling efforts intended for short-term gain or to build a viable long-term business? Both can add revenue but the timing for profitability can vary widely. If your effort is project oriented, you'll want to earn money on each transaction and may choose to neglect long-term considerations. If you are seeking to build a business, your commitment and patience must be much greater. Each step in the market should be scrutinized and critical relationships established and nurtured. The investments of time and money will be significantly larger before returns are realized. At some point you'll need to establish a legal entity and, unless your product is highly differentiated, add value in China to compete with locally available alternatives. Knowing your strategic intent early will support good planning and decision making each step of the way.

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TIP #7: FOCUS ON RELATIONSHIPS

As westerners, our primary concern is generally the business at hand. We want to know what the objectives, contractual terms and chances for profitability are. It's not a requirement to personally like someone to be able to do business with them so long as there is mutual trust and respect. This is not so in China where relationship can override the business aspects of a deal. The Chinese are strongly biased toward doing business with people they like and feel they can trust. Our pragmatic "get on with the business" approach tends to put the Chinese off. If you want to do business in China, be prepared to do it differently. Be patient, adjust your style and spend time *relationship building* with your Chinese counterparts.

TIP #8: RESPECT CHINA & THE CHINESE

What greater way to respect another country and its people than to learn more about them. We suggest you spend time understanding the Chinese and their country. Read some books, have conversations, and do a little research. It's work but with every insight gained, you'll be that much more effective in working with the Chinese. If you respect their culture, you give them "face" something very important to the Chinese. Be humble in your approach and your China efforts will progress more smoothly. If you can't follow this prescription, that's OK. Simply have someone who *can* take the role of your China lead.

TIP #9: DON'T BE OVERSOLD

You are bound to encounter people who make grandiose claims regarding how they can help you in China. The motivation is money while the character is one of the following: 1) the overzealous salesman who may or may not be aware he has no chance of achieving what he says he can, and 2) the outright crook who'll just as soon take your money, clothes and pet canary in the name of greed. Without talking reasons, a large number of Chinese put the *end* above the *means* as they aggressively maneuver for personal gain. Be wary of those who make it sound too good or too easy to be true. Do your due diligence and seek out sincere and truly capable Chinese of which there are many as well.

TIP #10: TEAM UP WITH THE RIGHT PEOPLE

Unless you plan to live in China and personally manage your business there, you will have to team up with the right people in order to succeed. Doing this requires you fully understand your objectives as well as the people who can best help you achieve them. But know the people needed in a western business environment are different than those needed in China. Talk to experts before profiling your employees and/or partners and then seeking them out. Pay close attention to ethical orientation, honesty, stability, communication ability, selling orientation (you need *value sellers*) and general thinking (e.g. is the person internationalized, etc.) before making commitments.

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ABOUT CHINA SAGE CONSULTANTS, INC.

Like most consulting firms, we offer a wide range of research and advisory services. Unlike other firms, our true power is our ability to help clients *execute business in China*. Our support is especially valuable to clients who are resource limited:

- Limited China knowledge resources
- Limited human resources
- Limited financial resources

Extending our knowledge, resources and infrastructure, we operate like an extension of client organizations. Not only do we know what to do but we can do it better and faster than if the client chooses to go-it-alone. For long-term business development initiatives, we even offer a China Business Incubator program. Visit our website for more (www.ChinaSageConsultants.com).

China Sage Consultants is incorporated in California and operates a Wholly Foreign Owned Enterprise (WFOE) in Shanghai, China. Our team consists of both US and Chinese Nationals with extensive US, China and international work experience. Our disciplines include engineering, technical selling, technical procurement, business development, business management, sales management, training, recruiting, finance, CPA level accounting and commercial investment to name a few. We recruit, hire and train the best of sales consultants and project managers. Our capability is further enhanced through our network of select affiliates located in China and other parts of the world.

China Sage Consultants ... Business Execution Experts



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