

Doing Business in the People's Republic of China

China is open for business if you know the way

A curious mix of communism and capitalism, China is certainly eager for your business. Take note though – success in this emerging economic powerhouse of nearly 1.3 billion people depends on how well you understand its protocols and customs.

American companies are rightfully nervous about [doing business with China](#). Chinese culture is a complex mix of nuance and meaning. Most Americans don't grasp these subtleties and some have paid a dear price for not having adequately prepared before they set foot on Chinese soil. In contrast, some Chinese view Americans as rich and powerful from whom they have the right to exploit. It is not the easiest business climate in which to stage negotiations.

Establishing trust between the two cultures starts first with forging a good working relationship based on common interests. Americans tend to get right to business. It's our nature to push boldly into action, and while that usually works here at home, such an approach in China will almost always fail. For example, informal conversation usually opens business meetings. Discouraging on such subjects as how you're adjusting to the weather, where in China you have visited, and your impressions of the city you are visiting, allows both sides to grow more at ease as the talk turns to business.

Recommendations on doing business with China

A 4,000-year-old society is bound to have thousands of cultural nuances but here are 12 tips for successfully conducting business in China:

1. The Chinese enter a meeting in protocol order and they expect that the first foreigner to enter the room also is the delegation head.
2. The leader of the visiting delegation sits to the right of the Chinese host.
3. The Chinese approach to business is subtle and indirect; be prepared to discuss intelligently non-business topics (like the Great Inventions of China).
4. In making introductions, note that the family name (surname) precedes the individual given (personal) name, and that married women do not use their husband's name.
5. When speaking on business matters speak slowly and introduce pauses in your presentation to allow the interpreter to keep up.
6. Direct, negative responses are considered impolite. When in doubt, say "maybe" and clarify later.
7. Devise, share and stay on an agenda. Surprises are considered quite rude.
8. Banqueting is an art and very much a part of the business process. Drinking plays no small part, but you should not feel compelled to imbibe. Do participate in and return toasts with soda or some other beverage.
9. There is a gift-giving culture. Seek expert opinions regarding taboos, government restrictions, etc.
10. Conducting business will almost certainly happen over lunch or dinner. You will be served by your Chinese counterparts. These are gestures of courtesy and respect from your Chinese hosts.
11. Tipping is not a common practice and can even be considered an insult.
12. Chinese etiquette calls for leaving some food on your plate when you have finished eating lest your host will continue serving you. You will not offend your hosts if you decline to sample some of the more exotic local fare.

Remember, your goal is not friendship in the western definition -- in fact such personal relationships are very difficult to establish. Rather, your measure of personal regard is defined by the working relationships you establish.

Just as you would hardly undertake an expedition without a guide, you would be wise to engage the services of an expert in Chinese customs before conducting business. Select consultants who offer [cross-cultural programs](#) led by experts with hands-on experience in specific business areas. For example, PALS INTERNATIONAL has a team of China experts that offers a full spectrum of needs, ranging from corporate briefings and cross-cultural training to negotiation simulations. Our consultants also can address intellectual property concerns and commercial supply chain risks in commercial, environmental, terrorism and criminal areas.

Engaging such experts who know the issues of doing business in China and how to best traverse them increases your odds for success in this vast, complicated but promising market.

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