

Teaching Note

CHINESE-AMERICAN-FRENCH COLLISION IN XIAMEN

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SYNOPSIS

This short international management case study is exemplifying how cultural misunderstanding, looming business issues and sheer personal interests collide, with significant stakes for the company and serious risks for the managers.

This case study exemplifies and complements the reading of the guide BUSINESS CULTURES ACROSS THE WORLD.

TEACHING THE CASE

Go step-by-step, paragraph-by-paragraph.

Ask the students to explain what is going on, taking a step back and describing in their own words what is happening.

Make sure the students sort out distinctively the cultural issues and the business ones.

Examples of cultural issues: John focuses on procedures, Robert focuses on relationship, and Peter is not committing himself.

Examples of business issues: The market survey is superficial, the low price tag is given a blind eye, and the presentation is flawed.

Finally ask the students their opinion for preventing a disaster.

Situation and objectives

John, Peter and Robert belong to a task force set up to prepare a business plan aiming at expanding the Xiamen facility of IST. This corporate objective is clear, but each executive has his own agenda:

- Peter as Vice-GM of IST China is based in Fujian; he obviously has a strong interest in developing business in China etc.

- John wants a quick and efficient expansion,

- Robert wants to establish his leadership in this growth project, as he is the one based in the HQ in France.

Communication

Peter speaks better French than English, and there is hence a better understanding between him and Robert ... they have travelled together, they have developed a close relationship...

John has no awareness of the Chinese market's salient features (technical patterns, pricing approach etc.).

Robert interrupts John, speaks French to Peter... this is not a good and respectful communication mode, this is even rude and signals some disregard and probably dislike of John.

The debate on pricing is brushed aside by John despite the high stakes.

Robert does not assert himself and does not take any effective leadership to tackle the pricing issue.

Cultural angles

Peter's presentation concentrates on the positive factors of the project and keeps a low profile on the stumbling blocks. He stresses in his presentation what the others want to hear; he seeks consensus rather than a constructive debate.

John is focused on clearing off several practical / technical issues (his questions) to quickly start the project. He is not interested in looking at all angles (including price). If procedures are respected, he sees no problem.

Robert relies on his close relationship with Peter. Liking people is very important (e.g. he likes Prof. Li and he probably does not like John). He wishes and tries unsuccessfully to carry on discussing the price issue, which is a critical factor, worth a straight and thorough examination.

Main issues

Communication issue, Robert (Latin) and John (Anglo Saxon/US) are on different wavelengths.

Leadership issue, Robert is unable to establish his leadership with John with whom he has no bond.

Business issue, the key dimension (price) is probably wrong but remains unaddressed. Peter faces an uncomfortable situation, not wanting to lose face and change the hypothesis in his presentation. He needs to show a handsome price and profit for the project to be approved, but he knows at the end of the day this is not realistic.

Actions

Peter should take responsibility, as he is the ultimate executive in charge in China. He will be in trouble if IST machines do not sell according to the plan, because too expensive, and if the operations end up well under budget.

Peter should involve John deeper in the project, invite him to come again soon, showing him the reality of the Chinese market, possibly visiting a couple of customers and the Beijing institute, assessing precisely the performance and TCO of competition.

Peter should overcome his hesitation to set up a lower price and reluctance to revisit his forecast. His good relation with Robert should help making this adjustment without losing face, which will make the project realistic and viable.

Peter's personal interest

This last point should be raised at the very end of the debriefing, flagging real corporate world attitudes.

Peter tells what the other managers want to hear; at the end of the day his interest is not the one of the company. If he is conservative the project will not receive any green light. If he strongly pushes in favor of the project that is approved but then crash a few years later, he will benefit from a splendid track record, managing a big project, developing business etc. He will have no problem finding a better job and explain the guys in France or USA messed up... Robert probably understands what he is trying to

do. John does not. We can hence hope Robert will have a one to one straight talk with Peter regarding the price approach and the well-balanced pitch to prepare.

Conclusion

This is a typical cross-cultural situation, where leadership styles and communication modes do not fit. This is not an open conflict but this is even more dangerous, under the (polite) surface there are faults that will wreck the project if left unaddressed.

All involved should be made aware of their cultural differences in conducting business (e.g. a training session). Then making the effort to understand each other's point and spending more time together (this is time consuming!), would facilitate a more effective teamwork, with less risks on future operations.

REFERENCE

BUSINESS CULTURES ACROSS THE WORLD, a practical guide.

Erwan Henry, 2019, Presses universitaires de Grenoble,

Prior reading of the Latin, Anglo-Saxon, Asian chapters and American, French, Chinese business cultures, is mandatory