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# Thinking about China?

# Member case study: Point 6

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## Introduction

In 2011 we learned one of the business units of a major client was to be relocated from Europe to Shanghai. There was a simple choice – plan for the loss of the revenue from that unit and resource the agency accordingly or, as an existing preferred partner, follow it. The former would be easier, given we had no knowledge of the Chinese market(s) at the time, but management at Point 6 saw the latter offered a potential springboard to greater opportunity. Having received assurances (but no guarantees) that the client would use our services if we had local resource in Shanghai, we began to research the opportunities and the best routes to potential Chinese clients. We also believed a presence in the world's fastest growing economy and the local knowledge we would gain would be a great point of difference when talking to existing and potential Western clients wanting to export there. Three years later we're still there. We have a partnership with a local agency and last financial year we billed our highest ever amount in RMB (Chinese currency).

I've set out a series of the best pieces of advice we can offer – in no particular order. Some of it we were given before we launched in Shanghai, some of it we've learnt since.

## What is it you can do better than they can?

China was the world's only superpower for 2,000 years; the last 100 have been a mere blip. Be very, very sure that what you think is a great offering really is better than what they can do themselves. Otherwise you are wasting everyone's time and money. And if it is, put it very diplomatically – any perception of arrogance on your part will swiftly put an end to potential work.

## Where do you add value?

China currently has a largely 'copycat' culture of business. Expect to be asked in a meeting exactly how you had success with one of your clients that they compete with and for a full run down of their business plan, including NPD. Prepare your very polite stock response and be very clear about where your brand expertise can add tangible value to their business and how businesses seeking to sell in the west will always be laggards if all they do is copy previous examples.

## Speak to UKTI and CBBC

You cannot do this on your own without spending a lot of money and diverting agency resources. The UKTI is extremely helpful to any British company seeking to export and have experts in the creative industries with lots of advice about China. UKTI partners with CBBC (China Britain Business Council) as representatives of British Business seeking to work in China – they have offices across the UK. We've found the help of both truly invaluable.

## Make local partners

You could open your own local office and you will find the organisations above, as well as organisations in China promoting their own regions, are able to offer practical advice and help if you decide to. However, as we were unsure about how much resource we could initially allocate, we spent time finding a local partner agency in Shanghai. It's been a short cut to local acceptability, staff and a network of suppliers that would otherwise have taken years to establish.

## Find local staff

Whilst you're offering 'Western' branding expertise which is highly valued, you will not be taken as seriously if you don't have Chinese staff.

## Define strict trading terms – mobilisation fee etc.

Unless cash-flow isn't important to your business you will need to be very clear on payment terms. Consider mobilisation fees, agreed payments for each stage of a job etc. and always get a PO.

### **Open a local bank account**

You won't be able to get paid otherwise. HSBC has branches across China and experts in the UK that can help ease the process. I'm sure there are others, but they're the ones I know about.

### **Plan for the longer term – at least 3 years**

The developing nature of the market (both in terms of size and understanding of the value of brand) and the local culture means you have to be prepared for a medium to long term investment and agree a point in time where you are prepared to cut losses and walk away if necessary.

### **Follow up, follow up**

You will initially have a lot of very agreeable meetings with many people who hope to establish a long term, mutually beneficial relationship between your business and theirs. That is about giving each other 'face' and in reality means very little. The real business conversations will take place later

### **Get a great translator**

Make sure they're local – someone with experience working with government and businesses in China will bring a lot more knowledge with them than your mate's girlfriend's friend who speaks mandarin. Give them information on your business in advance. They will also act as your personal diplomat, ensuring what you say is received in the best way possible. Never hold a meeting or negotiation using just your client's translator, bring your own as well.

### **Meet local government figures**

You will have the opportunity to meet various government officials. Whilst their importance or influence may not always be clear, always take it up. If you want to understand the influence the CPC still has, even in this more 'entrepreneur friendly' time, read "The Party" by Richard McGregor.

### **Decide on your market**

China is big and you won't cover it all, certainly not in the short term. Fortunately, China is still a largely planned economy and regions of China are well known for specific market sectors. Do some research into which region offers your expertise the greatest chance of success.

*Point 6 is a branding and communications agency expert in building, developing and sustaining Home and Health brands. It has offices in London and in Shanghai.  
For more details, visit website: [www.point6.co.uk](http://www.point6.co.uk)*