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CLARION REVIEW ★★★★★ BUSINESS & ECONOMICS

Selling To China: A Guide to Doing Business in China for Small- and Medium-Sized Companies

Stanley Chao
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Increasingly, American businesses have turned to global markets for growth and profitability. One of the countries with the most business potential is China, but it has typically been a market restricted to only the largest corporations. This is in part because navigating China's unique business environment demands expertise and resources beyond the reach of most small- and medium-sized companies.

That is just one of the myths that Stanley Chao shatters in his excellent book, *Selling to China*. Chao, a Chinese American, has worked in China and Asia for over twenty years. He currently advises companies on how to do business in China, so he is well aware of both the conditions and quirks associated with the endeavor. Chao reassures owners of small- and medium-sized businesses that they can indeed crack the Chinese market, as long as they know the rules.

Chao begins by "debunking conventional wisdom," exposing "the half-truths and sweeping generalizations" about doing business in China. Chao does not suggest that working with the Chinese is easy, but he puts to rest a number of concerns that might present significant barriers to smaller businesses entering the marketplace. He says, for example, that "guanxi," which refers to a person's connections, is not nearly as important in China as people believe. On the other hand, "mianzi"— your reputation and how people look upon you—is a vital part of doing business.

Perhaps one of the more intriguing discussions in *Selling to China* is about trust. In Chao's opinion, 60 to 80 percent of the root causes of problems faced by small- and medium-sized businesses are of the same type: "They were too trusting of their Chinese business counterparts." In fact, he says, those of the "Mao Generation" who are over fifty years old are the least trustworthy because they "suffered through the Cultural Revolution." Chao offers numerous specific strategies for how best to deal with the issue of trust.

The author is comprehensive in his coverage of the topic. He talks about finding a Chinese partner, the importance of hiring a good translator, why contracts are throwaways, the nuances of negotiations, working with distributors, how to conduct a market study, and more. Each chapter features real-life examples based on the author's experience. Several charts are included to augment the discussion; "The Important Questions Not Asked by Westerners" is especially helpful. Chao's concluding chapter, "Thirteen Rules for Doing Business in China," is so valuable that it alone could well be worth the price of the book.

Stanley Chao will save small- and medium-sized business owners and managers a great deal of time and trouble when they do business in China. *Selling to China* is a welcome and timely guidebook by an expert authority who tells it like it is.

BARRY SILVERSTEIN (August 9, 2012)

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