

1 YOU ARE IN A ROOM WITH A GROUP OF PEOPLE WHO DON'T KNOW EACH OTHER. DO YOU:

- a) introduce yourself?
- b) introduce a topic of conversation?
- c) wait for someone to say something?

2 WHEN YOU ARE INTRODUCED TO PEOPLE, DO YOU REMEMBER THEIR:

- a) name?
- b) face?
- c) clothes?

3 ON FESTIVE OCCASIONS, E.G. NEW YEAR, DO YOU:

- a) send greeting cards to everyone you know?
- b) reply only to cards received?
- c) send e-mails?

4 DO YOU THINK SMALL TALK IS:

- a) enjoyable?
- b) a waste of time?
- c) difficult to do well?

5 DO YOU PREFER:

- a) to socialise with colleagues only if you have to?
- b) to socialise often with colleagues?
- c) not to socialise with colleagues?

6 DO YOU LIKE TO HAVE CONVERSATIONS WITH:

- a) people who share your interests?
- b) almost anyone?
- c) people who are your social equals?

How East is meeting West

by Frederik Balfour

Guanxi. It's the first word any businessperson learns upon arriving in China. Loosely translated, *guanxi* means "connections" and it is the key to everything: securing a business license, landing a distribution deal, even finding that special colonial villa in Shanghai. Fortunes have been made and lost based on whether the seeker has good or bad *guanxi*.

Now, like so many things in China, the old notion of *guanxi* is starting to make room for the new. Businesspeople—local and foreign—are tapping into emerging networks that revolve around shared work experiences or taking business classes together. Networking that once happened in private rooms at smart restaurants now goes on in plain view—at wine tastings for the nouveau riche, say, or at Davos-style get-togethers such as the annual China Entrepreneurs Forum held annually at China's Yabuli ski resort. By tapping into these informal groups, Western companies can theoretically improve their understanding of the marketplace, hire the best talent, and find potential business partners.

Guanxi goes back thousands of years and is based on traditional values of loyalty, accountability, and obligation—the notion that if somebody does you a favor, you will be expected to repay it one day. One of Asia's most successful businessmen, Hong Kong billionaire Li Ka-shing, has used his *guanxi* particularly astutely over the

years, in the process winning valuable licenses and permission to build huge real-estate developments. Playing the *guanxi* game is still imperative, especially for foreign investors.

Many of China's networkers meet through an American or European MBA program. Gary Wang attended INSEAD, the famous French business school outside Paris. Today, he runs a YouTube wannabe called Tudou that was built largely on connections made at business school. A fellow student who worked at Ogilvy & Mather Worldwide helped out with public relations. And another INSEAD graduate, Helen Wong, a partner at Granite Global Ventures, helped Wang raise \$8.5 million after a friend heard him speak at the China Europe International Business School (CEIBS) in Shanghai. "Without knowing all these people through INSEAD," says Wang, "Tudou probably never would have happened."

Executive MBA programs, all the rage now in China, have become *Guanxi* Central. Targeted at senior executives and high-powered entrepreneurs, the programs are attracting some of China's most successful businesspeople. "It's important to have friends in different industries and meet people from different cities," says Zhou Junjun, who runs the Chinese operations of a South Korean systems company and did an Executive MBA at the Cheung Kong Graduate School of Business in Beijing.

Multinational companies, of course, provide rich opportunities for networking, too. Ogilvy Public Relations Worldwide holds an annual party for former employees, many of whom now work for the company's clients, including Lenovo, Johnson & Johnson, and solar-panel maker Suntek. McKinsey has plenty of alumni who have moved into senior posts at major companies and start-ups. "Obviously, they became a valuable network for us," says Andrew Grant, who runs the firm's China practice in Shanghai.

If one thing has remained the same for foreigners in China, it is this: cracking the *guanxi* code still takes hard work and perseverance. Networking at an alumni barbecue or wine tasting goes only so far when trying to build relationships of any lasting value. After the first 30 minutes at these functions, say people who have attended, foreigners and locals almost invariably break off into separate groups.

What's more, Chinese businesspeople are more experienced and globally savvy than they were just a few years ago. They're looking for business connections who can help them expand outside China or get their company listed on a foreign exchange. "People want something more professional and strategic from their relationships," says Li Yifei, Viacom's chief representative in China. "They want to know how good your *guanxi* is back home."

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