



LETTER  
FROM  
CHINA

JAY BERRY

## WHEN YOU COME TO CHINA

I teach "Business Studies" to an English-speaking class of 200 students in Changchun, China. Their English isn't perfect—after a couple of years you wouldn't expect perfection—but they understand me. My classes are typically about such things as ethics, international trade, strategy, and the like; one course is called "The Philosophy of American Enterprise."

Jilin University allows me considerable freedom. If the school hasn't been able to articulate clearly what is expected from a course, the students and I define our own objectives. And it works out rather well. For example, we recently created a course called "Applied Management in China," and much of the material was developed through this partnership between the students and me.

As a group, we have been surprised recently by something relatively unknown in peaceful China. Down in the Pearl River Delta, workers have become upset by poor pay and difficult working conditions. So they have conducted demonstrations. This is quite unusual. China has been very cool to "improper" public behavior, and protests have been relatively unknown.

When workers started to complain openly recently, I asked—rhetorically, I thought—"What's happening here?" I

believed Chinese workers still remembered customary standards of "good behavior" and surely would not bring embarrassment to the state or authorities with public displays of any sort.

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than in the USA.*

Now, a few days later, there has been still another outburst, this one more violent, suggesting that unrest is actually spreading. This time, it may have been motivated by dissatisfaction with pay or working or living conditions, but according to some journalists, the "haves" stirred up the "have nots" to new violence. It evidently all started with a simple little street scuffle. One of the men involved was Yu Jikui, a street porter. The other person, Hu Quanzong, boasted that he was a ranking government official. Mr. Hu beat Mr. Yu, using the porter's own carrying pole, and threatened to have Mr. Yu killed.

The result of this initial encounter was explosive. Word spread that a senior official had abused a poor porter. By nighttime, about thirty thousand peo-

ple had swarmed the central square of the town (Wanzhou). They tipped over government vehicles, attacked policemen, and set fire to city hall.

Mr. Yu commented, "Our society has a short fuse—just waiting to explode!" A reporter for the *New York Times* who happened to witness this conflict said, "China is having more trouble maintaining social order since the Tiananmen Square violence in 1989." And that is notwithstanding China's remarkable economic expansion.

The Chinese authorities take this very seriously. They said only a couple of months ago that the life and death of the government depends on improving "governance." For them, governance translates to making party officials less corrupt and more responsive to public concerns. Yet Luo Gan, a member of the politburo in charge of law and order, issued a warning that "sudden mass incidents" were increasing. Recently, 100,000 farmers got upset about what

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**JAY BERRY** ([jay\\_berry86431@yahoo.com](mailto:jay_berry86431@yahoo.com)) reminds us that "he ain't no spring chicken." After a career as partner of both McKinsey and Booz-Allen, he became president of the consumer products sector of Ciba-Geigy. Most recently, he began a new career as a university professor and teaches courses in business studies for 200 students at Jilin University, one of China's largest.

they considered a threatening dam project. It took 10,000 soldiers to calm them down. Yu Jianrong, a sociologist, observed that petitions for arbitration about such complaints increased by 46% in only one year.

Why am I telling you all this? Or more important, what has it got to do with consulting?

You already know one fundamental rule: you've got to study the client, the environment, and the rules of the game in order to be effective. And you've got to unlearn the fictions that might be going around concerning the issue and the environment in question. For example, some people like to declare that "foreigners can't run a business and make money in China, because it is a closed society and they don't like foreigners."

Yet if you actually study this culture, you discover that the evidence doesn't support this assertion at all. In fact, China is one of the largest sources of overseas profits for many Western companies. Pepsi and P&G, for example, claim to be making money in China. Other profitable companies include Alcatel, Carrefour, Motorola, and Nestlé. Volkswagen is now making more money in China than it is in Germany, and Jonathan Woetzel of McKinsey & Company says that last year, more Buicks were sold in China than in the USA. Woetzel mentions a survey by the American Chamber of Commerce which shows that over 65% of U.S. companies operating in China are profitable and have margins in China equal to or greater than their global margins.

Further, I have found the Chinese ready to learn and hire (and respect) expertise. They are modest and treat "foreign experts" well. Teachers in the university where I lecture are well paid and well treated. The state lauds "experts" who have made a contribution, and it makes its appreciation public. I have no intention of returning to consulting, but if I did decide to go back, I think Beijing and Changchun would be no more diffi-

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*"Hello, dear. I had a very hard day at the client's and grabbed a bite on the way home. I've brought home some work, which I'll be doing in my study. See you in the morning. Good night."*

cult as markets in which to launch a practice than New York, Milan, or London.

The "big boys" have already done it. My old firms, McKinsey and Booz-Allen, are both in Beijing, Hong Kong, and Shanghai—and McKinsey is also in Singapore. Most important, they are staffed with Europeans such as Jonathan Woetzel and Gordon Orr but also with Asians such as Paul Goa and Yibing Wu.

Let's be realistic though: I feel obliged to remind you that no environment is 100% perfect. I have often said to friends that China is probably one of the safest environments in the world, and I believe it: the streets are safe, the culture is normally quite tranquil, the respect for law and order is one of the most developed in the world. Yet when people move from the disciplined East to discover Western values, they find that those values mean freedom, including the freedom to sometimes feel resentful and angry—and to show it.

Therefore, we must never forget that this place is made up of humans, too.

There may be bureaucrats and technocrats and diplomats—there may be traders and deal makers, CEOs and bankers, to be sure. But now and then we will still find a resentful person, and we have to be prepared for that rare occasion. Am I ready for it? Do I know how to handle it? Asians tell us that the characteristic Western way to handle this sort of thing is usually wrong. The Chinese are much less confrontational, less ready to sound off or to blow off steam. They are more forgiving, less explosive, less ready to use bad language, less ready to incite the other person.

After you have been here, you'll start to see what I mean. But at the beginning, especially, note how low key, how patient the people are in dealing with each other. There's much to be said for "keeping one's cool." It helps you stay out of trouble. ■

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