

**A** Read the article on the opposite page quickly and say who these people are.

- 1 Li Ka-shing \_\_\_\_\_
- 2 Gary Wang \_\_\_\_\_
- 3 Helen Wong \_\_\_\_\_
- 4 Zhou Junjun \_\_\_\_\_
- 5 Andrew Grant \_\_\_\_\_

**B** Read the article again. Which paragraph:

- 1 begins by talking about the origins of *guanxi*?
- 2 gives examples of what can be achieved if you have connections?
- 3 talks about how *guanxi* is changing?
- 4 talks about top connections made at MBA programmes within China?
- 5 talks about how a business started through connections made at a European business school?
- 6 talks about networking through multinational companies?
- 7 talks about Chinese businesspeople wanting something in return for connections?
- 8 suggests that making connections might take time and effort?

**C** Answer these questions.

- 1 What is *guanxi*?
- 2 What examples are given of things you can achieve if you have good *guanxi*?
- 3 What can Western companies do if they are involved in informal groups?
- 4 How is *guanxi* changing?
- 5 Why does Ogilvy Public Relations Worldwide hold annual parties for previous employees?



**D** Find words or phrases in the article which mean the following.

- 1 using or taking what you need from a supply of something (paragraph 2)
- 2 when someone always supports someone or something (paragraph 3)
- 3 being responsible for what you do and willing to explain it or accept criticism (paragraph 3)
- 4 a moral or legal duty to do something (paragraph 3)
- 5 people you know who can help you, especially because they are in positions of power (paragraph 4)
- 6 talking to other people who do similar work in order to help each other (paragraph 6)
- 7 determination to keep trying to do something difficult (paragraph 7)

**E** Discuss these questions.

- 1 What advice would you give to someone trying to develop business relationships in China?
- 2 A foreign company is opening a branch in your country. What factors should it consider?
- 3 In your experience, are certain nationalities better at building relationships than others? If so, which ones?

## 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."