

Avoid These 7 Common Mistakes When Doing Business with China

- 1. Trying to sell a high risk deal:**

In business, higher risk sometimes indicates higher returns, however, Chinese business culture believes the opposite. Chinese businessmen are not likely to enter into a high risk deals. If the business is just a concept, they will not invest no matter how big the return might be.
- 2. Not building a relationship first - moving too fast:**

Being spontaneous could be a good thing in North America, however, Chinese people like to do business with friends and trusted referrals.
- 3. Not doing market research:**

China is a huge and diverse marketplace and thinking all of China is the same is a serious error. Market research needs to be done to understand and to plan your approach . Being selective is a smart way to start the business in China.
- 4. Thinking “yes” means “YES”:**

In Chinese business culture, they don’t like to say no to people when they meet for the first time. Just because you hear YES to everything doesn’t mean you have an agreement. One of the main reasons is for the purpose of saving face. It shows their full commitment once they have signed the contract with you.
- 5. Trying to protect your IP without a Chinese partner:**

IP protection seems to be a common concern when doing business in China. Having an exclusive agreement signed with your Chinese partner, whether its for manufacturing or distribution, is key to keeping the your IP strong. And if your Chinese partner also has shares within your company, they would not do anything behind your back to harm the business. Look at Apple Inc. as an example.
- 6. Just going to China and hoping for the best:**

Chinese business is very competitive and to dive in without any personal introductions can be very frustrating. It is always better to find an experienced team to help facilitate the process and arrange initial contact locally so you can go to China with a direction. A professional team can always help you to screen and select the best candidate in the beginning. It saves money, time and energy.
- 7. Being ignorant of Chinese culture:**

The Chinese have a very rich culture with lots of history. It is always better to establish a good friendship first before entering into a business relationship. Learning some common cultural etiquette such as always giving away and receiving a business card with both hands to show your respect will go a long way too. And what you don’t know about business dining and drinking culture can make it almost impossible to build a successful

relationship. Of course it goes without saying that learning a few key phrases in Chinese is also a wise move - just make sure your pronunciation won't get you in trouble.