

Developing Business Partnerships with Chinese Enterprises

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<http://www2.odn.ne.jp/kurakami/english.htm>

Shift of Japanese Direct Investment to China(1)

- China business in Japanese companies has a history of more than twenty years
- The areas of focus in the past years were centered around factory operations
- Japanese companies have learnt business basics in China through joint venture operations

Shift of Japanese Direct Investment to China(2)

- Major changes in direct investment
 - From “Joint Venture” to “100% Ownership”
- Management enhancement under the “100% Ownership” is a challenge
- Major tasks of Japanese companies in China
 - Marketing, sales and after-sale service

New Trends in China Business

- From “Factory” to “Market Place”
(From 工場 to 商場)
- The perception of China as a market place
 - Customer needs and market demands
- Key for success
 - Market oriented business strategy

Successful Chinese Electronics Companies

- Lenovo Group Ltd.(Legend Group)
 - Outstanding domestic market shares in PC's
 - Market segmentation and direct sales channels
- Ningbo Bird Co., Ltd.
 - No.1 in domestic GSM telephone handsets in 2003
 - Strong in sales and marketing
- Strong in domestic market, globalization is a challenge

The Value Chain

- Marketing, sales and after-sale service are the key –

Michael Porter “The Competitive Advantage of Nations”(1990)



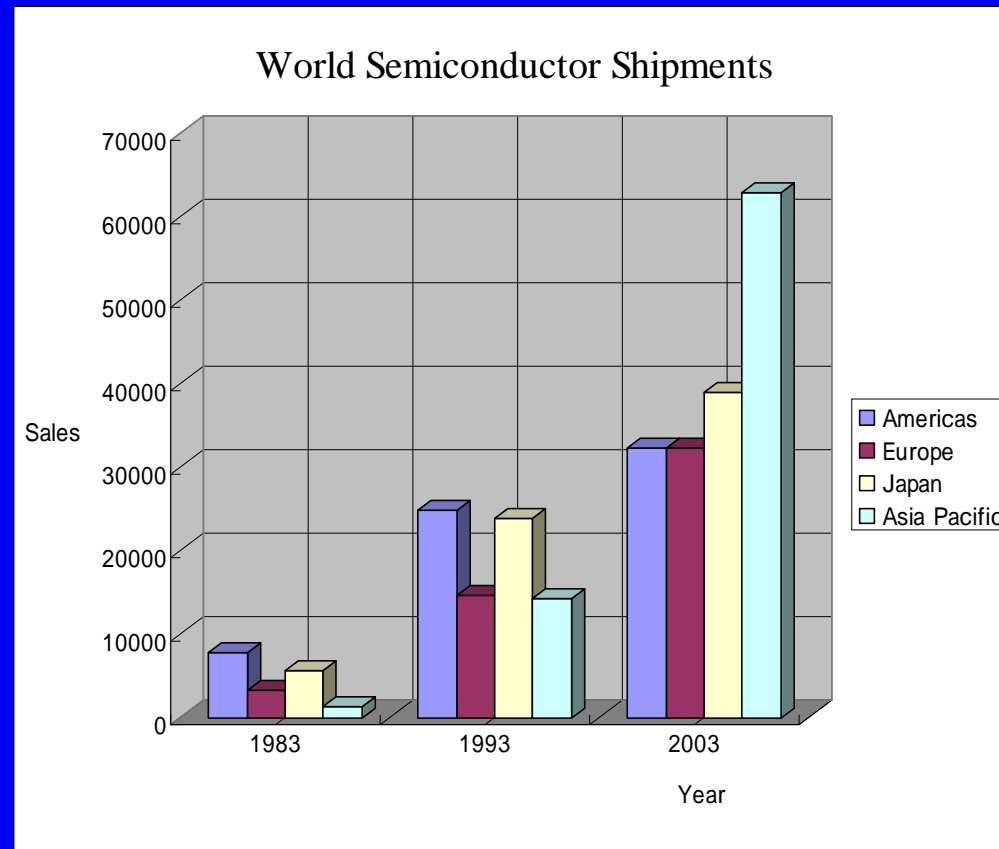
New Business Partnerships with Chinese Enterprises

- New types of business partnerships in the new era
- China concept as “Greater China”(Business terminology)
 - China, Hong Kong SAR and Taiwan
 - Efficient use of management resources
- A complementary relationship can generate a win-win game

Different Business Models(1)

- “Product Cycle” (R.Vernon) originating from the U.S.A.
R.Vernon “International Investment and International Trade in the Product Cycle”(1966)
- Different business models have been built up during the process of technology and production site transfer
 - TV’s, PC’s, Semiconductors and others
- U.S.A. → Japan → Korea
→ Taiwan → China

Historical Changes in Electronics Factory Sites



Different Business Models(2)

- Japan
 - Established as High Tech industry state
- Taiwan
 - Established as OEM/ODM center
- China
 - Growing with the market driven management

New Business Models

- To make the best use of the complementary relationship of each business model, for instance
 - Japan's basic technology
 - Taiwan's technology application
 - China's market driven management
- The day will come when new business with Asian origination is started

Summary

- We need to build up an industry-wise platform to initiate dialogue. PC industry segment, for instance
- Platform for technical and business communications needs to be developed so that cross country collaboration schemes can move ahead
- Thank you for your attention