

Eva Li

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**NEGOTIATING WITH
CHINESE**

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Negotiating with Chinese

«Издательские решения»

Li E.

Negotiating with Chinese / E. Li — «Издательские решения»,

ISBN 978-5-44-839274-0

I have some good news and some bad news. Bad news: doing business with the Chinese, you have lost at everything. The good news is, I will help you win this war. This book contains a 7-year experience in negotiating with the Chinese. The detailed review of all the necessary aspects for successful negotiations at any level. You will learn what is the difference between the style of negotiating with the Chinese from ours and how to benefit from it. Make the Chinese play by your rules.

ISBN 978-5-44-839274-0

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ISBN 978-5-4483-9274-0

Создано в интеллектуальной издательской системе Ridero

A strict guide to effective negotiation with the Chinese

Introduction

I have some good news and some bad news.

Sticking to tradition, I'll start with the bad news. You have lost at everything. Whether it is working, negotiating or doing business with the Chinese, you have lost at everything, by definition.

The good news is, I will help you win this war.

Why me?

Because it was I who took the risk of leaving everything behind with a less than mediocre command of Chinese and going to China with a one-way ticket and \$300 in my pocket. I had nothing there: no friends, no place to live and no job. Moreover, everything I knew about the Chinese was limited to my university lectures. I had no other choice but to make arrangements with the Chinese in their language. And I did a good job.

I acquired all my knowledge, skills and capabilities in the field, rather than inside a comfortable office. And, by the way, I was speaking fluent Chinese within a month.

Why not them?

People who major in Chinese usually become translators, guides, teachers or FEA managers. None of them learn how to survive among the Chinese in combat mode. I do, however, respect all of the above mentioned occupations.

Numerous articles have been written on how to negotiate with the Chinese, but, weirdly enough, they all repeat one another and speak from a Westerner's point of view. The Chinese are different. Completely. But not a single article gives us the actual picture. They mostly use general words and formulas, which do not work in practice. I learned this from firsthand experience, and more than once. For instance, not a single article will tell you a thing about the psychological age of the Chinese, or why, from a historical standpoint, their behavior seems so strange, inconsistent and unusual to us. Not a word. Not even a hint.

Negotiating with and thinking like the Chinese, reading their minds, doing business with them, choosing the right approach to working with them and making them play by my rules are the skills I acquired not at a university desk, but in real life. True, we learned a lot from our university lectures, but they never taught us how to apply this information in real life. So, I learned on my own. After graduation, I, like most of my schoolmates, had two main options: either finding a job as a translator or guide or purchasing agent, or going to China to continue studying. But I chose a third option. I simply went to China with no particular plan, to learn about the Chinese in their natural habitat.

It was only later that I enrolled in university in Beijing, having got to know the Chinese from the inside and having discovered them for what they really are. I studied for a year and I went to work with a good understanding of how to deal with the Chinese.

Many people who work with the Chinese often ask me, «Why do they act the way they do and what can we do about it?» I have often seen Western executives stall negotiations with their Chinese partners or agree to unfavorable terms (e.g. quality, deadlines, payments, etc.). When I hear such stories, I can't help but wonder why it happens. Then again, some things that I find obvious are not as obvious to others.

I came up with this course after two incidents, which happened around the same time. These are the stories I would like to begin my course with, as they illustrate very well the essence of negotiating with the Dragon.

One of the stories happened to me and the other to a colleague of mine named Denis. We were doing business with two different Chinese companies, Leon and Electron respectively (all the names have been changed). We negotiated on different terms and ended up with different results: the price I was to pay was reduced from USD 7.15 to USD 6 and Denis's was raised from USD 64 to USD 75.

The backstory goes like this. Leon charged me with USD 7.15 and refused point blank to go any lower. They said things like «we shall not discuss this any further», «we are incurring major losses», «we have raised the wage of our employees» and «production costs have grown», which are typical Chinese excuses when they want to close the deal. I believe many of you have come across such bargaining. And you probably agreed to the terms and the high prices.

Meanwhile, Electron charged Denis with USD 64 (he was buying a different product), sent an invoice and refused to lower the price making pretty much the same excuses.

Then the day arrived. We had both wanted a markdown on our respective products, but by the end of the day, we had two very different outcomes: I was to pay only USD 6 and Denis – USD 75.

Electron explained that the price increase came from the firm's new management team that had «a new vision and policy» for the company.

Electron was able to pull this off, because:

1. Denis did not speak Chinese (negotiations were held in English);
2. Denis was unfamiliar with the Chinese mentality;
3. Denis was unfamiliar with the way the Chinese think;
4. Denis did not know how to use Chinese cultural specifics to his advantage;
5. Unfortunately, Denis lacked strength of character (I will explain why this is important in Chapter 3).

So, why did Leon ultimately quote a lower price, even though they had refused so much as to discuss the matter?

You will find the answer in this course.

I will help you learn about the Chinese and what they are like, what hides behind their fixed gaze, what kind of person you should have as your negotiator, and, finally, what mistakes you should not make when negotiating and how to avoid them. You will learn how to make the Chinese play by the rules. Your rules.

Chapter 1. The Chinese. Who are they?

This chapter is about the Chinese mentality and outlook. We shall also look through some key notions that are essential for effective negotiations.

Ethnocentrism

For a while, the Chinese were cut off from the rest of the world (China is surrounded by mountains and sea). They were also more advanced than other peoples were at the time. So, it is no surprise that the Chinese thought themselves superior to and better than anyone else. In other words, they believed to be the center of the world. The Chinese believed they were the only society worth studying and so did not bother to explore their neighboring lands, which, as they believed, were inhabited exclusively by barbarians. This is where ethnocentrism comes from, as well as the country's name, ##, or «Middle Nation».

Ancient Chinese maps locate the country in the center of the world, too. Even when the Europeans came to China, they had to place it in the center of their maps, to avoid displeasing the emperor.

Certain of their moral and ideological superiority over all other peoples, the Chinese found it hard to learn new things, which is why the country retained many ancient features until the 19 century.

Nevertheless, they were able to learn from the West, adopt its best practices, adjust them to their needs and thus evolve even further, nourishing the belief that they were the superior nation.

They keep proving it today, too:

1. Almost every country has transferred its production to China;
2. The Chinese can copy anything you show them, but cheaper;
3. The Chinese still believe they are superior to every nation in the world and they still see everyone else as barbarians.

Keep this in mind at all times when you do business with the Chinese. From their point of view, you are a barbarian, a primitive being, meaning they can and will deceive you and can and will break all verbal and written contracts (we will return to the specifics of the term «contract» later). When negotiating with Chinese suppliers, remember this: they will never see you as an equal; you will never be one of them; they will always be thinking of ways to profit at your expense.

This is why you have to be alert. You can kid yourself all you want, but do not expect equality when it comes to the Chinese, ever. Consider this or do not work with them at all. Period.

Continuity

I was the only one in my year to attend lectures on ancient Chinese literature. This was my schoolmates' Unforgivable Mistake #1.

Конец ознакомительного фрагмента.

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