

THE MASTER KEY TO ASIA

A 6-STEP GUIDE TO UNLOCKING NEW MARKETS

David Clive Price

About the Author

David Clive Price is an author, coach, speaker and consultant on Asia's business practices and cultures. For many years he has travelled the region writing about its richly diverse peoples, traditions, beliefs and history.

In 1995, he took up the post of Speechwriter for Asia for the HSBC Group in preparation for Hong Kong's reversion to Chinese sovereignty in 1997. After the 'handover', he set up his own public relations company in Hong Kong, writing presentations and advising companies on their strategic communications in China and in Asia as a whole.

His experience with many Asia-wide multinationals gave him the idea of marrying his business experience with his knowledge of Asian cultures.

'It occurred to me that I had something unique to offer to companies entering the Asian market or expanding in the region: not just inside knowledge of how Asian companies operate at the highest level, but also of the countries and cultures in which they operate. I was a travel writer in business class, or (more often) a businessman in coach class, scribbling ideas and notes for books while preparing investor presentations and attending business meetings. Why not share my knowledge and help others on the road to success?'

The result was a stream of books on Asia, including *Within the Forbidden City*, *Travels in Japan*, *The Food of Korea*, *Buddhism: the*

Fabric of Life in Asia, Neon City: Hong Kong, The Scent of India, and Moonlight over Korea. Now he has published *The Master Key to Asia* for those entrepreneurs and companies that want to understand Asia and its many cultures and traditions better as a means to grow their business, develop their self-confidence, promote their brand and increase profits.

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Author's Note

As a special thank you for purchasing this book, please enjoy my free bonus gift 'Asian Communication and Culture Cheat Sheet', which is available at my companion website <http://davidcliveprice.com>. You can also find other bonuses, knowledge tests, blogs and updates on the site.

I hope the following will be of great value to you. Please be kind and review this book on Amazon.

Other Books on Asia by David Clive Price

Moonlight Over Korea, Amazon Paperback and Kindle 2012

The Scent of India by Pier Paolo Pasolini, translated by David Clive Price, Amazon Paperback and Kindle 2012

Buddhism: The Fabric of Life in Asia, Formasia Books 2008

Within the Forbidden City, Formasia Books 2004

Neon City Hong Kong, Cameraman 2002

The Food of Korea, Periplus Editions 2002

Travels in Japan, Olive Press 1987

For a full-sized, full-colour version of the books with description, and to order copies, simply go to

<http://www.davidcliveprice.com/booksonasia>

“There is a missing twenty per cent of human behaviour about which neoclassical economics can give only a poor account. As Adam Smith well understood, economic life is embedded in social life, and it cannot be understood apart from the customs, morals, and habits of the society in which it occurs. In short, it cannot be divorced from culture.” (Francis Fukuyama, *Trust, the Social Virtues and the Creation of Prosperity*, 1995)

PREFACE

The Master Key to Asia aims to offer an essential business guide to Asian economic life and the diverse societies in which it is based.

Understanding Asia better through enhanced cultural awareness is the key to business success and to the professional development and personal confidence that drives that success.

Performance is largely results driven in the West. Many business people wanting to launch in Asia wonder why they should learn a lot of ‘touchy feely’ stuff about culture. In their eyes, they are up to speed on operations and nuts-and-bolts issues. What else is there? They think it’s better to arrive, make some deals and worry about the finer points later.

They are wrong. Cultural awareness goes beyond knowledge of when to take your shoes off or how to use chopsticks or say ‘hello’ and goodbye’ in the local language. Without a basic understanding of how Asia business culture works, or any willingness to learn, they often make mistakes that can set back or destroy their business plans altogether. It would be far better to invest in cultural understanding at the outset.

This book is intended for those companies and solo entrepreneurs that want to invest time and resources in Asia for the long run. Not only those who are preparing to enter the markets there, but those who are already there and developing their platform, those who are headquartered or based in more ‘Western’ and cosmopolitan cities like Hong Kong and Singapore and plan to expand, and those in core Europe, Britain, America, Canada, Australia and New Zealand that see Asia and its diverse economies and cultures as the key to future success in the global economy.

INTRODUCTION

WELCOME AND THANK YOU for choosing to read this book. I hope you will find it a wise investment, for it is an investment both in yourself and in the future of your business.

As the centre of the world's economic gravity moves towards the East, there could not be a better time for unlocking and developing new markets nor a more urgent need to rise to the challenge of growth, innovation and personal development that these emerging markets present. In the midst of economic uncertainty in the West, more and more people are looking for new opportunities and strategies that lie beyond their familiar horizons.

No other region on earth has caught the attention of global businesses so much as rapidly expanding Asia. China is poised to become the world's leading economy. The emerging markets of Asia have GDP growth rates that are the envy of the West. The region has the world's largest, most affluent, and most rapidly expanding middle class. The list of economic achievements and attractions is unending.

Now more than ever there is a need for companies outside the region, or those fortunate enough to already have a foothold in one or more Asian economies, to develop their presence, pursue opportunities and create long-term relationships with their potential Asian partners, suppliers, customers and investors.

As Francis Fukayama (quoting Adam Smith) declared in the quotation that begins this book, "economic life is embedded in social life, and it cannot be understood apart from the customs, morals, and habits of the society in which it occurs. In short, it cannot be divorced from culture."

Nowhere is this truer than in Asia. Understanding the cultures of Asia beyond India, which include the business practices, business etiquettes,

social and familial behaviours, approach to ethics, cultural traditions and spiritual beliefs of the region as a whole as well as of individual countries, is vital to business success.

The Master Key to Asia is written specially for those entrepreneurs, companies and business owners that want to quickly find their feet or develop their footprint in this fascinating and complex region, home to potentially the largest but also the most diverse “consumer class” on earth.

The easy-to-follow chapters provide a logical roadmap so that you can find your way in a business culture that may seem daunting at first. However, Asia offers increasing rewards to those that stick to the path and accept the need to learn new rules and approaches.

Asia is by no means a homogenous region. However, there are customs and attitudes that are common to almost all countries that lie beyond India (not included in this book because it is a book in itself) and are bounded by Japan to the east, China to the north and the Philippines to the south.

These customs and cultures mark Asia out as unique.

Doing business in Asia is different to doing business anywhere else in the world, largely because of the special emphasis placed on ‘indirect’ and ‘intangible’ values such as building credibility, relationships and trust rather than on immediate business returns and bottom lines.

That said, there are also fascinating and subtle differences in the way individual Asian countries approach these ‘intangibles’ based on their respective cultural and religious beliefs. This inevitably results in some marked differences in management attitudes from country to country.

For example, top management in China understands their business world very differently to their counterparts in Japan or Korea, and all of them may have different expectations of a partner from core Europe, Britain, America and Australasia. At the same time, each member of the business community across Asia cherishes certain cultural and social beliefs that they expect the foreign partner to make some attempt to grasp.

The master key to doing business in Asia is to gain an adequate *understanding* not only of the region's business assumptions and cultures as a whole but also those of the individual countries that makes up Asia's colourful patchwork quilt.

By *understanding* I mean more than doing research. I mean acknowledging that you have your own cultural style and approach, which is rooted in your education and upbringing. This ingrained assumption that there is only one (largely Western) way of doing things is very difficult to shake off.

But unless you are ready to recognize the differences between your personal and professional style and that of the business community of the new market in which you are aiming to succeed, you will never fully unlock the markets of the region.

Building new business in the dynamic and diversified economies of Asia is an enormous challenge. It requires confidence. It requires the courage to learn new viewpoints while re-assessing your own. It requires the flexibility to change and accept change. It requires a willingness to develop new aspects of yourself and your business as well as a sense of 'other' perspectives.

In other words, if you want to learn the secrets of success that lie within Asia's economies, you have to discover how to turn the master key in the

lock and push the door open. That master key is culture, and business culture above all.

Who should read this book

There are four main groups of people that will benefit from reading this book:

- Firstly, businessmen and entrepreneurs planning entry into one or more country markets in the Asia region. They will need a clear plan of action to understanding essential cross-cultural differences in one or more markets, applying general lessons to specific circumstances such as working, meeting, dealing, dining, negotiating and communicating with colleagues or clients from different cultures.
- Secondly, business leaders that want to develop their cross-cultural leadership skills and exhibit appropriate behaviour to project confidence, commitment, sincerity, positivity, sensitivity and wisdom across cultures, as well as genuine interest in and passion for the culture and beliefs of their host countries. This includes developing presentational skills, ability to deliver inspiring and motivational speeches, hosting dinners and events, and being a guest at banquets.
- Thirdly, human resources professionals that manage and train cross-cultural teams that operate in the Asia region, building their confidence to recognise and handle cross-cultural issues in the workplace as well as to provide them with the skills to build strong work relationships, create trust and build respect and credibility.
- And fourthly, all those that regard the discovery of new cultures as being an essential journey for expanding their

own horizons, improving their ability to interact with and understand other people and their beliefs, and that never want to stop learning or developing themselves. Respecting other cultures provides food for the soul and stimulation for the mind. Crucially, it breeds confidence and confidence breeds success.

STEP ONE

The Confidence Factor

When I first came to Asia, I was pretty much down and out. I didn't have a job, I had split with my partner of 12 years, and I didn't have the courage to sell the farmhouse that we had part-shared in Italy while I wrote my first novel and tried to be self-sufficient as a wine and olive farmer. I wasn't ready to go back to recession-bound Britain with my tail between my legs. So I hit on the idea of starting some sort of business in Asia, possibly related to travel or import/export.

I didn't have much business experience, except for selling the olive harvest by the demi-john at the local olive press each year, and writing the occasional paid feature or article. Above all, I didn't know much about Asia except what I had read in novels and travel books.

And yet the country I chose was possibly one of the most culturally challenging in Asia: Japan. Very little English was spoken in Japan at that time outside Tokyo (and often inside Tokyo), and although I found the country's complex traditions often fascinating, as a foreigner with only a superficial acquaintance with Japanese ways I was at best tolerated.

Of course I made friends, I made contacts, I tried out some business ideas. I could just about cover the rent. But the curious thing was that the more I learned about the country and its culture, the more I spoke some basic Japanese the less I seemed to make any progress. There was something missing.

It was only when I moved on to Hong Kong after a year in a love-hate relationship with Japan that I realized what that something missing was. Confidence.

Hong Kong at that time was a Chinese city but with British characteristics. Although I hated myself for thinking it, that British element was enough to get me into the Chinese world to such an extent that I ended up marrying a local Chinese and becoming part of a very extended Chinese family.

As a result, I got to know all kinds of Chinese traditions and ways (for example, you don't take an apple from the pyramid of apples at the table for ancestor worship!), and the more I was accepted because I knew how to behave the more my confidence rose. I was still broke; or rather we were still broke. But I had a family around me, a promise of long-term relationships and support, and I had a strong incentive to be more ambitious.

Confidence, local knowledge and long-term intentions are essential to building a successful business in Asia. That is a central message of this book. They take time to show results, but those results are well worth waiting for.

It took me another few years in Hong Kong, dotted with successes and failures, for me to learn this. I was stubborn. I was still hooked on the dream of writing books more than taking a salaried job in a company and supporting my spouse and myself. I still didn't have the courage to take the leap into the professional world.

It was only when I was down and out for the second time, this time unable to sleep in a walk-up one-bedroom apartment above a noisy nightclub in Hong Kong's entertainment district, that it occurred to me that I had skills that could be taken to another level. I had studied the history of ideas at university. I had a Ph.D. I could write. I could speak come Cantonese, Japanese, even Korean. I had published two or three travel books about Asia.

The problem was that I was not applying any of this knowledge and competence systematically. I was not digging deep enough to develop my talents. I was not using my cultural confidence in any meaningful or consistent way.

Wake up and smell the coffee! I told myself.

The 6-Step chapters of this book are aimed at rectifying this lack of system and real confidence. They aim to create and sustain entrepreneurial flair. They end with action points that will help you build your business development plans for Asia as a whole, and for a number of individual Asian markets in particular, so that you can move ahead with patience but also with the requisite confidence.

It took me a while to build a reliable brand and reputation for my business.

That was probably because I lacked the kind of long-term vision that this book encourages. It is easy to go into Asian markets with an ad hoc approach: a JV partner here, a supplier there, a referral, a government agency, a local representative, a subsidiary, an online affiliate, and many other such combinations.

You may even think that you can do it more or less from your home city by videoconferencing backed up with a occasional visit, or by winging it with a bit of help from a local.

But there is no substitute for entering any of Asia's 21 or so markets (excluding the Indian subcontinent, which is a whole book by itself) with *personal understanding* and experience of the cultural attitudes and business practices that are prevalent, rather than simply relying on market or product research, suppliers and distributors and local partners.

Eventually I ended up as the speechwriter for a major multinational bank, writing speeches for the Chairman and CEO to give all over Asia and indeed all over the world as part of the preparations for Hong Kong's reversion to Chinese sovereignty in 1997. By the following year I had set up my own company, writing speeches and presentations for business and trade leaders and even politicians, first in Hong Kong and then in other Asian countries.

But it took me a long time to crack those other Asian markets. They didn't know me that well. They had cultural and business practices that were slightly different to those of Hong Kong. I had to learn other Asian business cultures and ways of doing things. Even though my previous work at the multinational bank had taken me to those countries, I was still a cultural novice in their eyes. I hadn't built the required long-term relationships or trust.

Every country in Asia is a challenge. That is another essential message of this book. Do not think you can automatically apply the knowledge gained about one Asian business culture (or culture as a whole) to another. If you have the skills and focus, if you have done the groundwork, if you have built the confidence through cultural understanding, you will probably be successful in more than one market. But to do that, you must also achieve mastery in more than one business culture.

So before we go any further, let's try to define what we mean by business culture. Because if you don't know what business culture is, and why it's so important, you will never be able to find the master key, let alone open the door.

Why is culture important in international business?

The cultural subtleties that influence international business reach far beyond the ability to greet your Asian counterpart correctly or choose an

appropriate gift for a particular situation or present your business card in the right way.

The question of an individual culture's attitude to time and punctuality, whether the society is more collectivist in behaviour than individualist, the nuances of respect and hierarchy, not to mention body language and gestures and attitudes to 'harmony', can radically affect your understanding of the guy waiting in the next office or the woman across the dinner table, as well as your own chances of *being correctly understood*.

In a world of globalised business, the ubiquity of the internet and social media are no guarantee of avoiding unnecessary blunders (even insults!), while ignorance of who you are really dealing with may actively destroy your chances of building personal knowledge and creating the kind of credibility and trust that engenders long-term relationships and business success.

Even the way you frame your e-mails can jeopardise professional relationships across cultures. English may be a lingua franca, but in many countries of Asia this lingua franca conceals a strong attachment to local languages, customs, dialects and deep-rooted beliefs. Ignore them at your peril!

The key elements of Asian culture and business

As I have outlined, I have spent more than half my life working as a speechwriter and 'strategic messenger' for major multinationals and government institutions in the East, and the other half in the West. I have also written several books and given speeches and talks on Asian culture and business.

The knowledge I have gained has left me in no doubt that Asian culture can be influenced by economic activity. Anyone who has witnessed the rapid modernisation of South Korea or the impact of the markets on

China in the last two decades will know that economics can indeed make a significant difference to cultural behaviour. However, this 'Westernizing' effect should not be exaggerated.

Despite the intrusion of market forces into much of the Chinese economy, the emphasis on relationships (*guanxi*) remains a core element of Chinese business culture. Connections are still paramount in much of Asia, taking precedence over money and markets even in cosmopolitan economies like Hong Kong and Singapore.

Cultural attitudes still influence other aspects of economic activity in Asia. Western standards of corporate governance, for example, do not necessarily sit well with the family-based, filial loyalty structure and ownership of many Asian corporations. Even in Hong Kong, conglomerates still make decisions with perhaps an octogenarian family patriarch as Chairman and a freshly installed forty-something MBA as CEO (although this situation is gradually changing).

Not all Asian companies view maximizing shareholder value as the core reason for their existence. Not all Asian financial models are based on economics alone. Islamic finance derives its business model from religious principles: the Koran's prohibition of earning interest from loans.

Asians identify more with the group and the family than with more individualistic behaviour.

Confucianism, still deeply rooted in China, Hong Kong, Singapore, Taiwan and South Korea, teaches that respect for one's elders, the educated and those in authority forms the basis of society.

Buddhism, which had its roots in India, is based on a belief in reincarnation that is the result of karma in a previous life and on the accumulation of good deeds in order to achieve a better next life. The

emphasis is on practise rather than worship of a higher god who intervenes in daily life, and on following the Middle Way rather than on attachment to material goods.

Taoism (and its variants throughout Southeast Asia and North Asia) also focuses on achieving a life of purity and simplicity, providing a comfort for ordinary people in turbulent times.

Finally, Asian culture has long been dominated by feudalism. For many centuries rich and privileged tyrants, warlords and government officers spread a culture of constant fear among ordinary, impoverished people throughout Asia. Even now, exaggerated respect and deference towards figures of authority and a reluctance to speak out are hallmarks of many Asian companies.

In line with this, more emphasis is still placed on the importance of family and relationships, of collective 'harmony' and authoritarian decision-making, rather than on individualism and the more frank and open discussion that marks Western decision-making.

Nevertheless, for Western businesses and entrepreneurs working in Asia, it is vital to recognize the strengths of the East that may not be so evident in their home countries. Once harnessed, these strengths can become positive assets in a company's business dealings and human resources departments.

To assist you in thinking about differences between Asian and Western business attitudes, I reproduce below an excellent, if inevitably schematic comparison between Asian and Western thinking and behaviour from 'The Chinese Negotiation' by John L. Graham and N. Mark Lam, *Harvard Business Review*, October 2003.

	Asians	Westerners
Way of thinking		
Subject	holistic	individualistic
Social status	hierarchical	egalitarian
Relationship networking	beyond business	business
Logic	interrelated	sequential
Approach discussion	authoritarian	open to
Means	enforcement of order	fact-oriented
Channels	relationship	information
Duration medium-term	long-term	short- or
Business behaviour		
Etiquette	formal	mostly informal
Meeting format	multiple objectives	clear objectives
Delegation	limited	authorized
Responsible party changed	normally unchanged	frequently
Information exchange	need-to-know basis	open exchange
Business proposal	arrived at indirectly	direct and open
Negotiation style	passive but persistent patient	direct and less
Priority setting	favourable total deal objectives	principles and
Expected partnership	long-term	business-driven

Action Points

1. Study the chart above and then put your hand over each column in turn, both Asian and Western, to see if you can remember the difference in approach to each topic. You can practise this until

you are more or less perfect. Thinking about the differences and what they might mean in real business terms will become second nature.

2. List out six cultural influences that you think are likely to make a difference in the way that Asian countries in general do business. Then map out the ways those influences (or some of them) may have an impact on the market or markets where you are operating or intend to operate.
3. Consider working with a coach or a local partner for the specific country market that you are targeting.
4. Get yourself informed about cultural differences by talking to local business people in the country itself. Expatriate 'old hands' are also worth consulting. This combination of preparatory coaching and local advice makes all the difference to whether you connect or not.

To make matters easier for you, I've designed an '**Asian Communication and Culture Cheat Sheet**'. All you need to do to access this special free bonus is to join my mailing list by following this link: <http://davidcliveprice.com/>