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FROM MYTH TO MEDIATOR

James Chan's Bicultural Roots Help Businesses Connect With China

By Alan M. Field



When it comes to selling heavy industrial products to China, few people have enjoyed the benefits of a bicultural background more fully than James Chan, founder and president of Asia Marketing and Management, a Philadelphia-based consultancy.

Since 1983, Chan has advised more than 100 U.S. industrial equipment manufacturers, technology firms, and professional services organizations about the mysteries of succeeding in China, which has rapidly become the world's largest exporter and its third-largest importer (after the U.S. and the European Union).

The roster of Chan's China-bound manufacturing clients has included Catawissa Lumber & Specialty; Colonial Metals Co. (recycled copper ingots); Fielco Adhesives (industrial adhesives); International Products Corp. (cleaners and lubricants); Kingsbury Inc. (specialty bearings); aerospace giant Lockheed Martin; Sylvin Technologies (PVC plastics); Vulcan Spring Mfg. (specialty springs); and Westinghouse Electric (electric power technology). Chan is also a keynote speaker at annual conferences of trade and professional associations.

'Peace of Mind'

Born in 1949, Chan grew up in Hong Kong, "thinking that I was a Cantonese of 100 percent Chinese origin, but knowing that I was a subject of the British Empire. I was also bicultural, without my knowing it," he said.

While all of his professors were Westerners, he and his classmates did not rebel against their authority, he says, because "we knew that we would become Chinese citizens" in the future, Britain's treaty obligation to return Hong Kong island to China in 1997.

As British subjects, Chan and his classmates were not isolated from the rest of the world after the inward-looking communist regime took control nearby. “We did not suffer the consequences of the Cultural Revolution” that shook the People’s Republic from 1966 to

1976, he said. That gave Chan “deep psychological peace of mind.”

After graduating from Hong Kong University, majoring in geography, Chan felt comfortable enough living with Anglo-American culture to pursue graduate degrees at the highly rated

University of Chicago and University of Michigan.

“My goal was to be a scholar. Chinese culture worships scholars,” not just because scholars traditionally ruled people below them, but because Chan “bought a bit into the snobbish mindset”

ADVICE FROM A MEDIATOR

Whatever the industrial sector, James Chan cautions, “It will take several years to break into the Chinese market. Don’t get discouraged if business stays flat during the initial years.

Chan, the founder and president of constancy Asia Marketing and Management, said, “One of my industrial original equipment manufacturer (OEM) clients put in seven years before we got our first \$350,000 order from China. But, once the order came, other orders began coming through. We’ve been selling our industrial components to China since 1984. We’ve made two China-based agents millionaires in U.S. dollar terms. Success in China feels somewhat like growing an apple orchard, not truck farming.”

Chan offers advice he believes essential to industrial and technical products manufacturers in marketing to China and Asia:

- Realize that whatever you sell in China that is of high quality is going to be replicated by “copycats” and “pirates.” Don’t let this paralyze you from expanding in China. Good customers in China appreciate high quality. They are willing to pay top dollar to buy Western-made industrial products that provide stability, dependability and consistency to their turbines, compressors, gearboxes, blowers, medical equipment and other high-ticket machinery. Pirated products, while they sell

for a fraction of your cost, will break down and lead to very costly repairs and damages.

- Recruit a good and effective agent in China to export to China or Asia. A good agent is someone who is honest and will tell you what you must know, as opposed to what pleases your ears. An effective agent is someone who gets things done despite seemingly insurmountable barriers. The right agent does not have to be an expert in your industry. But the agent has to be a good salesperson that can handle engineering drawings and hold technical discussions with prospects and customers. However, remember that it takes time to find and train a sales agent. It may take a repeated process of trial-and-error before you’ll find the right one.

- Some U.S. companies make the strategic mistake of hiring experts in their fields as their agents. This common mistake can be fatal. Agents with industry expertise turn out to be head-to-head rivals after having worked with the firm for a while and gaining access to its customer list and other trade secrets. This scenario happens to firms that are owned by other Asian and European firms.

- Don’t rely on e-mails and text messages to communicate with your China agent. Telephoning your agent as often as you can is

the best way to avoid misunderstandings, and helps you and your agent understand each other’s points of view and come to an amicable compromise. Consider making daily phone calls.

- Visit China at least once a year and as often as you can. Travel with your agent to meet with customers and prospects. Even the best agent needs to have technical experts and executives from headquarters accompany him on these visits to authenticate their roles.

- Be prepared to say “no” to prospects and customers in China. Part of the Chinese negotiation strategy is to ask for impossible concessions. They want to know what your limits are. If you don’t say “no,” you will have no business in China. Saying “no” to customers in the China market is a mark of strength, not weakness.

- Learn to befriend those people who like and respect you. Find a time and place to meet these people privately. They will tell you how you can work the system so that your customers can get your products and your company will get paid. Chan call these people his “insiders.

“They tip us off on how to work the ‘system.’ I never put them on the spot during a public meeting to talk to us. This is a critical soft skill that gives us our million-dollar orders,” Chan said.

that underpins their authority. "I fell in love with the act of loving knowledge."

Although Chan taught geography at Boston University and the SUNY campus in Cortland, N.Y., he gradually recognized that he "had no patience" to devote his life single-handedly to the world of books and other written materials. "I wanted to be with people. I wanted to explore their minds."

Fortunately, Chan was studying a very practical sort of geography that focused on "what was where, and how to get to that stuff." This kind of economic and cultural geography could be leveraged by active, inquisitive minds to identify foreign markets, and appeal to their needs, not just in China, but also elsewhere around the world. To do that, he needed a job, a process more easily said than done.

Chan wrote some 500 letters to multinational corporations that would likely be able to use his bicultural background and academic acumen.

"They all offered me a job," he says, "but first, I had to see their HR [Human Resources] people" to complete the hiring process. What ensued was a classic process of Catch-22. Whenever the HR people asked if he had a Green Card, Chan said, "I am illegal, but if you hire me, I can change my status." HR coun-

tered that they would hire him only if he changed his status first.

In all, before Chan could apply his talents in a non-academic context, he suffered through three separate deportation hearings by U.S. authorities. As Chan writes in his autobiographical self-help book, *Spare Room Tycoon*, he spent \$20,000 on legal fees, emptying his pockets, only to find out that "my situation was, essentially, hopeless."

And then, one day when he was nearest despair, he walked into Philadelphia's Cathedral of Saints Peter and Paul. Although he has never been a Catholic, he knelt in a pew and silently addressed God: "If you can let me stay in this country legally, I promise to help pull China and America closer together."

'Forged My Own Myth'

His bargain with God gave Chan "a reason for me to be on this earth," he wrote in his book. "I had discovered a story of which I could be the hero. I had forged my own myth."

Not long thereafter, his prayer was answered in the form of a phone call from an American business executive who had been struggling to make progress, selling scientific monographs in China. Although business was foreign to Chan, he realized that the American

company was interested in hiring Chan for his knowledge of China.

While "not a business person," he says, he was "100 percent confident that I knew China as a psyche and as a culture. And I was psychologically open to meeting people and making friends."

To get up to speed about the world of academic publishing, he learned from the ground up, talking with librarians who purchased the academic studies, rather from professional experts. "I learned from the cooks who make dumplings, not from the cookbooks."

Many of the lessons he learned in the world of academic publishing would prove valuable when he moved soon after into the world of industrial marketing, in response to a huge surge in demand by Chinese companies for precision-engineered industrial components for oil and gas companies; gas turbines, compressors, giant blowers for digging tunnels, and so forth.

Chan's foreign-born clients in China "did not need me for my engineering knowledge," but for his ability to "decode" the Chinese character and mindset. "I became the mediator that both sides will come to." In all, he has developed marketing strategies for more than 100 U.S. manufacturers, privately held firms and service organizations. **BB**



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