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Managing the Chinese way

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An executive with 20 years of experience in China says that to succeed there, leaders must learn to think differently and devote particular attention to people.

Despite decades of experience in China, many organizations still struggle to identify and select executives who will make a tangible impact there. My research and experience suggest that companies can do better by focusing on two crucial skills—an ability to read the external environment and an understanding of what makes employees tick—and on a tough truth: a generational challenge is making the talent equation more complex.

Everything is political. Being effective in China means realizing that everything is political. Executives must have a keen grasp of political and social trends so they can position their business strategies and communications within that landscape. One example is the reframing of proposals for corporate-social-responsibility initiatives, to promote the “harmonious society” when that was proclaimed as a government priority.

Executives must develop a nonmarket business strategy, as well as the usual market strategy, for China. The nonmarket strategy includes plans for building a network that intersects with the government, business partners, suppliers, customers, and other industry and public stakeholders.

Successful executives develop their intuition, are receptive to learning from Chinese patterns, and thus begin to think and behave differently. The sort of linear analysis generally favored in the West divides a problem into its component parts and seeks rational solutions. Intuitive thinkers seek patterns and relationships between a problem and its context, including contradictions. “The Chinese don’t polarize—it’s the last thing a Chinese would do; we get moving instead,” says the Chinese head of a global life-sciences company.

Everything is personal. Managers in China need to pay more personal attention to staff and colleagues than managers in many other cultures do. The head of China operations for a major global manufacturing concern says he does his e-mails and reports during the evening because during the day he needs to talk with employees or meet external stakeholders. In China, leadership is a contact sport.

Senior leaders too often succumb to time pressures and put the wrong candidate in charge. One European retailer, for example, chose a manager to head up its China operations who had an excellent track record in his home market but lacked any experience outside Europe and was a poor

listener. Within months, relationships with the retailer's Chinese joint-venture partner were shaky, several well-qualified Europeans had resigned, and staffing was behind schedule. Employees said the executive did not care about their observations and ideas, expected the staff only to follow his instructions, and did not listen to customer feedback. After two years, the executive was replaced, but the damage was done and the operations closed 18 months later.

To keep capable staff from becoming disengaged, demotivated, and disinclined to share important information gleaned from interactions with customers and suppliers, the best companies have a culture, set from the top, of working toward common goals in a spirit of mutual respect.

It's getting harder. The talent challenge for multinational companies in China has intensified since the generation born in the 1980s began to take on managerial responsibility. As a result of the government's one-child policy and the uneven pattern of higher education, many businesses are facing a shortage of capable young executives. Moreover, the new generation of leaders demands both purpose and work-life balance, and no longer automatically accepts hierarchy in the workplace. The best way to retain these leaders is to have role models who inspire commitment—which makes it even more important to select leaders who can read and respond sincerely to their stakeholders. □

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