



Companies should provide customized transition support to help China-bound executives succeed early in their assignments.

Transitioning Key Executives to China

Going above and beyond traditional relocation programs helps expats hit the ground running.

Betsy Neidel

For companies with a global outlook, having a foothold in China is a growing necessity. A recent survey by the US-China Business Council revealed that 23 percent of US company respondents view China as their top priority, while 71 percent say China is among their top five priorities. These same companies, however, list human resources—particularly local talent recruitment and retention—as a top challenge to operating in China. Foreign companies’ rapid expansion in China and the relative scarcity of highly trained local personnel mean many US and other foreign firms find it necessary to import key personnel for their China operations. For the eleventh year running, China has been recognized as a top destination for international assignees, second only to the United States, according to Brookfield Relocation Services’ Global Relocation Trends 2011 Survey.

Foreign companies—both those relatively new to China and those with a long history of sending expatriate staff there—rate China as the most difficult country for international assignees. Despite the growing number of expatriates in China, the current process for relocation is not making the executive transition easier. With large numbers of key executives relocating to China and the importance of China to global corporate strategies, companies now find it more crucial than ever to improve and accelerate executive transitions. Individualized, business-focused transition programming, in addition to traditional cross-cultural relocation training, provides a stable platform for expatriate executives to be effective from an earlier stage in the assignment, and to be better positioned for success in their new assignments.

What’s so hard about moving to China?

China’s sheer distance from the United States, along with complex administrative and legal requirements to secure long-term residency and work permits, makes relocation particularly challenging. Fortunately, with the increase of China-bound executives over the last decade, many major relocation companies are well versed in the physical requirements of shipping and packing, and have experience handling the paperwork and providing resources for cross-cultural training and orientation. Companies looking to send an employee to China can use fairly standardized procedures and checklists.

In contrast to the physical aspects of the move to China, companies tend to pay less attention to the psychological and sociological aspects of relocation. These factors often weigh more heavily on the relocating spouse and family, and are exceedingly important to address. According to research from Worldwide ERC, a primary cause of assignment failure in China—as measured by early termination of the assignment—is failure of the family to adjust.

Employees cite language and cultural differences as the top challenges of living and working in China. Seasoned expats comment that these differences make it hard “to get around” or to accomplish what should be simple tasks.

Other variables can further complicate the family adjustment process:

■ Relocation to lower-tier cities

Companies are increasingly moving executives to cities beyond Beijing, Shanghai, and Guangzhou, Guangdong. Outside of coastal areas, Chinese cities tend to have fewer expat resources and feel less globalized.

■ Family transition issues

Roughly 30 percent of executives headed to China are single. The remaining 70 percent move with their families, so finding good schools and medical services are high priorities, as well as making sure their children can quickly acclimatize and make friends. Other specific concerns often include food and environmental safety issues.

■ Shifting family roles

In many cases, the spouse of the transitioning executive will give up full-time employment and may not have the necessary permits or skills to work in China. Loss of routine and self-identity questions can add to relocation stresses.

In addition to the overall concerns about adjusting to life in China, transitioning employees note that adapting to the Chinese business culture is one of the most difficult challenges. Some additional stress points for the executive during the transition process revolve around the following factors:

■ Because an executive assigned to China can cost up to five times his or her salary, an executive feels a lot of pressure to make an impact from an early stage of the assignment in China (see the *CBR*, November-December 2009, p. 28).

■ Executives stationed in China typically fill important strategic or operational roles where their success has a large impact on the business.

■ Executives relocating to China often transition into new roles, which are difficult to navigate because of cultural complexities in the workplace.

A traditional approach

Companies should offer services to help the executive and his or her family adjust to life in China as a part of the relocation package—and most do. The three relocation services most often made available to individuals and families include the initial inspection trip, language training, and cross-cultural training. None of these services, however, is structured specifically to shorten the executive’s learning curve in his or her China role.

During the initial visit, the employee and spouse (sometimes with children) investigate housing options, schools, and the overall living environment. This trip can reduce anxiety for the executive and family and may occur prior to the exec-

Quick Glance

■ Adapting to a new business culture and overcoming language barriers are among the top challenges executives face when transitioning to a new role in China.

■ Companies should offer customized programs to help China-bound executives and their families adjust to life and work in China.

■ A successful transition plan includes specific objectives an executive is expected to achieve during the assignment abroad.

utive's decision to relocate. This service is generally offered to executives going on assignment for at least one year.

Similarly, a 2011 Worldwide ERC benchmarking survey found that most companies provide some form of language training for China-bound executives and their families. In many cases, language training is provided for the entire length of the assignment. Executives relocating to China view the opportunity to learn the language as mission critical, as do their employers.

Cross-cultural training is the third part of the traditional relocation package. A majority of the companies surveyed offer this type of training, but it is not considered mandatory and frequently falls victim to internal cost-cutting initiatives. The typical objectives of this training are to help both executive and family to prepare mentally for the move; to mitigate the effects of culture shock; to explain differences in local protocol and behavior; and to provide information on current events and the local infrastructure.

All three of these services should be a required component of the move. Creating a comprehensive program to accelerate executive transition, however, requires going a step beyond these standard relocation offerings.

Creating a customized transition program

Highly effective transition programs consider a company's primary business objectives, the transitioning executive's role, and the context of the Chinese operating environment. The goal of such a program is for the executive to understand the essential demands of the situation, and to build the skills and flexibility to meet these demands in the shortest period of time.

The value of such programs is an increased rate of executive success and time saved. Assignment failure or a lengthy transition period is a waste of time and resources for the corporation and the employee. Each transition program will be different, reflecting the unique nature of the individual assignment. There are, however, a number of elements common to successful programs and their implementation.

■ Senior management support

The over-arching goal of the transition plan is to ramp up an executive's ability to conduct business in China in the least amount of time. However, a successful plan requires senior management support. Funding and support for customized business transition training is usually outside the scope of human resources departments—which normally are responsible for organizing the more physical aspects of relocation—and must be driven by the relevant business unit in the home country. Having a senior management-level “champion” within the business unit who will clarify and support business-aligned transition objectives is equally important. Leadership support for the transition program helps drive the executive's focus and accountability. It also creates a bridge within the company headquarters for greater understanding of the local China situation by opening a high-level channel for regular two-way communication.

■ Business-aligned transition objectives

The more specific the executive's deliverables, the more likely a transitioning executive will succeed. A comprehensive transition program should establish top-level business-aligned objectives that the executive is responsible for during the relocation assignment (see p.35). This would be the starting point of the transition program, and would include input from the senior management champion once that person has been designated. Going well beyond the actual job description, these objectives should include metrics to measure performance, as well as a timeframe for accomplishing specific goals.

In working to set objectives, it is critical that both the China-bound executive and the senior management champion recognize the context of the transition. For example, an executive expected to maintain and advance current initiatives will have different goals than an executive expected to turn around current operations and replace the management team. These varying goals require different skill sets of the executive as well as different prioritization of tasks.

Skills and needs assessment

In the transition program, the company should assess the executive's strengths and weaknesses in the context of what is required to meet specific objectives. The impact of cultural differences must be strongly considered in this phase. HR personnel can use various diagnostic tools and questionnaires to assess an executive's needs and skills, though the process is best facilitated by specialists with expertise in intercultural skills assessment. For example, a basic strengths, weaknesses, opportunities, and threats (SWOT) analysis could be used to assess the executive's individual strengths and weaknesses in the context of the China assignment, viewed in line with the opportunities and threats within the China work environment. Anyone facilitating the analysis would ideally be well versed in cultural differences related to China.

Gap analysis and action plan

Using information from the assessment, the transition program should identify skill gaps relating to the transitioning executive's deliverables and any capabilities he or she needs to meet specific goals. For example, many executives find that motivating employees in China requires a different communication style and mindset as compared with doing so in the home office. Creating an action plan that addresses and prioritizes China-specific skill development needs in conjunction with top business priorities is the keystone of a successful China business transition program.

To take the program a step further, a company must break down top-level objectives into actionable steps and identify how these steps would be done differently in China. For example, if an executive was required to improve the company's relationships with local distribution networks, the plan would include specific steps applicable to the China business environment. In China, the process of building

rapport with distributors to get any meaningful insight goes beyond scheduling a few meetings. Instead, such a plan should include the correct positioning and formal introduction of the executive; a carefully considered meal or first meeting that is relatively light on business discussion; informal follow up by an intermediary; provision of useful information; and demonstration or reiteration of how the corporate relationship is beneficial to the distributor.

The transitioning executive and his champion should review the action plan together. Companies may also consider hiring outside facilitators with intercultural business expertise who can streamline the planning process as well as support intercultural business skill development.

Follow-up and accountability

Implementing a follow-up and accountability system is important in making sure an executive follows the action plan and develops the appropriate skill set. An accountability system will also bolster the transition program by creating a feedback mechanism through which unforeseen obstacles can be more easily identified and dealt with. Ideally, this process is handled by the same person or group who facilitates the needs assessment and skills inventory from a skill development standpoint, and overseen by the executive champion for feedback and progress.

The China mentor

In addition to support from senior leadership, the most successful transition programs include assignment of a separate individual to guide the transition for the executive's first three to six months in China. The China mentor should support China-related skills development, as identified in the needs assessment, and should begin working with the China-bound employee immediately after the skills inventory and

needs assessment. The person in this role must be objective and discreet and have strong business focus and capability. This person should also have experience working in China and understand the differences between Chinese and home office work styles. The mentor should be able to meet with the executive in person at the beginning of the support period. Regular follow-up meetings should take place in person, though these may be conducted virtually. For senior executives, companies should use an outside consultant or coach through the entire transition program to maintain objectivity and confidentiality. For a more junior expat employee, a local Chinese colleague could act as mentor, with a higher-level manager responsible for follow-up and accountability.

Rising to the challenge

Relocating to China can be exciting and challenging for an executive on both personal and professional levels. Though traditional cross-cultural training can facilitate many aspects of the move, particularly for an executive's family, companies can pave the way for successful executive transitions by creating comprehensive, individualized programs that focus on meeting business objectives in China. This preparation and support can help executives add value at an earlier stage through their roles as managers and decisionmakers in China. Incremental expenditures in executive transition programs for China-bound executives go a long way in driving corporate returns and ensuring that expatriate employees succeed earlier in their assignments. 完

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Transition plan goals

Business-aligned executive objectives in the transition plan should focus on company requirements in China and consider the skills the incoming expat is expected to demonstrate. Here are some examples of specific business objectives, which are the starting point of creating individualized action plans and skill development plans that underpin the transition program:

■ **Raise sales by 15 percent in six months** To accomplish this goal, an executive must work with the local sales team to promote the product in a place where the brand is not well known nor is it the cheapest. The executive would need to manage, train, and motivate the

local team and convey the local situation and marketing requirements to headquarters. The executive must also visit major customers and potential customers to begin to understand the local sales environment.

■ **Manage the phase-out of a joint venture (JV)** The company's leadership does not know whether their Chinese partner will renew the JV agreement and the current expat manager has been reassigned overseas. The staff members are very loyal to the out-going expat manager and have concerns about the real reason for the new executive's involvement and relocation. The executive's immediate tasks include

safeguarding intellectual property and retaining the company's human resources manager and at least 50 percent of the staff for the next six months.

■ **Assess current distributors** The new executive must build up the local controller function so that the company has more insight into relationships with distributors. The executive does not speak Chinese, but must promote compliance with corporate governance standards by China-based employees. The executive's goal should be to complete a clear assessment of the situation, along with prioritization of risk exposure within 45 days of the China assignment.

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