NYU Stern &
Hong Kong University of Science and Technology (HKUST)

Doing Business in China (Hong Kong)

B86.3307.OA
Hong Kong, China
January 2008

Dates
- Thursday, December 6, 2007 (5:00-5:45 p.m.)
  o Mandatory Pre-Departure Class Session at Stern
- Sunday, January 6, 2008 - Saturday, January 19, 2008
  o 13-day program including: 10 days of academia; 2 days of optional non-academic programming; and 1 free day.

Course Description
The primary objective of this course is to give an insightful and detailed understanding of China’s business environment today and tomorrow. Professor Vanhonacker is the academic director for this course. He would like to get across his belief that we better know what is happening (and not happening) in China as it is likely to affect all of us in the future.

Specific objectives are:
- to give an overview of the China context;
- to give an understanding of what is going on (from a Western and a Chinese perspective);
- to discuss business opportunities and a framework to evaluate them;
- to highlight structural problems.

Course Requirements
- Pre-Departure meeting attendance.
- Attendance to all lectures, presentations and site visits in Hong Kong during the academic program.
- Active participation in class debates and cases. Students are expected to be prepared for each activity and participate in all discussions. Active and
thoughtful participation is an essential and integral part of your performance appraisal.
• Complete all deliverables.

The course is graded on a Pass/Fail basis. Students must receive the equivalent of a grade of “B” (80%) or better to pass the course.

Failure to meet attendance and deliverable requirements will result in a failing grade.

Mandatory Pre-Departure Class Session
A mandatory pre-departure class session will be held on Thursday, December 6, 2007 from 5:00-5:45PM at Stern to meet in study groups, review logistics, and discuss pre-trip work.

Students that are unable to attend the pre-departure meeting will not be permitted to participate in the DBi China program.

Text:

Grading
HKUST professors will grade the students based on the following:

• Class Participation: 10%
• Pre-Departure Assignment: (tbd) 10%
• Three Case Write Ups: At the beginning of the case discussion in class, each participant will turn in a 2 page write-up of key issues/solutions:
  1. Chung Tak; 15%
  2. Shenzhen Novophalt 15%
  3. BP Fujian (B) 15%
• Class project: 35%
  In groups of 3, participants will study a specific issue affecting a company operating in China faces. Report of 10 pages maximum. Deadline: February 1, 2007 100%
• Attendance at all required sessions*

*Please be advised attendance is mandatory at all classroom lectures and corporate visits. Not attending a required session will result in a failing grade.

Deliverables
Tentative Course Syllabus (*Subject to Change*)

- Pre-Departure Assignment
- Three Case Write-Ups
- Final Report

**Course Materials**
Materials will consist of articles and case studies which will be provided to students either in advance of the course start date or upon arrival as deemed necessary by faculty.

**Study Groups**
Pre-assigned before December 2007 Pre-departure meeting in groups of 3 students.

**Laptop policy**
Laptops are not permitted at HKUST. Please adhere to the school’s request on this policy in the classroom. MBA International Programs encourages students to bring their laptop to work on assignments outside of the classroom.

**Honor code/Code of Conduct**
It is a requirement that students adhere to the MBA Honor Code and Code of Conduct. Every student is obligated to report to the Academic Affairs administrator in charge on the DBi program any suspected violation of the code that he or she has observed. [http://w4.stern.nyu.edu/scorp/committee.cfm?doc_id=4797](http://w4.stern.nyu.edu/scorp/committee.cfm?doc_id=4797) Code of Conduct violations will be reported to and handled by the MBA Judiciary Committee upon return to Stern.

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**Lecture Outline**

**Session 1:**
**Topic:** The China Context: China: Its recent history; reform since 1979; what is happening and what is going to happen?

**Session 2:**
**Topic:** Business Realities

**Session 3:**
**Topic:** China Experience: Lessons Learned by Major Companies

**Session 4:**
**Topic:** Case: “BP Fujian (A)”, CEIBS 2002.

**Session 5:**
Topic: Entry Strategies: FDI patterns: EJVs/WFOEs; M & A: conceptual framework for structuring equity investments;

Session 6:

Session 7 & 8:
Topic: Marketing in China: decision making unit; distribution; the 4p’s.

Session 9:

Session 10:
Topic (I): Distribution


FACULTY

Professor Wilfried Vanhonacker
Chair Profession & Head, Marketing Department, HKUST Business School

Professor Wilfried R Vanhonacker is recognized worldwide as a leading scholar in the field of marketing science. He gained a Ph.D. in Management from Purdue University (Indiana, USA). Prior to coming to HKUST, Professor Vanhonacker was on the faculty of the Graduate School of Business at Columbia University (New York, USA) and INSEAD (Fontainebleau, France). He is currently Chair Professor of Marketing, Marketing Department Head, and Executive Director of the Center for Marketing & Distribution (CMD) at HKUST Business School in Hong Kong. Professor Vanhonacker played a key role in the establishment of the CEIBS (Shanghai), China’s leading business school. He created and managed CEIBS’s successful EMBA program (the first EMBA program in China), and recently returned to HKUST after serving as Dean and Vice-President of CEIBS. At HKUST, Professor Vanhonacker created and manages a highly successful executive development program, Meeting the China Challenge.

Having been involved extensively with foreign corporations operating in and doing business with China since 1985, Professor Vanhonacker has developed extensive experience and expertise in setting up and operating businesses in the PRC. He teaches, writes, and consults extensively on China.
Professor Vanhonacker is senior partner in HCD Global, a PRC-based company which provides integrated HR services to FIEs and domestic companies.

**Speakers**

**Prof. David Zweig**  
Chair Professor & Associate Dean, Division of Social Science, HKUST  
Director, Center on China’s Transnational Relations, HKUST

**Dr. Marcus Scheutz**  
Director Strategic Planning and Change Management, Shanghai Volkswagen Automotive (2003-2006)

**Dr Mary Wong**  
Adjunct Associate Professor, Accounting Department  
General Counsel, China and Asia Alcatel Alsthom (1993-1998)

**Mr. Cassian Cheung**  
President (China), Wal Mart (2002-2005)
### Schedule for Doing Business in China (NYU Stern & HKUST Business School)
*Tentative - Subject to Change*

<table>
<thead>
<tr>
<th>Sun, Jan 6</th>
<th>Mon, Jan 7</th>
<th>Tue, Jan 8</th>
<th>Wed, Jan 9</th>
<th>Thurs, Jan 10</th>
<th>Fri, Jan 11</th>
<th>Sat, Jan 12</th>
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<tbody>
<tr>
<td>Morning</td>
<td>Check-in downtown hotel</td>
<td>Session 1: The China Context</td>
<td>Session 2: Business Realities</td>
<td>Session 3: China Experience: Lessons by Major Companies</td>
<td>Session 4: Case study: BP Fujian (A)</td>
<td>Session 5: Entry Strategies</td>
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<tr>
<td>Afternoon</td>
<td>Speaker 1: Prof. David Zweig - Politics in China</td>
<td>Independent Project work</td>
<td>Speaker 2: Mr Marcus Scheutz - Change Management in China</td>
<td>Independent Project work</td>
<td>Company visit: The Container Terminal</td>
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<tr>
<td>Evening</td>
<td>Welcome Dinner</td>
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| Morning     | Free Day | Session 6: Case study: Chung Tak Lighting Control System | Session 7: Marketing in China (I) | Shenzhen company visits: the world factory | Session 9: Case study: Shenzhen Novophalt Asphalt High Technology Co. Ltd. | Session 10: (I) Distribution (II) Case: BP Fujian (B) | |
| Afternoon   | Company visit: Mass Transit Railway Corporation | Session 8: Marketing in China (II) | | Speaker 3: Ms Mary Wang - legal issues in China | Speaker 4: Mr. Cassian Cheung: The Wal-Mart experience | |
| Evening     | | | | Dinner with HKUST Shenzhen MBA students | Farewell Dinner | |
LOGISTICS

Access to computer labs, library and research facilities
Wireless computer access is available on the HKUST campus. There is internet access but no wireless connectivity at the hotel.

Accommodations
Lodging and breakfast is included in the DBI program fee. Student accommodation will be at a downtown hotel. There are gym facilities in the hotel. Lodging is for arrival on January 6, 2008 and for departure on the morning of January 19, 2008. Hotel is in the city which is within 30 minutes travel to the HKUST campus. Transportation will be arranged. This will allow students to enjoy the city dynamics. Accommodation address and details will be provided to registered participants once the course enrollment has been finalized. This is typically just before the pre-departure meeting.

Meals
13 Breakfasts at the hotel are included. There are five dinners included in the program fee: a welcome dinner; Jockey Club, the Peak, in Shenzhen and a farewell dinner. The welcome and farewell dinners are hosted by HKUST (their MBA students will be invited to attend for networking and socializing opportunities.) All lunches and other dinners are on your own and are not included in the DBI program fee. Other meals are readily available for students to buy either on campus (there are several catering outlets for lunch) or the surrounding area of the hotel.

Group Events
Fees and transportation for the Shenzhen visit and corporate events are included in the DBI program fee.

Transportation to/from Hong Kong
Students must arrange and pay for their transportation to/from Hong Kong, China and to/from the airport. Students must arrive at the hotel on Saturday, January 6, 2008 and plan to depart from the program on the morning of Saturday, January 19, 2008. Students are free to travel independently before or after the course at their own expense.

Program Transportation in Country:
• To Corporate Visits: Transportation to and from all corporate presentations is included in the DBI program fee.
• To Group Events: Group program activities (dinners and Szehn) include transportation, and it is included in the DBI program fee.
• To/from Class at HKUST/Hong Kong Downtown Hotel: Included in the program fee. Details will be provided to participants at the pre-departure meeting on December 6.
• To/from Shenzhen: Included in program fee.
• To Personal Activities: Not included in the DBI program fee. At student’s expense.
Costs for Program

1. Stern tuition for 3 Credits
2. DBI Program Fee for China = $2,000
   Includes:
   - HKUST expenses
   - Hotel accommodation with breakfast for 13 nights (single-occupancy, Jan 6 – 18, both dates inclusive)
   - Corporate visits with transportation (including day trip to Shenzhen)
   - Transportation between hotel and campus (30 minutes trip each way)
   - 5 group dinners: welcome dinner, Jockey club, the Peak, in Shenzhen and farewell Dinner. (Welcome and farewell dinners hosted by HKUST)
   - Visit to Shenzhen, transportation.
3. Additional Expenses to be Covered by Student (EXCLUDED from DBI Program Fee)
   - Airfare
   - Transport to/from airports
   - 13 lunches
   - 8 dinners
   - Transit fare
   - Entertainment
   - Personal expenses
   - Text Book

Visa Information

HONG KONG: Since students will be in the country for only a short course, they are considered to be visiting HKUST. Some students may hold a passport (i.e., U.S) which allows them to enter Hong Kong as a tourist without a visa and they do not need to apply for a visa to Hong Kong. [http://www.china-embassy.org/eng/hzqz/xgqz/t84250.htm](http://www.china-embassy.org/eng/hzqz/xgqz/t84250.htm)

SHENZHEN: Shenzhen is on mainland China and requires a China tourist visa for the visit. To obtain a Chinese visa, students must go to the China Embassy for a Tourist Visa to Mainland China. Please visit the Chinese embassy in New York’s website for further information on how to apply for a tourist visa: [http://www.chinaembassy.org/eng/hzqz/zgqz/t84246.htm](http://www.chinaembassy.org/eng/hzqz/zgqz/t84246.htm)

Note: It is the student’s responsibility to apply and receive the appropriate visas for their passports in a timely manner for the course. Refunds are not provided for those students who fail to secure their visas.
Shenzhen is a sub-provincial city of Guangdong province in southern China, located at the border with the Hong Kong Special Administrative Region. Shenzhen is a centre of foreign investment and since the late 1970s has been one of the fastest growing cities in the world. It is also the busiest port in China. In the past two decades, outsiders have invested more than $30 billion in Shenzhen for building factories and forming joint ventures.

**International Students**
International students must contact OISS regarding their travel plans and must attend an OISS “Travel Workshop.” Also, visit the OISS website “Immigration & Employment” for additional information: [http://www.nyu.edu/osl/oiss/immigrationEmploy/travelInstructions.html](http://www.nyu.edu/osl/oiss/immigrationEmploy/travelInstructions.html)

**Student with disabilities**
If you have a qualified disability and will require academic accommodation during this course, please contact the Moses Center for Students with Disabilities (CSD, 998-4980) and provide MBA International Programs with a letter from them verifying your registration and outlining the accommodations they recommend. If you will need to take an exam at the CSD, you must submit a completed Exam Accommodations Form to them at least one week prior to the scheduled exam time to be guaranteed accommodation.
Please Review All DBI Program Policies
Please review all of the DBI Program policies and procedures posted online at the MBA International Programs’ website at:
http://www.stern.nyu.edu/mba/international/DBI_Program/DBI_Overview.htm

Helpful Links and Information:
Hong Kong Travel Information:
http://www.discoverhongkong.com/eng/mustknow/index.jhtml
Hong Kong Wikipedia: http://en.wikipedia.org/wiki/Hong_Kong
Hong Kong Visa Information: http://www.china-embassy.org/eng/hzqz/xgqz/t84250.htm

Questions?
International Programs, MBA ACADEMIC AFFAIRS
intl@stern.nyu.edu
KMC 6-120
Telephone: (212) 998-0771
Fax: (212) 995-4606
Office Hours
Monday - Friday: 9:00 a.m. – 5:00 p.m.
Walk-in Hours
Monday – Thursday: 12:00 – 1:00 p.m.; 4:00 – 5:00 p.m.
Appointments: 24 hours in advance
**Recommended Readings by Session**

**Session 1:**

**Topic:** The China Context: China: Its recent history; reform since 1979; what is happening and what is going to happen?

**Useful Readings:**
- “Accession has brought change to China and WTO,” by H. Winn, *IHT*, November 7, 2005, p. 15;
- “Coming to terms with China’s ascent,” by D. Lague, *IHT*, November 7, 2005, p. 1;
- “For Direct Investors in China, Daunting Risks,” by T. Plafker, *IHT*, November 14, 2005, p. 1;
- “To People in China, Horizon looks rosy,” by D. Greenlees, *IHT*, November 16, 2005, p. 1;
- China Trade Gap Widens to Record,” by K. Bradsher, *IHT*, September 11, 2006, p. 16-17;

**Session 2:**
**Topic:** Business Realities

**Useful Readings:**
- “China Copyright Group sues over Ring Tone use,” by K. Wong and T. Ying in the *International Herald Tribune*, October 21, 2003, B3;
- “Competing in the Dragon’s Den: Strategies for a Changed China,” by P. Williamson and Ming Zeng, in *Successful in China*, M. Hofer, B. Ebel and J. Schmutzler (eds), Spring Publishing, 2006 (forthcoming);
Session 3:
Topic: China Experience: Lessons Learned by Major Companies

Useful Readings:
- “Xian-Janssen-Drug Tsar,” Business China, March 12, 2001;
- “Picking the Spots,” Business China, June 4, 2001;
- “Slow and Steady,” Business China, June 4, 2001;
- “About Face,” Business China, November 5, 2001;
- “Getting Lucky,” Business China, November 10, 2003, pp. 1-2;
- “Colonel Sander’s March on China,” Time, November 24, 2003, pp. 100-102;
- “Another Slice of Pie,” Business China, January 5, 2004, pp. 5-6;
- “How China Eats a Sandwich,” by C. Adler, Fortune, March 21, 2005, pp. 70-72;
- “Softly, Softly,” Business China, July 4, 2005, pp. 4-5;

Session 4:

Session 5:
Topic: Entry Strategies: FDI patterns: EJVs/WFOEs; M & A: conceptual framework for structuring equity investments;

Useful Readings:
- “For Instant Growth, Add Partner,” by Mari Murayama and Jianguo Jiang, IHT, April 14, 2004, B4;
- “Investment Banks on Mainland Offensive,” South China Morning Post, April 22, 2004;
- “Call Waiting,” Business China, September 12, 2005, pp. 5-6;
- “The White Peril,” The Economist, April 1, 2006, pp. 25-26;

Session 6:

Session 7 & 8:
Topic: Marketing in China: decision making unit; distribution; the 4p’s.

Useful Readings:
- “China’s Cultural Fabric is a Challenge to Marketers,” The Wall Street Journal, January 21, 2004;
- “Luxury’s New Empire,” The Economist, June 19, 2004, pp. 63-64;
- “China Deluxe,” Fortune, July 26, 2004, pp.139-145;
- “China’s Rich get Richer and Younger,” South China Morning Post, October 12, 2004, B1;
- “China’s Golden Oldies,” The Economist, February 26, 2005, p.61;
- “Wedded to the West,” by R. Meredith, Forbes Global, March 14, 2005, pp. 30-32;
- “Class Act or is it for real?” China Economic Review, June 2005, pp. 32-37;
- “Still off the Doorstep,” Business China, June 20, 2005, pp. 1-2;
- “Direct Sellers May Get a Foot in China’s Door,” Asian Wall Street Journal, August 18, 2005, p.1;
- “How to play the game,” Business China, November 7, 2005, pp. 4-5;
- “Selling in China? Which one is it?,” by D. Lague, IHT, January 16, 2006, p. 9-10;
- “Cracking the Shell,” Business China, July 17, 2006, pp. 4-5;
- “For China, a Full Embrace of Luxury,” by S. Shen, IHT, October 17, 2006, p.20.

Session 9:

Session 10:
Topic (I): Distribution

Useful Readings:
- “Retail giants squeezing suppliers?”, by Liu Jie, China Daily, April 4-10, 2005, p.9;
- “FedEx to put freight hub for Asia in Guangzhou,” IHT, July 14, 2005, pp. 1;
- “Wal-Mart steps up expansion in China,” by Hugo Miller, IHT, September 8, 2005, pp. B1;
- “Ready for Warfare in the Aisles,” The Economist, August 5, 2006, pp. 54-56;