NYU Stern & Tsinghua SEM

Doing Business in China
B86.3305.0A
Beijing, China
May 2007

Dates:
- Wednesday, April 18, 2007 (5:00-5:45 p.m.)
  - Mandatory Pre-Departure Class Session in NYC
- Wednesday, May 2, 2007
  - 1st Assignment Due in NYC
- Sunday, May 13 – Saturday, May 26, 2007
  - 14-day program in China, including 9 days of academic and 3.5 days of non-academic programming

Course Description:
This program is an overview of doing business in China, including an introduction to Chinese culture, economy, and history. Lectures and seminars cover a wide range of topics that present business opportunities, as China is to open up more of its protected industries to foreign competition under the agreement with World Trade Organization (WTO.) This program will also focus on the difference of operating enterprises between the United States and Asian culture, and the consequent challenges facing multinational corporate managers.

The course structure includes lectures, presentations and discussions led by Tsinghua faculty members; business and government speakers; visits to companies; faculty debriefing on visits and speakers; final project; local cultural events. Students will receive three (3) credits from Stern for their successful participation in this course.

Course Requirements:
- Attendance to all lectures, presentations and site visits in Beijing during the academic program.
- Active participation in class discussions and cases.
- Complete a Pre-Trip Project – Briefing Book.
- Complete a Second Group Assignment – Private Equity paper.
- Complete a Final Group Project – Power point class presentation.

The course is graded on a Pass/Fail basis. Students must receive the equivalent of a grade of “B” 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 Wednesday, April 18, 2007
from 5:00-5:45 p.m. at Stern to meet in study groups, review logistics, and discuss pre-trip work. Room for session will be emailed to enrolled students prior to date.

**Grading:**
Tsinghua SEM Professors will grade the students based on the following:

- 20% pre-trip project assignment
- 20% second group assignment
- 40% final group project
- 20% class participation and class attendance
- Students must receive a “B” or better to receive Stern credit which corresponds to “79-70” or “Good” on Tsinghua’s grading scale:

<table>
<thead>
<tr>
<th>Score</th>
<th>Grade</th>
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<tbody>
<tr>
<td>100-90</td>
<td>Excellent</td>
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<tr>
<td>89-80</td>
<td>Very Good</td>
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<tr>
<td>79-70</td>
<td>Good</td>
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<tr>
<td>69-60</td>
<td>Pass</td>
</tr>
<tr>
<td>59-0</td>
<td>Failure</td>
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</tbody>
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**Study Groups:** Pre-assigned and announced on/or before April 18, 2007 for introduction and assignments review. Group size is 3-4 students per group.

**Access to computer labs, library and research facilities:**
All students will have complete access to computer labs, library and research facilities at Tsinghua School of Economics and Management.

For academic questions, please contact Jodie You, Tsinghua SEM Director of the MBA International Programs. E-mail: youh@em.tsinghua.edu.cn

**First Assignment - Briefing Book** (due before arrival in Beijing)

**Description:**
As part of the preparation for the *Doing Business in China* program, the first assignment will be the creation of a briefing book containing useful information on the business, economical and social environment of China.

To create the briefing book, each study group must prepare a report on a specific area of interest (please refer to the Guidelines section below) and send it by email to Trent Xie at xiequn@em.tsinghua.edu.cn before April 27, 2007 and to the International Programs Office for the compilation of a Briefing Book. Some topics will be covered by more than one study group.

The complete Briefing Book will then be distributed to each student on Friday, May 7, 2007 through the International Programs Office at Stern.
Guidelines

Format:
• Each study group selects a topic to work on as a group.
• Length: 7 pages maximum (no less than 5)
• Font: 12 point Arial, single spaced with an extra space between each paragraph
• Each group can attach additional items such as tables, charts, suggested websites, readings and so forth that do not count in the suggested length
• Do not use any headers or footers
• Do not insert any page numbers
• Organization of the report-
  o The report should have 3 major sections:
    i. General introduction to the Topic;
    ii. Specific responses to the topic area; and
    iii. Conclusions

Topics: Please answer all of the questions in the selected topic area.

1. China Political System and Legal Environment
   a. Structure of the national and provincial governments.
   d. Political systems comparison with Hong Kong, Macau, and Taiwan.
   e. Corruption: law, policies and administrative mechanisms to reduce corruption

2. Chinese Social Configuration
   a. China’s social structure: Demographics, changes in the last five years.
   c. Geographic Facts: Land Area (square miles), Persons Per Square miles.
   d. The migrant workers: survival in the city.
   e. Youth consumption trend.

3. China Macroeconomic Situation
   a. Evolution of main economic indicators in the last 25 years: GDP, economic activity, construction activity, industrial activity, CPI, unemployment, investment.
   c. Macro-economic control and impacts.

4. China External Sector
   b. China’s balance of payment analysis. Evolution of international reserves, foreign direct investment, trade in services, etc between 1990 and 2006.

5. **Banking, Financial Institutions and Financial Markets**
   a. Past and present state of the Banking system. The role of the Central Bank and China Banking Regulation Commission.
   c. Financial markets. Main markets and institutions.
   d. Corporate financing channels and challenges.

6. **Fiscal & Exchange Rate Issues**
   b. Exchange rate. Tension with US. Inflation.
   c. IMF. Past and present relationship between China and the International Monetary Fund.

7. **International Mergers & Acquisitions**
   a. International M&A: cases (IBM/Lenova, Thomson Media/TCL)
   b. FDI and impacts

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**Second Assignment - Private Equity**

**Guidelines**

**Due:** Monday, May 21, 2007

**Format:** Hard Copy
- In assigned study group
- Length: 2 pages
- Font: 12 point Arial, single spaced with an extra space between each paragraph

**Content:**
Please answer the following questions:
1. If you were working in a private equity fund in the U.S. which is willing to invest in China:
2. Would you consider investing in China? Why?
3. Which industry looks attractive in order to invest? Why?
4. Which entry strategy would you use in case that you decide to invest in China?

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**Final Project**

**Guidelines**

**Due:** Friday, May 24, 2007
Format: Hard Copy and Power Point presentation.
Each group will be required to prepare a Power Point presentation to be presented orally in the last day of classes to the DBI in China Class.
  • In assigned study group
  • Length: 13 slides
  • The oral presentation should last between 20 and 30 minutes

Content:
1. Please select an American Company that is not currently operating in China and that you consider that would be attracted to expand its operations to the country.
2. Address the following issues:
   a. Strategic opportunities for this company to expand its operations to China (1 slide)
   b. Industry analysis (6 slides)
   c. Target market assessment (2 slides)
   d. Business Model: How to adapt it in order to succeed in China (3 slides)
3. Conclusions (1 slide)

COSTS

Program Fee:  $2000

Included in the Program Fee:
  • Eleven half-day lectures (33 classroom hours) with all readings, audio-visual content, and other educational materials for the tour
  • Examination and grading of the participants
  • Four company visits
  • One-day sightseeing: Great Wall
  • One Chinese culture activity: Forbidden City
  • All bus trips (including company visits and cultural activities)
  • Room for 13 nights with 13 breakfasts (double occupancy rooms)
  • 13 lunches
  • 1 reception and 2 dinners (welcome dinner and farewell dinner with Tsinghua MBA student representatives)

Transportation to/from Beijing, China:
Students must arrange and pay for their transportation to/from Beijing, China and to/from the airport. Students must arrive at the hotel on Sunday, May 13, 2007 and plan to depart from the program on the morning of Saturday, May 26, 2007. Students are free to travel independently before or after the course at their own expense.

  • To Corporate Visits:  Transportation to and from all corporate presentations is included in the DBI program fee.
• To Group Events: Group program activities include transportation. It is included in the DBI program fee.
• To Personal Activities: Not included in the DBI program fee – at student’s own expense.

Program Fee Payment and Refund Schedule:
See Registration and Bursar Schedule

Helpful Links:

DBi Policies: http://w4.stern.nyu.edu/academic/affairs/international.cfm?doc_id=5932
DBi Guidelines: http://w4.stern.nyu.edu/academic/affairs/international.cfm?doc_id=5934
DBi Registration and Refund Policy:
http://w4.stern.nyu.edu/academic/affairs/international.cfm?doc_id=5932

Tsinghua University: http://www.em.tsinghua.edu.cn/english/
China National Tourism Office: http://www.cnto.org/
World Trade Organization: http://www.wto.org/
International Monetary Fund: http://www.imf.org/