VENTURING TOGETHER

Gaining initial understanding in a joint venture is crucial, writes Neil Selby, Director of Executive Education for CKGSB (Europe).

It’s all in the tone. Pronounced correctly, the cheng yu, or four-character proverb ‘Tong Chuang Yi Meng’ (同床异梦) means ‘Same Bed. Different Dreams’. However, assign the wrong tones and the same four words become (痛窗遗猛), or something akin to ‘Howls of Pain from the Window’. While still unlikely that someone would confuse the two, those working internationally know that what initially seems a clear, concise understanding can be misinterpreted over time.

However, there are ways to align parties in a joint venture. Some are obvious, such as establishing trust during due diligence, drafting common goals and clarifying reporting lines, job descriptions and responsibilities. Partners should also commit to utilising even-handed governance and keeping open channels of respectful communication.

However, those in international joint ventures often neglect developing an appreciation of ‘place’ – the background, culture and motivations of the other party – and how much these emotional factors influence rational decision-making. As a result, when one party feels that these issues are being disregarded, what seem like insignificant ‘soft’ misunderstandings at the outset can quickly amplify into intractable ‘hard’ issues.

Therefore, in searching for ‘place’ – some sort of identity or recognition of value – joint partnership motives may not be profit-driven. Especially in China, objectives may be as much competitive as collaborative – rationally expressed as a desire to access technology, know-how, new products and processes, but psychologically experienced as a desire to regain ‘place’ in the world.

Successful joint ventures can anticipate ‘place’ imbalance by immediately scheduling Executive Education programmes sponsored by their CEOs to develop and align strategic understanding of common goals at all organisational levels.

Cheung Kong Graduate School of Business (CKGSB) recently led an Executive Education initiative, which brought together groups of Chinese and Europeans together to discuss preconceptions and to ‘clear the air’. A Chinese participant memorably spoke of Europeans as ‘white horses’ (白马) – formal, reserved and rational - whilst the Chinese, he felt, were ‘black horses’ (黑马) – energetic, unpredictable and emotional. The insight allowed both groups to explore their underlying feelings towards cooperation and to establish common platforms of mutual understanding.

And this leads back to ‘Same Bed. Different Dreams’. When partners share the same bed, background, culture motivations – and tone – matter.

Since its founding in China ten years ago, CKGSB has been committed to business education that explores how the future of global business is being shaped and how leaders from around the world, whether in business or government, can best engage with China. Its alumni base constitutes a Who’s Who of Chinese business, providing unparalleled opportunities for European companies to understand how China is changing and to network with the most influential East Asian executives. For more information visit www.cheungkong-gsb.com