JOIN THE GROWTH RUSH

Neil Selby, Director of Executive Education for CKGSB (Europe), discusses Chinese firms’ increasing demands to secure Western brands and companies

As the world’s leading valuation consultancy, American Appraisal, Chinese companies are now doubling their offers for European assets in a rush to secure brands, technology and resources.

Amongst the reasons cited for Chinese buyers paying up to eleven times EBITDA (earnings before interest, taxes, depreciation and amortisation) is the increased number of Chinese companies actively pursuing outbound opportunities. Other factors include a closed Chinese IPO market, high levels of cash and a government seeking access to intellectual property. Such ‘Outward to the World’ companies comprise state-owned Chinese enterprises, listed groups and private entrepreneurial ventures in varied industries – all looking for European acquisitions. To describe this phenomenon, the Chinese have a phrase: 投怀送抱 (tōu huái sòng bào) – literally rushing into another’s arms.

European companies should capitalise on the rush of acquisition activity by anticipating the inevitable opportunities this will bring. One way to prepare is by attending CKGSB’s September ‘China Strategy Challenge’ in Lausanne, a unique Executive Education programme delivered in cooperation with IMD business school. Sessions bring together 45 entrepreneurial chairmen and CEOs from a broad range of Chinese companies with a select group of 30 like-minded European senior executives from a wide range of industry and service organisations.

Particularly beneficial is the innovative ‘China Strategy Challenge’ structure. Two disparate but concurrent Executive Education programmes follow independent paths; one teaches Chinese entrepreneurs about European business opportunities whilst the other opens by familiarising European senior executives with similar opportunities in China. Then the paths diverge. After a day and half of separate contextual framing, both groups come together to explore the challenges of cross-cultural partnership and to collaborate on co-operative solutions.

While cross-cultural dovetailing of Executive Education programmes are unusual in a European context, CKGSB’s Chinese and European participants rate such experiences very highly. In a post-programme evaluation, 94 per cent agreed that such programmes help them to understand the challenges, opportunities and the perspective of potential European partners. “We have different backgrounds and different ways of thinking,” says Yi Yang, Chairman of one of the world’s largest alumina trading companies. “[However,] we learn a lot from each other when CKGSB brings us together.” Lord Aldington, former Chairman of Deutsche Bank UK agrees: “It is interesting to see, through CKGSB’s innovative approach, how much the Chinese and Europeans have in common, as well as learning about the challenges and opportunities on both sides.”

In addition to commodity producers and traders, the ‘China Strategy Challenge’ cohort of Chinese participants includes chairmen and CEOs of several billion dollar food groups, fashion, construction companies, financial services, real estate development, media companies, e-commerce service providers, textile producers, furniture makers and pharmaceutical producers.

Enrolling on the cross-cultural journey of the ‘China Strategy Challenge’ programme offers an unprecedented opportunity to access the knowledge and networks critical for success in China.