



Businesses Walk the Olympic Tightrope

Managers must understand the risks and rewards of the Chinese market

By Scott Kronick and Walker Frost

Wanted:

Experienced manager with entrepreneurial instincts, strong communications skills and an ability to balance multiple tasks while walking a tightrope

Does this job description look familiar?

Consider that 10 years ago a quote in a local press article might go unnoticed by clients, competitors or even your bosses in a headquarters office on the other side of the world. Today, however, what you say in China can be heard in New York, London, Moscow, Sao Paulo and virtually everywhere

else. And equally, what your CEO says in those markets is heard in Beijing. When the news relates to planned activities and controlled situations, there is not too much to worry about. However, when unexpected issues and crises arise, the challenge for today's China business manager is how to be open, honest and genuine, without being seen as a spinmeister. The unprecedented scrutiny that this summer's Olympics has brought only serves to increase the complexity of the China manager's job, making tightrope-walking skills a prerequisite.

A common belief we hold at Ogilvy PR is that a brand is only successful if and when the local market says it is. This means that brands must be built

in China with a deep understanding of the rules and regulations of operating here, knowledge of what matters most to the government and sensitivity for Chinese consumers' feelings, beliefs and motivations. For most companies, what a manager does in China should match what peer managers are doing elsewhere in the world. However, in today's world this is not always possible, or even desirable.

We have seen a number of incidents recently that highlight the challenge of this balancing act. In April, the French supermarket giant Carrefour faced a crisis in China after the Paris City Council voted to grant honorary citizenship to the Dalai Lama and one of the company's individual board members was alleged to have a connection with him. Similarly, during last year's export-quality crises, a number of companies faced scrutiny after they appeared too quick to blame poor manufacturing and a lack of control by the Chinese Government, rather than taking responsibility themselves.

More recently, multinational companies were targeted by consumers and netizens in China because rumors abounded that foreign firms were not making timely or sufficient disaster-relief offerings following the earthquake.

The more than US \$97 million in cash, goods and services that AmCham-China member companies have donated tells a different story, but the whispers were enough to cause headaches for CEOs.

Conversely, many companies with strong, visible presences here have come under fire in the United States for their China success in, and support of, the nation, particularly in this Olympic year. We have seen this on television and in the news surrounding the Olympic Torch Relay. Meanwhile, many sponsors have been put under the microscope for their connection with the Games. Much of this controversy is driven by effective and aggressive NGOs (non-governmental organizations), but there are also other forces at play. As one US government-relations expert told us recently, “people in Washington wake up needing someone to hate. This year, it has been China.”

As the Beijing Games approach, companies are busy planning for every contingency, including the potential for backlash over unforeseen events. To succeed and to survive unscathed in this environment, decision makers need to be skilled tightrope walkers and effective communicators. To prepare, there are a number of things your company can do to be ready for a range of adverse circumstances:

1. ISSUES/CRISIS AUDIT

Smart and truly skilled business leaders go through rigorous contingency planning well before any crisis arises. They conduct sessions with their management teams to identify any issues that may adversely affect their business, both in China and globally, and then rank them on scales of impact and probability. For Olympic sponsors, examples of potential issues include incidents surrounding human rights, operations, security and sponsored athletes. For companies not directly involved in the Olympics, the list should reflect a number of ongoing challenges

such as natural disasters, labor issues and supply chain difficulties.

2. PREPAREDNESS PLANNING

The next step for a company is to visualize how they should prepare and respond to such crises. In this phase,

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the crisis-management team matches employees with responsibilities and develops templates specifying who needs to take what actions and what they should communicate. These messages should be tested in advance with local and global consumers to understand how they will be accepted.

3. STAKEHOLDER ENGAGEMENT

All the preparation in the world will not help without having a solid network of strong relationships established well in advance of any problems. Communicators need effective channels to deliver messages, as well as pre-existing relationships with the many stakeholders who influence the discussion. These stakeholders could include media, government or NGO groups. You don't necessarily need to agree with every position of all of the people you are meeting, but having open lines of communication will help in good times and bad.

4. ACTIVE MONITORING

The truly successful companies are those that are able to keep an eye on operations everywhere in the world. Do-

ing so allows a company to understand what is happening daily and hourly, a particularly important objective for custodians of a brand. This entails carefully following and studying traditional media—print, television and radio—as well as new Internet media channels. Recent and current US presidential campaigns have demonstrated how, with obsessive focus and constant, active monitoring, organizations that keep their ears to the ground can address the issues of the moment with messages that work anywhere in any country.

5. CHINA IMMERSION SESSION FOR GLOBAL COLLEAGUES

The last step is one that is too often forgotten. We frequently hear of managers facing daunting challenges in China simply due to a lack of understanding and appreciation for what is actually happening on the ground. The most effective companies conduct active China immersion sessions for their managers, both inside China and back in the United States, in an ongoing effort to bring management teams closer to understanding the unique challenges of operating in China.

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Most managers will inevitably be forced to address sensitive issues—perhaps even a crisis—at some point while operating in China. The potential for problems during the Olympics increases exponentially. Though you cannot control what may happen, you can control how prepared you are to respond, and in the end that is what matters most. Tightrope-walking may seem intimidating at first, but with the proper practice and necessary preparation you will find the balance you need to react to issues quickly and stop major problems from developing. 🇨🇳

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