

GENE J. HSU

SOLVING CHINA's UNKNOWN UNKNOWNNS

TRAINING BLUEPRINT



Create Winning Communication Patterns in the New Normal of China's Rise and Influence

BRIEF OVERVIEW

This TRAINING BLUEPRINT is the workbook for an online course and program called **Solving CHINA's Unknown Unknowns to Negotiate Winning Outcomes**. The full program includes a China mastermind community and weekly Zoom calls, but this workbook can be utilized as a standalone, self-guided development program.

- <https://www.genejhsu.com/> - visit to enroll or register for the latest workshop

This program is designed to trigger your IMAGINATION by forcing you to consider alternative scenarios and realities that empower you to THINK DIFFERENT.

The primary goal is to create more **positive communication patterns** that will lead to more favorable outcomes in China and with Chinese partners.

WARNING! Consuming the content without diving deeply into the worksheet exercises will not enable you to create a new China reality.

Before you begin, please sign the PLEDGE PAGE as your commitment to be open to new ways of thinking, behaving, and responding.

Finally, this journey upon which you will embark is continuous, and with the right ATTITUDE, it will lead to a more rewarding experience than you can currently imagine.

We also welcome you to join our private Solving CHINA's Unknown Unknowns Mastermind Community (no purchase required).

- www.facebook.com/groups/scuus/

WELCOME MESSAGE

We all want BETTER RESULTS doing business in China and with Chinese people, which in today's NEW NORMAL is likely in more places than ever before.

You probably already know something about China and Chinese culture, and you've likely read and experienced both good and difficult aspects of working with Chinese people. You may have even received and advised others about what works and doesn't work.

Secretly, you might complain about unfair or unethical practices that occur in China, as well as many aspects of Chinese behavior that continue to be very FRUSTRATING. You genuinely like Chinese people and have become friends with many, but sometimes you wish they had more "common sense," were easier to communicate with, and perhaps NOT so nationalistic.

The point is, you perceive them as great people, but with a distorted worldview that you feel is INFLUENCED by propaganda and state-controlled media, which is partially true but **irrelevant**. This program will show you WHY in a broader context it is completely IRRELEVANT where their perspective and ideas originate.

"It is what it is," as the saying goes...

If you accept that there is such a thing as CULTURE and CULTURAL DIFFERENCES, let this MINDSET guide you to absorb the concepts and ideas in this program and for completing the exercises designed to help you develop a winning **attitude, mindset, and approach**. Otherwise, you might learn something but NOT achieve a better outcome, and the INTERACTION PATTERNS with your Chinese counterparts will remain frustratingly the same.

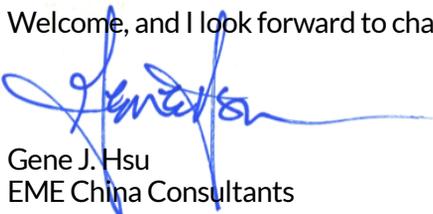
This program and workbook is your FOUNDATION and the key to conditioning yourself to THINK DIFFERENT.

I will continuously remind you to use more POSITIVE IMAGINATION and PURPOSE-DRIVEN CURIOSITY because knowledge in a vacuum WILL NOT help you influence others more positively. Instead, it is HOW YOU ARE PERCEIVED that moves the needle forward.

Your journey to win the China game is to apply new thinking to positively influence your Chinese counterparts by MANAGING PERCEPTIONS, theirs and your own. I strongly encourage you to join our weekly Zoom sessions to socialize your unique interactions with Chinese people in different situations.

- **Gain an alternative perspective** and develop a new way of thinking
- **Develop a different approach** that's more collaborative and sustainable
- **Condition yourself with a healthier ATTITUDE** and MINDSET that becomes natural and more intuitive over time

Welcome, and I look forward to chatting with you very soon.



Gene J. Hsu
EME China Consultants

Solving CHINA'S Unknown Unknowns **Negotiate Winning Outcomes**

SIGN, PRINT, & POST THIS PLEDGE PAGE



I pledge to use more positive imagination and curiosity

SCUU PROGRAM OUTLINE

MODULE 1: CULTURAL DICHOTOMIES

Analyze and dissect Chinese CULTURAL DICHOTOMIES with the West to trigger greater imagination and develop a foundation for understanding the rules of playing and winning the proverbial China game.

- Lesson 0: Winning Mindset Framework (Foundation)
- Lesson 1: Negotiations
- Lesson 2-1: Truth
- Lesson 2-2: Truth Default
- Lesson 3: Trust & Guanxi
- Lesson 4: Fairness & Values
- Lesson 5: Authority

MODULE 2: CIRCULAR CONVERSATIONS

Learn the peculiarities of how Chinese people communicate through a breakdown analysis of CIRCULAR CONVERSATIONS + tools, tips, and tactics to deescalate negative dialogue to make your assertions more comfortable to accept.

- Lesson 1: Men Are From Mars
- Lesson 2: When we ask WHY?
- Lesson 3: Instruments of Harmony
- Lesson 4: Form, Essence, Substance
- Lesson 5: A Broken Clock

MODULE 3: CHINESE NEGOTIATIONS

Learn Chinese tendencies that resemble Art of War (AoW) tactics and counter them to gain an advantage during negotiations.

- Lesson 1: Lessons from Dr. Strange
- Lesson 2: Time
- Lesson 3: The Art of War
- Lesson 4: Proactive Listening
- Lesson 5: Guanxi Engine

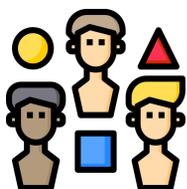
MODULE 4: WINNING COOPERATION

Translate all the knowledge, insights, and strategies acquired into sustainable, long-term cooperation with your Chinese partners and employees.

- Lesson 1: The Honeymoon Period
- Lesson 2: Goodwill Extraction
- Lesson 3: Race to the Bottom
- Lesson 4: Non-financial Goodwill
- Lesson 5: Embrace Uncertainty

Conditioning the **CONTROLLABLE** to win the China game!

PERSONAL DEVELOPMENT ROADMAP



Module 1 Cultural Dichotomies

- **KNOWLEDGE & INSIGHTS (AWARENESS)**
- Explore new ways of thinking to dissolve harmful myopic tendencies
- **KEY: *Imagination, Curiosity***



Module 2 Circular Conversations

- **ENGAGEMENT & INTERACTIONS (EQ)**
- Review the idiosyncrasies of Chinese communication to lead more effectively
- **KEY: *Awareness, Empathy***



Module 3 Chinese Negotiations

- **DEAL MAKING & RELATIONSHIPS (ART OF WAR)**
- Analyze Chinese values, mindset, and tactics to gain strategic advantages
- **KEY: *Attitude, Perspective***



Module 4 Winning Cooperation

- **LONG-TERM RESULTS & OUTCOMES (MINDSET)**
- Examine how to develop REAL Guanxi relationships to unlock its full potential
- **KEY: *Attitude, Mindset, Approach***

FOUNDATIONAL LESSON: **Winning Mindset Framework**

Before diving into the first lesson, let's make sure you have a healthy MINDSET, so you aren't just consuming content without any intention or purpose.

Begin by asking yourself:

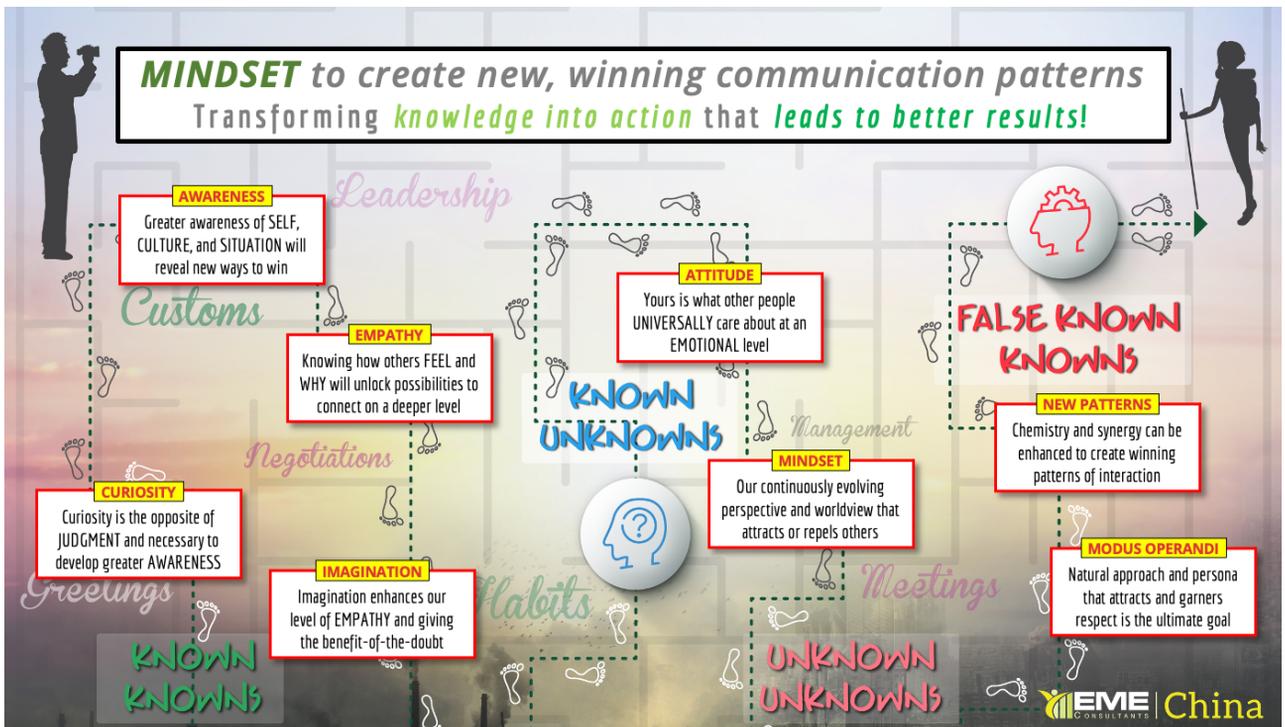
- **Are you frustrated** with how we communicate
- **Are you fearful** of how I might behave
- **Are you skeptical** that you can trust me, much less empower me with critical decision-making authority

Whenever you ever feel this way toward your Chinese partners or employees, **you create negative subconscious biases** that steepen the incline you must traverse to realize a desirable outcome.

Your **MINDSET becomes an impediment** that creates counterproductive feelings and a negative attitude that affects how you communicate and are perceived. Negative interaction patterns will emerge without proactively managing the perceptions of those you seek to lead and influence.

Sometimes you may be able to achieve a short-term win by force and authority. But it is unlikely to last, which is why this program focuses on the **triggers and means** to create new, positive communication and interaction patterns.

Studying cultural dichotomies will add to your intelligence, but knowledge by itself will not influence behaviors nor change outcomes. We will emphasize words, like '**imagination**,' and put them into a framework to help you visualize and activate new ways of thinking to develop a winning approach that will enhance the communication patterns you experience in China.



WINNING MINDSET FRAMEWORK

1 // Which factor has the most **influence on Chinese behavior**? Why?

% ATTITUDE / PERSONA

% MINDSET / PERSPECTIVE

% APPROACH / ACTIONS

2 // When was the last time (or how often) you were **curious with purpose**?

3 // How often do you use **positive imagination** to give a benefit-of-the-doubt?

4 // Do you believe you have **false known knowns** about Chinese culture?

False Known Knowns are things you believe to be true that are false in different cultural context



**ACTION
STEP**

SHARE INSIGHTS Post one of your answers in the **SCUUs Facebook Group** use the hashtag **#mindset**

MODULE 1: CULTURAL DICHOTOMIES

You'll hear me say repeatedly to utilize more POSITIVE IMAGINATION in calibrating your perceptions, but I fully realize that this is easier said than done. Our biases, based on our real-life experiences, have shaped who we are, so it is understandably counterintuitive to believe something different than what is familiar.

For this reason, we begin our journey by exploring Chinese CULTURAL DICHOTOMIES with the West to trigger our imagination and begin developing a foundation for understanding the rules of playing and winning the proverbial China game.

Insufficiently considering cultural dichotomies will lead to easily preventable frustration and disappointment, as these are states of mind, not outcomes.

LESSON 1: NEGOTIATIONS

Is there a difference between communicating and negotiating?

If you are familiar with Chinese FACE-giving culture, it may be useful to reimagine every compliment or word-of-praise as part of negotiations. Because from the point-of-view of your counterparts in China, IT IS!

In practical terms, every new encounter or relationship in China is TRANSACTIONAL, and the continual exchange of GOODWILL will lead to the outcomes you will ultimately experience. Therefore, we encourage you to imagine GUANXI, which is based on the continuous exchange of goodwill, as the engine that drives everything in China.

Before you assume "goodwill" in China is just another word for bribery or corruption, we need to socialize how Chinese reciprocity works in practice by illustrating Chinese negotiations as a cultural dichotomy. The goal of this lesson is to trigger your IMAGINATION towards a different and more positive attitude so you can begin to:

1. THINK DIFFERENTLY (mindset) about Chinese gestures and behaviors
2. RESPOND NATURALLY (approach) with an attitude that benefits your long-term goals (perception management), rather than slowly and unintentionally sowing resentment and mistrust

NEGOTIATIONS

1 // How do you feel about **compliments** or **words-of-praise** from Chinese?

% SINCERE

% DISINGENUOUS

% OTHER

2 // Are you aware how your feelings **affect your attitude**?

3 // How does your attitude **affect the level of trust** others feel towards you?

4 // What biases can be **reimagined (reinterpreted)** for a more positive attitude?



**ACTION
STEP**

SHARE INSIGHTS Post one of your answers in the **SCUUs Facebook Group** use the hashtag **#negotiations**

Reimagination Essentials

MINDSET ADJUSTMENT#1

“Giving FACE or false praise isn’t lying nor being disingenuous. It’s a show of ***respect and goodwill.***”

Jot down why this may be difficult and assumptions that would overcome it.

LESSON 2: TRUTH & TRUTH DEFAULT

I believe there is a universal default assumption that most people have when they communicate. **We should all agree on what's TRUE or FALSE as a starting point.**

How would it affect your APPROACH for communicating or negotiating **if the other party had a different concept or understanding of TRUTH?**

In our case, it is beneficial to **assume a different TRUTH definition** when dealing with people from China, as long as **they aren't pre-judged negatively**. We MUST internalize having a different concept of TRUTH doesn't make people liars or untrustworthy.

It's also worth recognizing that definitions and translations of the words 'truth' or 'fact' also differ from their cross-cultural applications, leading to another source of misunderstanding that reinforces **negative cultural biases: our natural perception of people's honesty and intentions.**

In this lesson, we will analyze the cultural dichotomy of TRUTH and what is known as TRUTH-DEFAULT.

Cultural Dichotomy of TRUTH

While we are admittedly generalizing, the purpose of these exercises isn't to stereotype or judge others. We want to objectively visualize natural behaviors and responses at their extremes to become more accepting of their differences. Here, IMAGINATION plays a crucial role in fostering more empathy and understanding.

- Westerners tend to think in **ABSOLUTE truths** (facts and literal meanings) and speak directly
- Chinese tend to believe in **RELATIVE truths** and communicate in a figurative "face-saving" style (indirect)

Chinese will subconsciously dismiss and emotionally reject most attempts by foreigners to justify their assertions. In their mind, your suggestions imply something that is both negative and misunderstood, meaning they believe your assumptions are irrelevant and out-of-context, which they very likely are from their perspective.

You shouldn't expect Chinese people to be willing or able to articulate their thinking across language and cultural barriers. Therefore, they naturally try to offer explanations that sound like excuses and justifications that feel like overreaching rationalizations, which is WHY these conversations feel and become circular.

The SOLUTION to bring circular conversations to an end requires that you refrain from reiterating "valid" points, even though you believe they reinforce your position. Instead, condition yourself to **accept implausible explanations** realizing that the path for influencing Chinese behavior isn't through traditional means of logic and persuasion.

Remember, the key to eliminating circular conversations is to **proceed to the next topic as seamlessly as possible**. It is culturally appropriate to leave things ambiguous, as Chinese people tend to assume things will naturally resolve themselves at the end (船到桥头自然直 chuándàoqiáotóu zìránzhí).

TRUTH & TRUTH-DEFAULT

1 // How is your **default trust level** toward strangers affected?

SAME NATIONALITY

SAME ETHNICITY

SAME NATIONALITY & ETHNICITY

SAME GENDER

SAME ALMA MATER (SCHOOL)

SAME BIRTHPLACE (CITY, REGION)

NOTE: It is reasonable to assume that these biases affect perceptions of trustworthiness and are proportional to one's innate truth-default.

2 // What is your **truth-default** toward strangers?

- Default-Truth** towards EVERYONE _____
- Default-Truth** towards STRANGERS if _____
- Default-Skepticism** towards EVERYONE _____
- Default-Skepticism** towards FOREIGNERS who are _____

3 // What tactics might enable you to align with **conflicting relative truths**?

NOTE: There may be a wide chasm between what is factually true in one context (situation) versus another



**ACTION
STEP**

SHARE INSIGHTS Post one of your answers in the **SCUUs Facebook Group** use the hashtag **#truth**

Reimagination Essentials

MINDSET ADJUSTMENT#2

“Our goal isn't to become more persuasive. Instead, it is to ***positively influence*** others with words, actions, and gestures via a ***healthy attitude.***”

Jot down why this may be difficult and assumptions that would help overcome it.

LESSON 3: TRUST & GUANXI

How do you decide 'when' and 'if' you can TRUST someone? Is it based on intuition (feelings), or do you utilize a set of indicators to aid your judgment?

By now, you should recognize that our perception of TRUTH varies significantly, and consequential misunderstandings will likely follow if discounted or ignored, impeding efforts to create greater TRUST.

Did you know the meaning of TRUST for Chinese and Westerners is different? Since TRUST is crucial for better cooperation, it is vital to understand how our expectations differ regarding those we choose to TRUST.

- Most Americans or Westerners believe a person's trustworthiness is based on whether someone is perceived as **fair-minded, honest, and generous**. In other words, it would be hard to trust someone perceived as selfish, even if they were truthful.
- Chinese equate a person's trustworthiness as the likelihood they will **reciprocate favors, goodwill, and exchange compliments** known as the 'giving and receiving Face.' TRUST has virtually nothing to do with truthfulness or fairness, and it has more to do with behaviors most Westerners perceive as corrupt.

With this dichotomy, **would you still consider TRUST the cornerstone of your cooperation in China?**

Chinese businesses and society run on what I call the **Guanxi engine**, which drives decision-making and transactions forward (more about the Guanxi engine in Module 3 Lesson 5). The **continual exchange of goodwill and reciprocity** is the basis for developing and maintaining Guanxi relationships in China, which has several categorized levels.

L1 Shengrun (生人) - stranger

- Outsiders (Xenophobia)
- History of foreign interventions/occupation
- Political propaganda
- Nationalism

L2 Shuren (熟人) - acquaintance

- Distant friends and colleagues; acquaintances

L3 Zijiren (自己人) - insider

- Smaller groups of close friends

L4 Jiaren (家人) - family (highest level)

In contrast, Nepotism is expected in Chinese culture, compared to the negative connotations it receives in Western societies.

TRUST & GUANXI

1 // What do you EXPECT from business partners or associates you trust?

PREFERENTIAL TREATMENT

INSIDE INFORMATION

DIRECT HONESTY

COMPASSION & SYMPATHY

2 // What gestures cross the line between acceptable support and ethics violation?

3 // Do you consider giving compliments (ass-kissing) an ethics violation? Explain.

4 // To what degree are biases toward Chinese goodwill just semantics? Be honest.



**ACTION
STEP**

SHARE INSIGHTS Post one of your answers in the [SCUUs Facebook Group](#) use the hashtag #trust

Reimagination Essentials

MINDSET ADJUSTMENT#3

“TRUST is always correlated with ***expectations***, conscious and subconscious, so we should focus our attention on ***Chinese expectations*** as a gateway to gaining trust.”

Jot down why this may be difficult and assumptions that would help overcome it.

LESSON 4: FAIRNESS & VALUES

Business relationships prosper when all sides feel the arrangement is FAIR and equitable, but this rarely happens in practice because everyone has a different perspective about their contribution and relative value. Plus, we all have some level of selfishness that has evolved from our self-preservation instincts.

When we engage in foreign business, most of us try to be FAIR, even generous with our foreign partners and colleagues. Still, disappointment inevitably ensues when we fail to understand what other people genuinely value, and we waste the generosity of our goodwill and concessions.

Disappointment escalates our frustration and depresses our attitude in an endless negative cycle. Still, we can break free from this negativity by reinterpreting FAIRNESS in its proper cultural context and discovering new ways to collaborate.

Figurative Illustration from America

At the hands of police officers in Minnesota, George Floyd's death is a perfect illustration of the negative impacts of injustice and perceived lack of FAIRNESS through the eyes of different people having a completely different set of experiences.

The racism, lack of equal opportunities, and the social injustice experienced by most African Americans demonstrate the significance of **systemic inequities** and **historical context**.

- America's dark history of slavery, then segregation, followed by different forms of discrimination amplifies the real and perceived lack of FAIRNESS experienced by most Americans of color
- America's criminal justice system is broken in the sense that it does not and cannot guarantee certain demographic groups of Americans won't continue to experience a disproportional number of arrests, false convictions, racial profiling, and of course, police brutality

Can you empathize with the African American experience?

The China Experience

- The China experience is 100 years of humiliation caused by foreign invaders and colonialists. This embarrassment is the **historical context** from the Chinese perspective.
- The **systemic inequities** perceived by China is the current world order and global institutions that facilitate international trade were all created in 1949 based on Western or foreign values, ideology, and opportunism. China wasn't at the table when America established these rules at Bretton Woods.

It's NOT hard to imagine Chinese discontent and why Chinese and Westerners struggle to align on what is considered FAIR, propaganda notwithstanding.

FAIRNESS & VALUES

1 // **Who should decide** what is considered FAIR for all involved parties?

2 // Should higher level leaders and managers **do more to earn more**?

3 // How should historical inequities **factor into determining fairness**? **Explain.**

4 // How can **perceptions of UNFAIRNESS** be constructively reconciled? **Brainstorm.**



**ACTION
STEP**

SHARE INSIGHTS

Post one of your answers in the [SCUUs Facebook Group](#) use the hashtag #fairness

Reimagination Essentials

MINDSET ADJUSTMENT#4

“Since ***fair & equitable*** is impossible to achieve and maintain, direct your attention to the continual exchange of GOODWILL, which includes giving and receiving FACE.”

Jot down why this may be difficult and assumptions that would help overcome it.

AUTHORITY

1 // How should AUTHORITY be **utilized differently in China** to avoid a backlash?

2 // How can AUTHORITY be **leveraged to create an advantage**?

3 // How can AUTHORITY be utilized to **extend goodwill**? **Examples.**

4 // How can AUTHORITY be **relinquished to increase productivity**? **Brainstorm.**



**ACTION
STEP**

SHARE INSIGHTS Post one of your answers in the **SCUUs Facebook Group** use the hashtag **#authority**

Reimagination Essentials

MINDSET ADJUSTMENT#5

“Obeying people in positions of authority is more of a **public display** than a **prescription for action**, so alternative tactics are necessary to achieve more desirable outcomes.”

Jot down why this may be difficult and assumptions that would help overcome it.

MEN ARE FROM MARS

1 // Jot down the **triggers** of your past circular conversations.

SPOUSE / SIGNIFICANT OTHER

PARENTS / CHILDREN

BROTHERS / SISTERS

CLOSE FRIENDS

COLLEAGUES / MANAGERS / STAFF

CHINESE

2 // What are the **most common triggers** of any circular conversation?



**ACTION
STEP**

SHARE INSIGHTS Post one of your answers in the **SCUUs Facebook Group** use the hashtag **#triggers**

Reimagination Essentials

MINDSET ADJUSTMENT#6

“We are ***active participants*** in our circular conversations, and we can conclude them ***if we own them.***”

Jot down why this may be difficult and assumptions that would overcome it.

LESSON 2: When we ask WHY?

One of the most common lead-in questions to any conversation is to ask **WHY**.

Sometimes we ask WHY out of curiosity, but at other times we need answers to vital questions. In business, we need clear answers to make decisions and take action, but our approach to getting answers often triggers a circular conversation in China.

HOW does this happen, and **how do I get the answers I need if I can't ask WHY?**

Let's first discuss why asking WHY may not work in China.

Two conditions happen in the Chinese mind whenever they are asked WHY from a **person in a position of authority** or when asked something about a negative outcome.

1. They believe you need a 'reason' or 'explanation' to be satisfied, so they oblige - typically telling you what they THINK you want to hear in an attempt to divert attention and unwarranted blame as quickly as possible.
2. They also struggle to provide 'facts' or 'literal truths' because FOR THEM, everything is relative to their emotions and ambitions. This is what RELATIVE TRUTH means in practice.

In a collectivist culture, **it is antithetic for individuals to assume ownership or full responsibility** for outcomes.

When you ask WHY concerning a perceived problem or issue, Chinese people will **pause and often remain silent**. They may also feel some offense and could react forcefully, so it is **vital to be aware of their personas**.

Since Chinese people typically respond based on what they perceive you "want to hear," this creates a range of feelings that you must reconcile with reality.

1. **Skepticism & Doubt** which will likely triggers a circular conversation
2. **Satisfaction & Delight** which eventually leads to disappointment

Don't allow your ego or biases to take over your emotions, as neither manifestation is productive. Your best approach should ALWAYS be to find an alternative, Face-saving path, an INDIRECT PATH, to get the answers we seek.

In the next lesson, we discuss instruments we can employ to influence the dynamics of our conversations.

WHEN WE ASK WHY?

1 // List the **Pros / Cons** of directly confronting an employee "suspected" of stealing?

Pros

Cons

2 // How could you **engage other team members** to get to the truth?

3 // How could you **leverage external stakeholders** (suppliers, customers, etc.)?

4 // **Who else could you empower** to discover the truth? How should you proceed?



**ACTION
STEP**

SHARE INSIGHTS Post one of your answers in the **SCUUs Facebook Group** use the hashtag **#askwhy**

Reimagination Essentials

MINDSET ADJUSTMENT#7

“Chinese culture is ***averse to direct*** confrontation, especially from foreigners, so we should always seek to ***discover an indirect path.***”

Jot down why this may be difficult and assumptions that would help overcome it.

INSTRUMENTS OF HARMONY

1 // When **considering an offer**, rate the importance and influence on your decision:

SUBSTANCE / PROMISE	SOCIAL PROOF / TESTIMONIALS	AVAILABLE ALTERNATIVES	ATTITUDE / TRUSTWORTHINESS
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2 // When trying to be **persuasive**, what do you focus on? **Prioritize.**

FACTS / FIGURES	FUTURE COLLAB / LONG-TERM VIEW	WIN-WIN / PARTNERSHIP
HOW YOU COMPARE TO OTHERS	WHAT OTHERS RECEIVED FROM YOU	YOUR LIKEABILITY

3 // How should you **adjust your approach** when negotiating with Chinese people?



**ACTION
STEP**

SHARE INSIGHTS Post one of your answers in the **SCUUs Facebook Group** use the hashtag **#harmony**

Reimagination Essentials

MINDSET ADJUSTMENT#8

“Think of **sarcasm** at the negative extreme of a person’s **ATTITUDE** and be self-aware WHY **it** matters more than the actual words (substance).”

Jot down why this may be difficult and assumptions that would help overcome it.

LESSON 4: FORM, ESSENCE, SUBSTANCE

In Lesson 1, we connected the universal struggle between the sexes in intimate relationships to communicate effectively as a microcosm of our frustration communicating in China.

In Lesson 2, we dissected a common initial question (Why?) to illustrate how cultural misperceptions can easily lead to circular conversations.

In Lesson 3, we introduced the aspects of our persona that most influence perceptions during negotiations, referring to them as instruments we can master to create harmonies where there was once a cacophony.

In this lesson, we will illustrate some perplexing contradictions about how Chinese people think. When we consider **WHAT** we say and **HOW** we express ourselves, we need to be empathetic to their feelings and emotions because the **nuances (form)** that accompany our **goodwill (essence)** is just as significant as our **offers (substance)**.

Cultural Considerations

Is he/she negotiating for themselves or their organization?

- While form (context) and substance (content) are both important, the offer is more significant when they are negotiating on behalf of themselves.
- When negotiating on behalf of an organization, their Face (form) becomes the more dominant factor because there are multiple layers of recognition to consider.

Do they care more about the short-term or long-term?

- Chinese culture's transactional nature leans their attention to short-term gains (substance) because they believe everything is continuously negotiable (essence).
- They feel it is advantageous to get more on the front end. Still, Chinese people will discuss long-term considerations (form) to bolster short-term concessions, not as an end goal.

Why do they seem non-committal?

- It is beneficial **NOT** to confuse a non-committal response with a lack of interest.
 - When Chinese people receive an acceptable offer (substance), it is in their "haggling" nature to try and extract more because they perceive value (essence) as proportional to how difficult it appears to get consent (form).
-
-
-
-
-
-

FORM, ESSENCE, SUBSTANCE

1 // What do Chinese **care most about** when representing their organization?

2 // Do Chinese care more about **short-term** or **long-term** considerations? **Explain.**

3 // **What are the benefits** of being non-committal during negotiations?

4 // It is advantageous to **speak first** or **speak last** during a negotiations?



**ACTION
STEP**

SHARE INSIGHTS Post one of your answers in the **SCUUs Facebook Group** use the hashtag **#essence**

Reimagination Essentials

MINDSET ADJUSTMENT#9

“Adjust your EXPECTATIONS to develop a healthy ATTITUDE. Act upon them to achieve a favorable OUTCOME.”

Jot down why this may be difficult and assumptions that would help overcome it.

A BROKEN CLOCK

1 // In negotiations, is it more important to be **correct** or **agreeable**? **Explain.**

2 // In meetings, **HOW** or **WHO** decides what is correct in a disagreement?

3 // **How might being WRONG** be an advantage? **Examples.**

4 // What are some benefits of NOT having an answer (ignorance)? **Examples.**



**ACTION
STEP**

SHARE INSIGHTS Post one of your answers in the **SCUUs Facebook Group** use the hashtag **#brokenclock**

Reimagination Essentials

MINDSET ADJUSTMENT#10

“Avoid negotiating details that will likely change as circumstances evolve. Instead, try to ***align on process*** in order to maintain progress.”

Jot down why this may be difficult and assumptions that would help overcome it.

MODULE 3: CHINESE NEGOTIATIONS

In Module 1, we discussed Chinese cultural dichotomies with the West. We focused on employing more POSITIVE IMAGINATION and CURIOSITY to help us "think different" to achieve something new and significantly more rewarding. In Module 2, we dissected and analyzed CIRCULAR CONVERSATIONS as the interaction pattern we most want to improve with our Chinese counterparts.

This module will review tactics and strategies to gain an advantage during negotiations and the WINNING MINDSET needed to prevail.

LESSON 1: LESSONS FROM DOCTOR STRANGE

There is a scene in the Marvel movie *Doctor Strange (2016)* that encapsulates WHY many foreigners struggle to communicate and negotiate successfully in China.

It's when Dr. Steven Strange is preparing to enter *The Sanctum* for the first time to meet *The Ancient One. Mordo* (another master) gives him advice that is soundly appropriate for anyone seeking to improve their fortunes in China.

"Forget everything you think you know."

Most foreigners will experience a **honeymoon period** when they enter China that lasts several days to several months. During this time, a **false reality bubble** distorts the real challenges of managing, leading, and getting things done.

Seasoned China veterans will attempt to enlighten novice travelers by illustrating cultural dichotomies between China and the West. However, **new interaction patterns** will not materialize until they can cultivate greater EMPATHY and AWARENESS to develop a MINDSET for China business.

Most transformational success requires a **MINDSET adjustment** first, which is why most people fail to achieve their aspirational goals.

- When we analyze what other successful leaders do, it seems doable.
- When we observe the successful behavior patterns of our role models, it appears simple to replicate. Just follow their formula for success.

So why are so many smart people disappointed with their reality in China?

Doctor Strange's struggle and journey to master *The Mystic Arts* is a perfect analogy for foreigners entering China. For *Strange*, no amount of knowledge, talent, or past success provided one iota of value in his quest. His past thinking and experience (his myopia) became his main obstacle. *The Ancient One* had to strand him at the North Pole and bring him close to death before he finally broke through.

Whether you are venturing into China for the first time or have developed a comfortable balance from decades of experience, you may still desire to improve presence.

If that's you, I cannot think of any better advice than what *Mordo* said to *Strange* before he first entered *The Sanctum*.

"I once stood in your place, and I too was disrespectful. So might I offer you some advice, forget everything you think you know."

LESSONS FROM DR. STRANGE

1 // What biases or prejudices **do you believe** Chinese people **have**? Why?

2A // In what sense are they **justified**?

2B // In what sense are they **mistaken**?

3 // What biases or prejudices **do you have towards** Chinese people? **Explain.**

4 // How do your perceptions / beliefs **affect your ATTITUDE** towards China?



**ACTION
STEP**

SHARE INSIGHTS Post one of your answers in the **SCUUs Facebook Group** use the hashtag **#strange**

Reimagination Essentials

MINDSET ADJUSTMENT#11

“Forget everything you think you know and ***imagine a positive*** justification before casting blame.”

Jot down why this may be difficult and assumptions that would overcome it.

TIME

1 // Rate your **attention and priority** for each aspect of TIME during negotiations?

PAST (% ATTENTION)

PRESENT (% ATTENTION)

FUTURE (% ATTENTION)

PRIORITY OF THE PAST

PRIORITY IN THE PRESENT

PRIORITY FOR THE FUTURE

NOTE: Some believe communications break down due to a lack of chemistry or synergy, but the root cause is diverging attentions compounded by misaligned priorities.

2 // How **valuable** is your TIME? Do you believe it **is on your side**?

3 // What are **potential advantages / benefits** of having other people wait?



**ACTION
STEP**

SHARE INSIGHTS Post one of your answers in the **SCUUs Facebook Group** use the hashtag **#time**

Reimagination Essentials

MINDSET ADJUSTMENT#12

“The worse move in poker is to ***show your cards***, second worse is to ***show your emotions***. Negotiations in China is a ***game of poker***.”

Jot down why this may be difficult and assumptions that would help overcome it.

LESSON 3: The Art of War (AoW)

Knowledge is POWER.

Knowing HOW the other side thinks and reacts during negotiations will empower you to extract more short-term concessions and long-term benefits. In this lesson, we will examine **Art of War (AoW) tactics** that Chinese people employ during negotiations, sometimes subconsciously as a cultural reflex, to gain an advantage. We will then explore how to use similar tactics in reverse to minimize the TIME needed to discover a mutually beneficial way forward.

- **Scenario 1:** You want to highlight the **future** benefits of greater cooperation, but you realize the representatives you are negotiating with have their attention on the **present**.
- **Scenario 2:** You want to highlight the **future** benefits of greater cooperation, but you had a **past** failed attempt with this company to reach a deal and subsequently missed several opportunities.
- **Scenario 3:** A preventable problem has occurred (**present**), and you want your team to implement (**future**) the lessons learned.

Seemingly simple topics often encounter irrational resistance because of the TIME-perspective disconnects and cultural dichotomies. Over many centuries of war (Sun Tzu) intertwined with Confucian-based philosophies, ordinary Chinese people have developed tactical instincts that frustrate Westerners on the one hand and drive concessions on the other.

Westerners tend to be willing to consent for the sake of saving TIME, often considered their most valuable commodity. While you may not fully grasp the nuances of Chinese culture, rituals, and stratagems (AoW), simple tactics can effectively counter their onslaught of misdirection.

Intentionally VAGUE: When one side that thinks in **absolute terms** negotiates with another that perceives the world in **relative terms**, there is an increasing disadvantage for the party that focuses on specifics.

- **Reason:** Putting all your proverbial cards on the table only provides more insight into the hand you are holding, which compels the other side to continue stalling until the information runs dry. Their response will continue to be non-committal.
- **Solution:** Avoid committing to and asking for specifics, and instead try to **align on the process**.

Deliberately SILENCE: Paying careful attention to what the other side thinks during negotiations will reveal insights and create tactical advantages. Asking questions and articulating your opinions will provide the other side more ammunition against you in the opposite direction. Circular conversations aside, **making assertions create disadvantages**.

Willfully SURPRISED: Flattery takes people off their guard. Plus, it is part of a **Face-giving culture in China** that's central for developing real Guanxi relationships that are the cornerstone for all partnerships. Condition yourself to be **pleasantly surprised** whenever the other side says something.

THE ART OF WAR

1 // What you ever considered or used **Art of War tactics** for negotiations?

2 // What advantages might be created by being **intentionally VAGUE**?

3 // What disadvantages might be caused by saying and/or **revealing too much**?

4 // Why do we **exchange pleasantries** before negotiating?



**ACTION
STEP**

SHARE INSIGHTS Post one of your answers in the **SCUUs Facebook Group** use the hashtag **#artofwar**

Reimagination Essentials

MINDSET ADJUSTMENT#13

“To ***win without fighting*** is to gain an advantage psychologically, tactically, and strategically by whatever means necessary. Silence is a great counter.”

Jot down why this may be difficult and assumptions that would help overcome it.

PROACTIVE LISTENING

1 // Are you **able to LISTEN** to someone that is **uninformed** and/or **ignorant**?

2 // Are you **able to ACCEPT someone's viewpoint** who doesn't share your values?

3 // How **do you FEEL** when others respond without attempting to understand?

4 // How **sincerely do you try** to be EMPATHETIC? Are you self-aware? **Be honest.**



ACTION STEP

SHARE INSIGHTS Post one of your answers in the **SCUUs Facebook Group** use the hashtag **#listening**

Reimagination Essentials

MINDSET ADJUSTMENT#14

“How you ***give full attention*** to the words of your heroes should be replicated for your Chinese partners, employees, and colleagues.”

Jot down why this may be difficult and assumptions that would help overcome it.

LESSON 5: THE GUANXI ENGINE

In this module, we tried to associate the origin of our disconnects (Chinese Cultural Dichotomies) and common gaffes and oversights we make during our interactions (Circular Conversations) with Chinese people to improve our negotiating prowess.

To master negotiating with Chinese people, we began with a lesson from Dr. Strange (Mindset) in the context of a foreign paradigm (Time). We continued with tactics (Art of War) and methods (Proactive Listening) to acquire valuable insights to accelerate (Guanxi Engine) our fortunes on the battlefield (China).

The Guanxi Engine

I like to use *The Guanxi Engine* as a metaphor of how EVERYTHING in China runs. If this engine is missing parts, it will not run. If it isn't properly tuned, it will not run smoothly. *The Guanxi Engine* has three major components.

1. **FACE (Mianzi):** *Giving Face* is how you make other people feel good. *Saving Face* is how you maintain respectability. *Receiving Face* is how you gain respect.
2. **GOODWILL (Reciprocity):** Goodwill is the *currency of exchange* upon individuals in Chinese society. Successful Chinese people keep their *Goodwill account in balance* with many and frequent transactions.
3. **REFERRALS (Connections):** Referrals to organizations, people, and opportunities, both given and received, are the *backbone* of how China runs.

All the pieces of *The Guanxi Engine* need to be properly maintained and always lubricated.

- **Customs (Rituals):** Customary rituals facilitate the exchange of Face, Goodwill, and Referrals.
 - **Expectations (Chinese version of TRUST):** Expectations dictate how willing Chinese people are to engage.
 - **Harmony (Collectivism):** Whenever harmony is disrupted in Chinese society, it creates an undercurrent of hesitation, anxiety, and resentment.
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THE GUANXI ENGINE

1 // How vital are personal relationships for successful business partnerships?

2 // Contrast between a business relationship and Guanxi relationship?

3 // What do you EXPECT from “trusted” business partners? Explain.

4 // What do you believe your Chinese partners EXPECT? Explain.



**ACTION
STEP**

SHARE INSIGHTS Post one of your answers in the [SCUUs Facebook Group](#) use the hashtag #guanxiengine

Reimagination Essentials

MINDSET ADJUSTMENT#15

“If you just ***focus on giving Face*** based on a deep understanding of what Chinese people value, then all challenges will become solvable through cooperation.”

Jot down why this may be difficult and assumptions that would help overcome it.

MODULE 4: WINNING COOPERATION

In the last module, we learned that Chinese cultural tendencies often resemble **Art of War (AoW)** tactics that can grind and frustrate you psychologically when you are on the other side of negotiations.

We also learned some tactics and strategies to counter these advances, but more importantly, how to devise a winning approach based on better understanding WHY Chinese people behave the way they do, HOW they think, and WHAT attitude and mindset adjustments will lead to closer GUANXI relationships.

This module will discuss how to translate all the knowledge, insights, and strategies acquired into sustainable, long-term cooperation with your Chinese partners and employees.

LESSON 1: HONEYMOON PERIOD

Chinese people are some of the world's best hosts, and their Face-giving culture is delightful unless you overthink it as disingenuous. The proverbial HONEYMOON PERIOD is something most visitors in China will experience, but this phenomenon also occurs when joining a new organization, project, or partnership.

HONEYMOON PERIODS create an alternative reality bubble that distorts the real challenges of succeeding in China, so it is vital that you can manage its psychological effect.

1. Recognize it
2. Embrace it
3. Reciprocate it

And most importantly, don't be misled by it because anything nefarious is NOT their intention.

HONEYMOON PERIOD

1 // Describe the difference between a HONEYMOON vs. PROBATIONAL period?

2A // Describe any business-related honeymoon experience. 2B // Duration?

3 // How SHOULD expectations change for both sides after the honeymoon period?

4 // Between host and hosted, what's the proper BALANCE of cultural adaptation?



**ACTION
STEP**

SHARE INSIGHTS Post one of your answers in the [SCUUs Facebook Group](#) use the hashtag #honeymoon

Reimagination Essentials

MINDSET ADJUSTMENT#16

“Chinese respect for hierarchy and their Face-giving culture can ***feel like a perpetual honeymoon period***, but their expectations and inclinations depend on the level of Guanxi.”

Jot down why this may be difficult and assumptions that would overcome it.

GOODWILL EXTRACTION

1 // What's your **recourse** or **remedy** upon agreeing / entering a deal that's unfair?

2 // What are **proper** and **ethical means** to extract more value from a partnership?

3 // What do you think about the analogy that you are **playing the China game**?

4 // What are the **most important rules to follow** for navigating the Chinese arena?



**ACTION
STEP**

SHARE INSIGHTS Post one of your answers in the **SCUUs Facebook Group** use the hashtag **#goodwillexttraction**

Reimagination Essentials

MINDSET ADJUSTMENT#17

“When believe Chinese people are doing something corrupt or unethical, examine the ***level and frequently of reciprocity*** in your relationship.”

Jot down why this may be difficult and assumptions that would help overcome it.

LESSON 3: Race to the Bottom

At the turn of the century, even Chinese people asserted that "China has great hardware, but its software was still underdeveloped." Our fascination with Shanghai and China's megacities with dozens of fortune 100 Chinese companies naturally presumes a modern metropolis with global leaders following similar norms and world-class business practices.

Yes, Chinese companies are following and leading global best practices in many areas. However, Chinese individuals are still part of a collective that expresses individualism behind uniform adherence to traditional Chinese values, habits, and beliefs, generational differences notwithstanding.

Therefore, we need to condition ourselves NOT to react to appearances, words, or rhetoric. Instead, we should discount the "literal" and focus our attention on the PROCESSES that produce progress.

SHRM in China

The challenges of employee attrition are well documented in China, so HR organizations continue to develop People Performance Systems, 360 Peer Evaluations, and Perks & Incentives to attract and retain the best local talent.

Does it work?

Its success is debatable, but companies continue to offer more to attract local talent, which only compounds the perceived lack of loyalty of Chinese employees.

I call this **a race to the bottom**.

There is a misperception that Chinese people only care about money. This perception certainly appears to be correct on the surface, but Chinese people care more about respect and Guanxi, which looms beneath the surface (emotionally).

- **Respect** means there continuously exists the *giving and receiving of Face* with leaders, team members, and the organization.
- **Guanxi** means it always appears that opportunities will be forthcoming.

If you IMAGINE the communication patterns with your staff as an ongoing negotiation, you should discover how to energize and retain local talent to work harder on your behalf.

A RACE TO THE BOTTOM

1 // Brainstorm ideas to increase employee **loyalty & performance** in China

POLICY IDEA #1

POLICY IDEA #2

POLICY IDEA #3

NOTE: Policy ideas can be any incentive, evaluation method, leadership training, company culture, etc.



**ACTION
STEP**

SHARE INSIGHTS Post one of your answers in the **SCUUs Facebook Group** use the hashtag **#racetobottom**

Reimagination Essentials

MINDSET ADJUSTMENT#18

“We establish rules and policies to maintain something, but we need to THINK DIFFERENT to ***develop a winning mindset.***”

Jot down why this may be difficult and assumptions that would help overcome it.

LESSON 4: Non-Financial GOODWILL

There is a common misperception that Chinese GOODWILL is just a friendly word for corruption, so we must analyze its cultural nuances in a relativistic context to avoid potentially harmful negative prejudices and biases creeping into our attitudes.

Is money exchanged as part of Chinese reciprocity?

Yes, in absolute terms, but in relative terms, a much larger portion of Chinese goodwill is non-financial.

Do Chinese people expect bribes or other gifts to expedite favorable decisions?

From foreigners, the answer is generally "No," but from other Chinese, it is likely "Yes" depending on the industry and company. Traditional Chinese businesses and state-owned enterprises will have more frequent "goodwill" exchanges, but the overall trend is moving toward more global compliance standards.

What forms of goodwill are non-financial?

- **Face** is the most common form of goodwill, but praising someone may not translate correctly without the proper attitude.
- **Opportunity** and the perception of receiving more are invaluable in the Chinese mindset.
- **Contrition** displays for minor things is a show of respect.
- **Inside information** allows people to "feel" ownership.
- **Insider invitation** creates a sense of belonging.
- **Non-business socialization** makes business more personal.
- **Sharing hobbies** create deeper friendships.
- **Sharing culture** (food, recipes) creates closer associations.
- **Embarrassment** displays lighten the mood among friends.

As a foreigner doing business in China, it is advisable to **seek** inclusion, **offer** inclusion, and **accept** inclusion in as many forms as possible. Mutual inclusion will deepen the so-called Guanxi relationships vital to EVERYTHING you want to accomplish in China.

NON-FINANCIAL GOODWILL

1 // How can you **show more respect (give Face)** beyond the status quo?

2 // What additional **personal growth & development** opportunities can you offer?

3 // How can you create more **participation** and **sense of ownership**?

4 // How can you **increase the frequency** of interaction and engagement?



**ACTION
STEP**

SHARE INSIGHTS Post one of your answers in the **SCUUs Facebook Group** use the hashtag **#nfg**

Reimagination Essentials

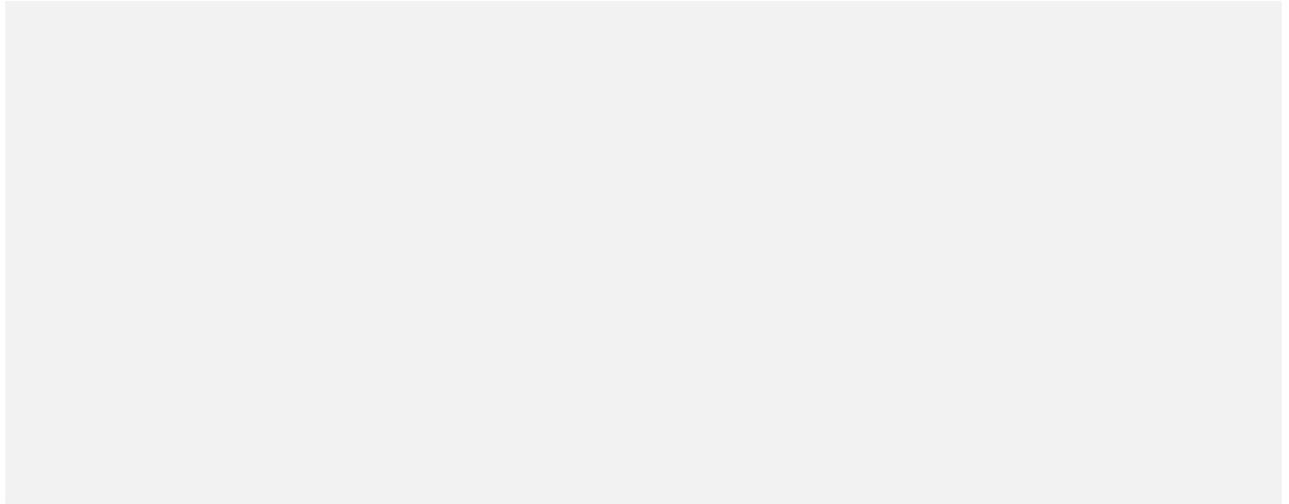
MINDSET ADJUSTMENT#19

“Continuously seek to give Face and offer non-Financial forms of goodwill to your Chinese partners, employees, and other stakeholders.”

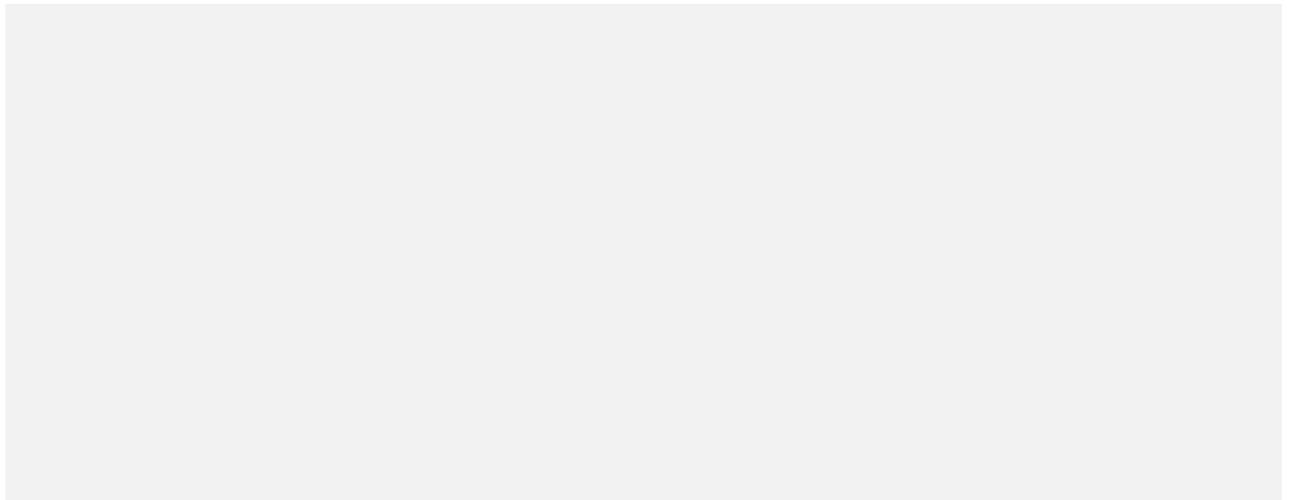
Jot down why this may be difficult and assumptions that would help overcome it.

EMBRACE UNCERTAINTY

1 // List and describe the PROS / CONS of proceeding with **uncertainty**



2 // List and describe the PROS / CONS of proceeding with **ambiguity**



**ACTION
STEP**

SHARE INSIGHTS Post one of your answers in the **SCUUs Facebook Group** use the hashtag **#uncertainty**

Reimagination Essentials

MINDSET ADJUSTMENT#20

“Nothing is ever absolutely right or wrong, so we should focus on ***creating positive trends*** in our cooperation and collaboration.”

Jot down why this may be difficult and assumptions that would help overcome it.

Got questions?

- www.facebook.com/groups/scuus/ (community)
- www.linkedin.com/in/genejhsu/ (connect)
- scuus.buzzsprout.com (content)
- www.meetup.com/One-China-Orange-County/ (engage)
- www.meetup.com/One-China-Shanghai/ (engage)
- www.meetup.com/One-China-Learn/ (engage)

*Open a new chapter that
is a **more rewarding
experience in China.***

POSITIVE. IMAGINATION. PURPOSEFUL. CURIOSITY.

