

# How Can I Retain my Local Management?

Building and then actually keeping a strong local management team is one of the essential things a company needs for long term success in China. However, this is easier said than done. In China, there are only two rules: “everything is possible” and “nothing is easy”. So, is it possible to build and retain a professional local management team in China? Absolutely. Is it easy? Absolutely not.

by Jack Perkowski



Chinese managers with language skills, who have received management training and have had experience with a global company, are in high demand. Competition for globally competent managers is fierce, and many view Chinese managers as being overly opportunistic, willing to change employers at the drop of a hat for a bit more money. Of all the issues companies face in China, retaining key managers is considered to be one of the most challenging. Before an effective management retention strategy can be implemented, several basic questions need answers. Can Chinese managers be loyal to a foreign company doing business in China? Do they only consider money issues, or are there other equally important considerations? If so, what are they?

**“Chinese managers who have good employment opportunities in their hometowns have little incentive to look elsewhere”**

My experience in retaining managers has been quite positive. Between 1997 and 1999, we brought into my company over 50 English speaking, Chinese managers who had received management training of one sort or another and had had experience working for a multinational company. Management turnover in this group, many of whom work at our Beijing headquarters, has been very low. By and large, the individuals we recruited over ten years ago are still with us today and form the core of our management team. Turnover at our operating units is almost non-existent. In the case of my company’s operating units, turnover is low partially for structural reasons. We operate 17 factories in China, many of them located in second and third tier cities in Shanxi, Anhui, Hubei, Hunan, Sichuan and Jiangsu Provinces. In most cases,

our operating units are among the best places to work in the cities where they are located. Just as IBM found that turnover at its factories in small cities in upstate New York was low, we have found that Chinese managers who have good employment opportunities in their hometowns have little incentive to look elsewhere. Beyond this structural advantage, though, there are other reasons for our success in retaining managers. Every year, we carefully benchmark salary and other compensation trends in China. We have learned that providing a competitive compensation package is a necessary first step, but it is only the beginning. In addition, we have created a culture whereby our key managers believe that their company is interested in their professional development and that the company offers them opportunities for advancement. Moreover, they know that upward mobility is not limited by artificial barriers.

Graduates of Chinese universities and business schools recognise that China is in an exciting stage of development, and that they have some of the most promising career opportunities in the world as a result. As they want to take full advantage of this once in a lifetime opportunity, they become very good at benchmarking their career progress against that of their classmates. At a five year reunion, for example, a manager might see that on the one hand Classmate A has landed a great job with a prominent international company and is doing well. On the other hand, Classmate B is an entrepreneur who has built a successful business since graduating. Under these circumstances, our hypothetical manager asks three questions:

“Does my employer care about my professional development? Does the company provide training and learning opportunities that help me to enhance my capabilities and knowledge?”

“Is my employer providing me with new opportunities for advancement? Is my career progressing and am I getting more responsibility?”

"Is there a glass ceiling above which I cannot progress? Are the important decisions regarding the company being made in China or elsewhere? Are there examples of Chinese managers who have succeeded in advancing to the most senior levels of the organisation?"

## **"Our lack of a presence outside the country turned out to be one of our biggest advantages"**

If the answers to any one or all of these questions are not satisfactory, the manager is at risk and will most likely leave. A recent conversation I had with a Columbia University student from Changchun, whose partner is working for a very large multinational in China, illustrates this dynamic. Despite the fact that the company has been in China for many years, positions at director level and above are held exclusively by expatriates or managers who have studied in the USA. As a result, Chinese managers view their employment with the company as a five to six year "learning experience", after which they move on to a Chinese company or a more enlightened multinational. That is not the way to build a local management team. If the answers to the three questions are positive, however, you will find no

more loyal employees than those in China. When I started my China business in 1994, many cited the fact that we had no products, no technology, no customers and no employees outside the country as a big disadvantage. In reality, our lack of a presence outside the country turned out to be one of our biggest advantages, because it forced us to work with what we could find in China. As a result, all of our managers are Chinese and our practice is to give existing employees the first crack at new opportunities. Working together, we set the strategy, but we then let the local managers do what they do best – manage in China.

Multinationals obviously bring to China an arsenal of products, technology, customers, employees and relationships from around the world. Their challenge is somewhat different than the one we faced. They must take a business strategy, as well as a method of decision making and a company culture that has been developed in their home country, and somehow make it relevant in China. To the extent that a company's Chinese managers are empowered and believe it is their company, and that they are not merely employees in the China operation of a foreign company, the job of retaining key managers and employees becomes considerably easier. ■

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## Meeting the demands of China's most active and dynamic city

Given its focus on global trade and finance, it is not surprising that Shanghai has become a pre-eminent meetings centre in Asia over the past 10 years. There is a widespread recognition in the city that hotels and other meetings and conference venues need to go much further to meet the needs of an increasingly sophisticated clientele. This extends to a hotel's on-site facilities, such as restaurants and spas, and to a location that provides convenient access to all a city has to offer.

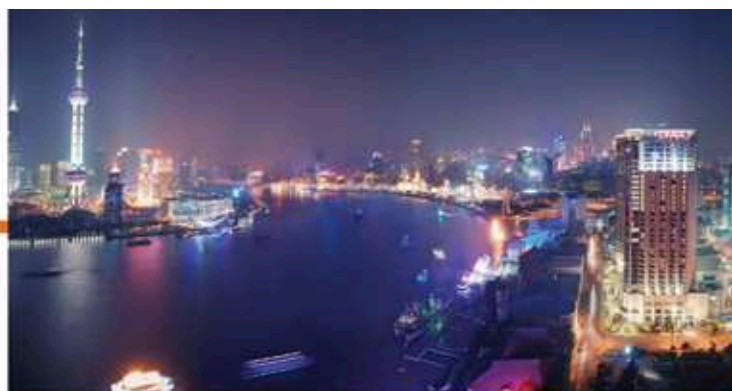
Opening its doors on 16 November 2007, Hyatt on the Bund is located at the northern edge of Shanghai's legendary Bund, centre of the city's fabled past. With vistas that extend down the Huangpu River, guests are provided an unparalleled view of both China's past on the Puxi side of the river and its future in Pudong.

With over 1,859 sq m in meeting space, Hyatt on the Bund can accommodate up to 1,100 guests, making it one of the city's most attractive locations to hold your next MICE event. Two spacious ballrooms are located on the ground

floor. The Bund Ballroom is ideal for hosting cocktail receptions, a new product launch or a formal banquet, with its capacity for 290 guests in a banquet-style set-up. The Grand Ballroom, which can seat upwards of 900 guests theatre-style, is a sprawling 850 sq m and features a 7 m high ceiling. The exclusive Glasshouse, with its own private terrace, is the perfect venue for post-meeting dinners, small engagement parties or weddings, social events or cocktail receptions. Each of the two ballrooms and nine multi-function rooms offers floor-to-ceiling glass windows allowing natural light in and the design incorporates many natural elements to help create a calming atmosphere.

The hotel also offers such unparalleled extras such as a professional personal butler on hand throughout every meeting/event to anticipate and attend to your every need.

Designed by Remedios Siembieda, the hotel features two towers with 631 guestrooms and suites. Each room features the latest amenities, as iPod



docking station, a flat-screen LCD TV and a DVD player. For guests staying in Bund Club rooms, the Bund Club Lounge offers the best in personalised service, including express check-in, complimentary evening cocktails, continental breakfast and meeting rooms.

Hyatt on the Bund has four full-service restaurants. Once meetings are over, guests can work off the stresses of the day in the 25 m indoor swimming pool and fully equipped gym, or decompress in the luxurious Yuan Spa.

As Shanghai's MICE facilities have grown, so have the demands of event planners. Hyatt on the Bund, combined with its prime location, ensures that MICE events can expand beyond the planned itinerary to take full advantage of the sights and sounds the city has to offer.



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