China has matured as a market and the game has changed. Yesterday, multinationals grappled with fundamental strategic choices: Do we go to China? Whom do we partner with? Where should we invest? Winning in China was all about achieving approval to enter the market, picking the right joint venture partner and selling in the right few cities to the right customers. Execution didn’t matter as much as privileged access through government and partner relationships.

Today, China is teeming with MNCs and local competitors. Government is no longer the main driver of deals. Barriers to entry have fallen. Regulations are less of a factor. Partners are no longer required in many industries. Winning now depends on great execution: effectively and efficiently developing, marketing, producing, and channeling goods to customers and growing and retaining a talent base.

In Operation China, Jimmy Hexter and Jonathan Woetzel explain how you can achieve superior execution in China through operations including talent management, product development, information technology, procurement, supply-chain management, manufacturing, and sales, marketing, and distribution.

Based on over two decades of consulting experience for both local and multinational operations in China and extensive research on what drives success in operating in China, this book helps you get your operations right in the new competitive arena defining China today.
It wasnt long ago when good was good enough to win in China. No longer. Today, its all about world-class execution. Jimmy Hexter and Jonathan Woetzel draw on their intimate knowledge of China to provide specific, real-world advice for all foreign companies operating in China today.

--Rick Wagoner, Chairman and CEO, General Motors Corporation

Few Western companies have truly cracked the code on how to successfully turn a China strategy into a winning China business operation. Operation China nails down the key aspects of running businesses in China has no other book has.

--William Amelio, CEO, Lenovo

If you are a global player, Operation China provides invaluable guidance and insight on translating China opportunities into results. If youre not a global player, but are impacted by companies that are, Operation China is a window into the source of your competitive weakness.

--Robert Holland Jr., Director at YUM! Brands, Inc.

As trade between China and the United States has exploded, the gap has widened between companies taking full advantage of this opportunity and those left behind. Hexter and Woetzel have put their finger on what every executive must focus on to succeed.

--Ambassador Charlene Barshefsky, former US Trade Representative and Senior International Partner, WilmerHale

What we have here is a rigorous analysis by Jimmy Hexter and Jonathan Woetzel of a transition period during which "China is turning the corner from an emerging market, where local context drives most of the strategic and operating decisions managers make, to a maturing one, where top-
"Good execution in China is about adapting - sometimes a little, sometimes a lot - world-class operating standards, management tools, and frameworks to the realities of the Chinese environment. The advantage that MNCs have in China over their domestic Chinese rivals is their knowledge of, and experience with, such operating standards. Indeed, top-performing MCNs are frequently the very definition of world-class execution - [begin italics] outside [end italics] China." To take full advantage of business opportunities whose nature and extent are unprecedented, Hexter and Woetzel suggest that MNCs need to "select the right standards, tools, and frameworks from their global arsenal to put into place in China, adapted in the right way to optimize them for the local context." Meanwhile, Hexter and Woetzel further suggest that executives in China as well as their colleagues and bosses in other countries must "change their managerial focus 180 degrees. They will have put behind them tendencies to view business conditions here [in China] as simply unique, requiring in turn unique operating approaches and performance standards, and instead will have to focus on the familiar, seeing to instill practices and processes that are hallmarks in other competitive markets, turning them locally as needed, and linking them globally at every opportunity."

Please go back and re-read the previous paragraph. The insights within the composite of brief excerpts clearly indicate why I consider this book is "must reading" for C-level executives in all organizations that are directly involved in China or are closely associated with those that are. Hexter and Woetzel share more than 40 years of experience while living and working in China. During that period, more has changed in that vast and complicated country than perhaps in any other. It is of course highly desirable to be able to speak the language but capable and trustworthy translators are readily available. Of much greater importance is understanding cultural values, especially in the business community. How to establish initial contact? How to develop mutually beneficial relationships? What are the most common barriers to effective communication, cooperation, and most important of all, collaboration? How to avoid or overcome those barriers? Which companies have been most successful doing business in China? Why? What lessons can be learned from their success?

Hexter and Woetzel respond to these and other questions throughout their narrative that is organized as follows. In Part I, they provide an overview of how the business landscape in China has changed within the last few years, and how it is continuing to evolve. They explain, for example, how and why "the emergence of the global consumer has profound implications for execution, as does the war for talent." Part II begins a series of "deep
dives" to look at what top-flight execution means today in the core functions of an MNC's operations in China. For example, Hexter and Woetzel explain how various organizations operating in China "have boosted their performance for each [of several initiatives] by adapting to a Chinese context tools and approaches the organizations successfully use elsewhere in the world - what we call global markets." And then in Part II, they look ahead at how the demands on MNCs' capabilities in China will involve in what they foresee to be "two crucial ways" in the years ahead. They acknowledge that good execution has always determined whether a merger is a success or failure, anywhere in the world and then explain why companies large and small "will need to understand M&A execution in a Chinese context to win at this game."

Here are a few brief excerpts that are representative of the wealth of insights Hexter and Woetzel provide:

"The most successful multinationals in China are successful because they are stellar at execution - specifically by `applying the global standard to China'...[Moreover] it may soon be the case that companies have to win in China to win in the rest of the world. Given the scale of its markets, gaining a preferential share of market in China will deliver a global structural advantage." (Pages 42-43)

"The first step for improving the ability of the company to execute and compete in China is to revisit and potentially reset the management agenda As we hope we've made clear by now, China is turning a corner, from an emerging market in which companies developed bespoke processes and systems to meet unique operating challenges on a daily basis to a mature one in which competition requires companies to adopt proven global standards for management practices."(Pages)

Note: Hexter and Woetzel suggest five additional initiatives to improve execution and discuss all six in Chapter Nine, "Where to Start."

"In the years to come, the phrase `apply the global standard to China' may evolve to `developing the global standard in China.' For many functions, what works well in China will increasingly influence the global standard. Despite the intensity of China's markets, MNCs are investing more and more there. And they are not just placing large, capital-intensive bets. Apart from manufacturing, the investments are in sales, marketing, and product development."(Pages 197-198)

As indicated previously, this book will be of greatest interest and value to C-level executives in multinational companies (MNCs) but I think it will also be of substantial benefit to C-level executives in other companies that are now involved with - or will soon be involved with - the supply chains of MNCs.

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