

# Chapman University's EMBA Class of 2008 Visits two of the Pacific Rim's Fastest Growing Economies

The George L. Argyros School of Business & Economics Executive MBA class of 2008 spent two weeks in August on their International Residential in China and Vietnam. They visited companies and government organizations to gain an understanding of global business operations and an appreciation of Chinese and Vietnamese business culture.

## CHINA

Exactly one year before the opening ceremony of the 2008 Beijing Olympics, Chapman EMBA's shared the city with several thousand foreign journalists marking the one year countdown. In Beijing students visited *The IBM Innovation Center* located in the Haidian Science and Technology Industrial Park. VP Shirley Yu-Tsui shared with the group IBM's plan to leverage the skills of Chinese-educated scientists in global markets. The Haidian STIP is one of the top two STIPs in China and hosts several hundred software and information technology companies. IBM, which has been operating in China since the early 1930s, represents the case of the quintessential foreign domestic investment by a U.S. multinational company.



Next up was *Runshen Foods*. This State Owned Enterprise engages in food processing and provides prepackaged lunches to educational institutions in the Beijing area. The management shared with the EMBA's some of their key challenges including limited access to capital, the difficulty in recruiting talented managers to a SOE, and competing in an environment marked by a fixed price market and increasing cost pressures.

At the *Department of Commerce* the Commercial Attaché briefed the group on the latest political and economic developments in China. "What I learned from the DOC briefing," said Ted Flati, VP Treasurer at Toshiba, is that most of the errors committed by U.S. businesses are self-inflicted, with little advance preparation, overly optimistic ROI expectations, and inadequate legal counsel in China." Edward Ohlin, VP of *Toyota China* discussed the strategic developments in the auto sector in China. By the end of 2007 China will have overtaken Japan as the number two market in the world for cars. Ohlin also explained some of the reasons behind the chaotic driving behaviors some of our group noticed in Beijing – fully 60% of all new cars in China are purchased by first time buyers!



In between corporate visits the EMBA's took in some of the cultural highlights of Beijing including the Summer Palace, the Forbidden City, the Great Wall of China and a nostalgic rickshaw tour through the old Hutongs (lanes) of Beijing.

## HONG KONG & SHENZHEN

In Hong Kong, the focus of the visits was Hong Kong's vision for the future and its role in the new China. The group got to visit the *Hong Kong Science Park* where the Hong Kong government has invested several billion dollars to create a high tech cluster of industries to foster innovation and technology development in electronics, IT, and telecom. The group discussed the collaboration between Hong Kong's leading research universities and the incubation program in helping to launch new companies. At *Cyberport* our hosts introduced us to the product of a real estate project meets technology center of the future vision. The ambitious \$2bn investment placed its bets on the fusion of a digital media center, IT office complex and upscale residential complex.

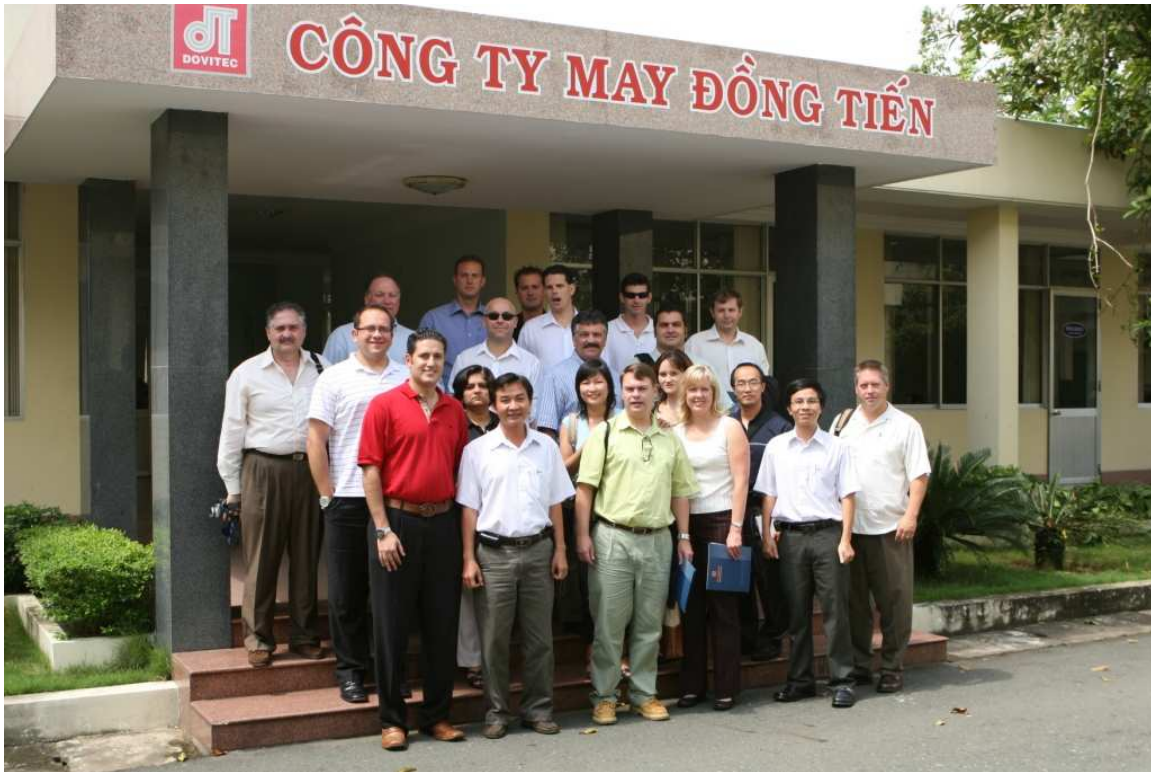
Next up was Shenzhen, an industrial city of eight million inhabitants located in the Pearl River Delta of China's powerhouse Guangdong Province. It is hard to believe that this powerhouse city was but a small fishing village of 8,000 residents in 1979 at the beginning of China's re-engagement with the global economy. Here the Chapman EMBA's visited *Providence Company*, the manufacturer of 70% of the world's supply of soda fountain pumps, and a contract manufacturer of choice for many leading brands of consumer products in the U.S. Steve Clark, Director, Engineering Operations at Peerless Systems Corporation observed "Most contract manufacturers I have done business with require the customer to provide the capital equipment and the contract manufacturer provides the resources and infrastructure. Providence' investment in capital equipment is a clear message that they plan to lead the industry."



## VIETNAM

Many companies seeking to diversify their operations from China and seeking new growing markets have begun to look for business opportunities in Vietnam. The Chapman University EMBA group is one of the very few such programs to visit Vietnam. "Vietnam's mix of low wages, infrastructure, and political stability, makes it an attractive location for inward FDI, as attested to by Intel's recent commitment to a \$2bn investment in a facility south of Ho Chi Minh city this year," according to Professor Noel Murray, who leads the Global Business Environment class and International Residential. At the *Department of Commerce* in Ho Chi Minh city, students learned of some of the challenges for the Vietnamese business environment including the areas of infrastructure and international integration of global standards.

At *Dong Tien Garment Company* in Binh Hoa City, the largest textile manufacturer in Vietnam, students got to tour the factory and see first hand the attraction of a committed and low cost workforce (typically at 60% to 70% the cost of Chinese labor).



At *First Consulting Group*, a software development company in Ho Chi Minh City, Charles Gibson, a project manager with Keystone Automotive Industries, noted that FCG was doing product programming, coding and testing activities that indicated that they had a more sophisticated skill-set than I had anticipated.”



Product sampling proved to be a big hit at *Pepsi Vietnam*, where the group got an opportunity to refresh themselves in the tropical heat with the latest Pepsi new product innovations including Pepsi X, Pepsi Twist, Pepsi Ice, and Pepsi Cino. The marketing strategy presentation and Q & A was followed by a plant tour of the facility that quenches the thirst of 70% of Vietnam's 85 million consumers.



**Kevin Ross**, Product Marketing Specialist at Shur-Lock Corporation summed up the International Residential experience “Visiting China, Hong Kong, and Vietnam has been a priceless experience. Getting the opportunity to visit a wide range of companies and industries has provided me with a wealth of knowledge of business and culture that could not have been achieved through reading alone.”

