

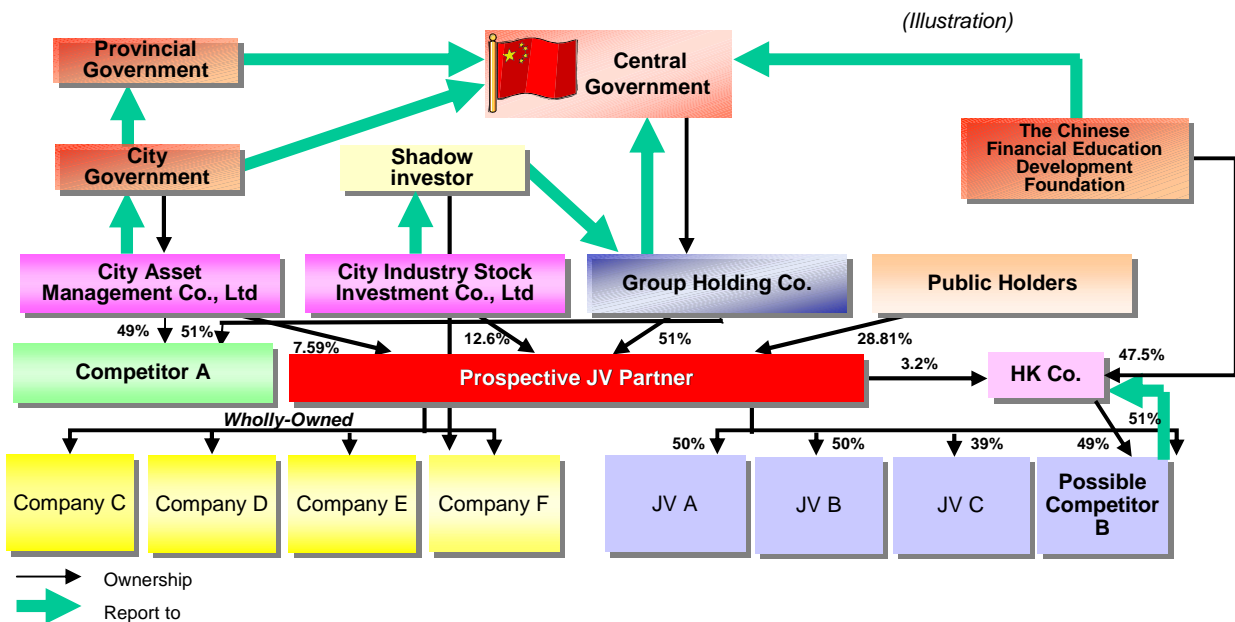
Relationship Mapping from Technomic Asia

Many businesses have entered into relationships in China that have quickly soured, in part because they did not know their partners well enough. Assessing a potential alliance or business partnership in China is particularly difficult where Chinese government and business structures often lack transparency, obscuring the business situation or the players involved. Often, lack of accurate documentation, the inaccessibility of information in the public domain, and questionable accounting practices obscure a candidate’s operations. Even determining which individuals have the authority to make a deal can be a major challenge. Technomic Asia’s proprietary Relationship Mapping process cuts through this confusion, providing clarity and insight to support good decision making.

Companies use Relationship Mapping in acquisition due diligence in China.

What companies benefit from Relationship Mapping?

Relationship mapping is a method of visualizing, describing, and analyzing all the relationships (individual and organizational) of an existing or prospective Chinese business partner by establishing a dynamic “map”. This map provides background on the target company by showing direct, indirect, and business and social relations among individuals within the organization and of the company as a whole. Relationship mapping allows companies looking at potential partners to go beyond financial statements and the contradictory bravado of many of the stakeholders to assess the real story behind the scenes and to better measure the off-balance sheet risks and benefits of a business arrangement.



Relationship mapping also identifies where the holders of power and influence lie and the nature of the relationships among them. These individuals will have authority, or at least significant influence, over company decisions, especially financial ones.

Finally, the relationship mapping process helps a company understand the *real* objectives of all of the players on the map, uncover structural problems or hidden liabilities, and draw up a plan to construct a mutually beneficial deal. This knowledge also helps to outline the best way to manage the relationship and will minimize the unpleasant surprises that many Western firms experienced in their partnerships set up in the 1990s.

Technomic Asia services:

- Market assessment
- New market entry
- Growth strategy
- Competitive analysis & benchmarking
- Competitive cost analysis
- Distribution & value chain assessment
- Acquisition Search
- Acquisition due diligence
- China Readiness assessment
- New product evaluation
- Opportunity Mapping
- Relationship Mapping
- Sourcing Services

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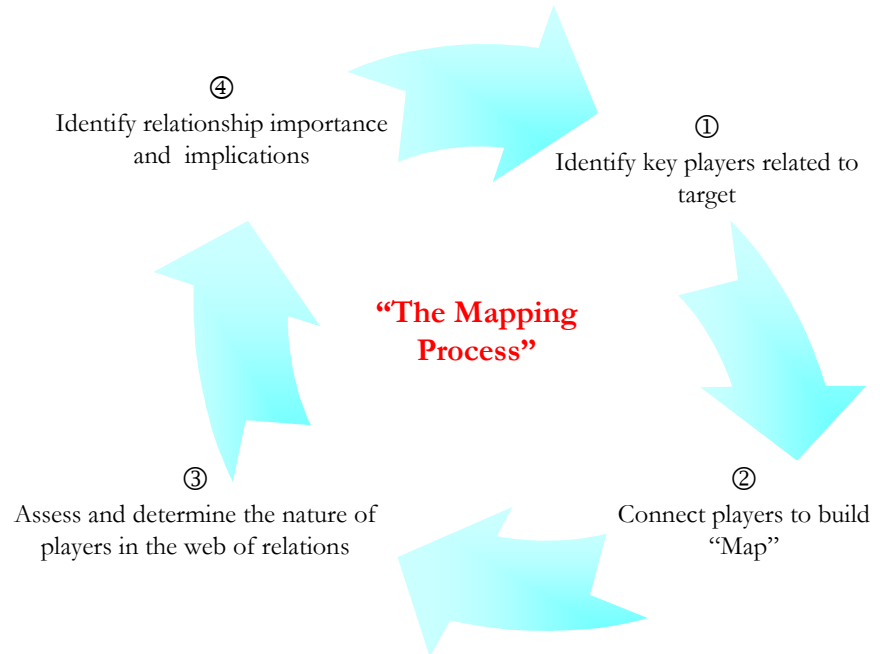
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Relationship Mapping™

The Relationship Mapping™ Process

Technomic Asia builds the relationship map through probing, objective and anonymous research among stakeholders, management, suppliers and customers. The end picture is an assimilation of these inputs.



Foreign companies aiming to explore acquisition or alliance opportunities in the emerging Chinese market need to understand, cultivate and use relationships. The insights gained through the process itself and the resulting map will contribute directly to deal evaluation, approach and even structure. This exercise is often done in tandem with the acquisition due diligence process.

According to one Chinese saying, “If you have a relationship, you have a road” (有关系有路, *You Guanxi, you lu*)

For more information on Relationship Mapping™ and how it can benefit your organization, please contact Qi Tang at qtang@technomicasia.com or 8621 6473-2588 in Shanghai.

About Technomic Asia

Technomic Asia is an international management and market strategy firm that has been assisting companies in Asia for over 20 years. With expertise in a variety of industries and a track record of doing business with over 150 MNCs in the region, Technomic Asia is positioned to help clients clarify, expand, and identify the most profitable growth opportunities for their businesses.