

Appendix A

KEY SUCCESS FACTORS FOR CANADIAN COMPANIES

The following key success factors (KSFs) for Canadian companies in China were identified in research conducted at the Business faculty of Simon Fraser University in 1993-1994. The study included survey information from seventy-seven Canadian companies doing business in China between 1990 and 1992. It also included information from ten in-depth interviews with managers responsible for the company's activities in China. Each KSF was found to have a significant impact on the sales performance of the companies between 1990 and 1992. The KSFs apply equally to high technology, manufacturing, natural resource and service industries.

- **Size** — Larger companies with a greater range of international experience will have a better chance of success in China. The Chinese market did not seem to be the best opportunity for smaller companies that were just beginning to do business internationally. Smaller, relatively inexperienced, firms should concentrate on markets more similar to Canada's, such as the United States or the United Kingdom.
- **Marketing** — Companies should change and update their marketing practices frequently. The competition for Canadian companies often comes from Hong Kong, Japan, and the United States, traditionally strong marketers.
- **Conflict Resolution Mechanisms** — Conflicts or disagreements should not be resolved by forcing the Chinese to listen, by directly confronting problems, or by smoothing over differences. These approaches to conflict resolution seemed to have negative results.