

**SYLLABUS**  
**Short-Term Abroad Program**  
**Exploring Small Businesses in China**

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**1. Course Objectives**

This program is an opportunity to explore first-hand this ancient, but rapidly changing country. While a lot of attention in the business press has been paid to multi-national companies and state-owned enterprises, we in this course will primarily focus on the little guys. That is, we will explore the opportunities and challenges small businesses there face under a system that is vastly differently from what we are used to in the US.

Based on the 2012 statistics, 98% of all firms in China are small businesses. They account for 85% of employment, 75% of new products, 65% of patents, 60% of GDP and 50% of government tax revenues. While clearly small businesses are a crucial component of the Chinese economy and a robust engine for the country's overall growth, they oftentimes have to live in the shadow of state-owned enterprises which have much easier access to capital and wield enormous political clout. This course will analyze the environment in which small businesses operate in China and also explore how foreigners can start businesses in China to exploit opportunities that country can offer.

**2. Course Organization**

The course will consist of two parts.

- A. Classroom Sessions. We will have 2 in-person sessions to learn and discuss background information, as well as getting to know each other well ahead of our trip. These sessions are intended to cover three areas.
- i. Political and economic institutions: A brief history of China. How do the Communist Party of China (CPC) and the government operate? How are macro and micro economic policies made?
  - ii. Small businesses: What are the challenges of starting a small business in China? How do you deal with the omnipresent government? What additional obstacles and challenges an expat is likely to face?
  - iii. Trip preparation: background information about the cities and companies we will visit.

The classroom sessions will consist of student presentations and videos. You will also hear from guest speakers that include Chinese embassy officials, US expats who has worked and operated businesses in China and myself.

- B. Trip. We will travel to China between May 18, 2018 and May 27, 2018. Our tentative schedule is as follows:

03/09-03/13 Beijing  
03/14-03/17 Shanghai

During the trip, we will visit small businesses and various cultural sites. The purpose of these visits is to provide you with a 360-degree look at the sector from various view points.

Tentative company visits (subject to change) include:

Allied Rong Da ([www.alliedrongda.com](http://www.alliedrongda.com))  
Lyceem ([www.lyceemnetwork.com](http://www.lyceemnetwork.com))  
Dascap Landscape Design  
Omescape ([itaotuo.com](http://itaotuo.com))  
T98 Soccer Club  
No. 5 Fashion Plaza ([www.No5.com.cn](http://www.No5.com.cn))

Tentative Cultural visits (incomplete and subject to change) include:

Beijing: Forbidden City, Tiananmen Square, the Great Wall, Temple of Heaven  
Shanghai: Bund and Yu Garden.

During the trip, we will also have one discussion session in which we share and discuss our individual experiences with each other. This is an opportunity for us to compare our pre-trip concepts of the issue with what we actually see on the trip.

### **3. In-class Presentations**

We will have presentations on the following specific topics:

- Analyze a Chinese Small Business of Your Choosing (History, Strategy, Performance, Challenges, etc.)
- How do Small Businesses Obtain Financing in China?
- What Makes a Successful Expat-owned Business in China?
- How to Manage Relationship with Government and State-owned Enterprises?

- Mobile Payment in China
- Lessons from Failed Attempts by Foreign Companies to Enter Chinese Market

You will conduct your presentation in teams. You will be responsible for forming your teams. The maximum number of members in a team is four. You should prepare for a 25-minute presentation and a 5-minute Q&A session. If you would like to present a topic of your own, you need to obtain my approval prior to the start of our second in-class session. You will be graded on the originality of your view points, thoroughness/soundness of your analyses, and collaboration among team members. I understand that because most of you are not very familiar with China you might base your analyses on second-hand information collected from the internet or other sources. With that being said, I encourage you to be able to connect dots among seemingly unrelated issues, to be skeptical of commonly accepted views, and to offer your own insights.

#### 4. Final Paper

Each student is to write an individual paper (double-spaced, 700-1000 words). Submit your paper by **March 31** via email. In this project, imagine you have decided to move to China and set up your own small business. I would like you to conduct a feasibility analysis in this project: come up with a business idea that is tailored to the Chinese market, forecast its market and financials, defend the assumptions underlying your forecasts, and explain how you are going to execute this idea in China. You should write the paper as if you were submitting it to a venture capitalist or a bank to request funding. You will be graded on the ingenuity of the business idea, soundness of your financial analysis, and depth of your understanding of the Chinese market.

#### 5. Readings

Required: “On China” by Henry Kissinger, 2012; “Dealing with China: An Insider Unmasks the New Economic Superpower” by Henry Paulson, 2015.

Optional: “China, Inc” by Ted Fishman 2005; “One Billion Customers: Lessons from the Front Lines of Doing Business in China” by James McGregor, 2005; “The Party: The Secret World of China's Communist Rulers” by Richard McGregor, 2012.

I expect you to finish the required reading listed below **BEFORE** our first in-person session. These readings are crucial for preparing for class discussions, presentations, field visits, as well as final papers.

#### 6. Grades

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| 30% | Individual class participation (presentations and class discussions) |
| 30% | Trip participation (attendance at required events, participation in  |

discussion during company visits, extra-class activities)

40%      Final paper