

China: A New Business Model and under New Management

In 2011, China started a radical, new five-year economic program and a total leadership changeover.

CDN 5G2 is a unique database that gives clients control over relationship building in this challenging environment.

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Leadership Changeover

CDN 5G2 – China 5th Generation Leaders

In China, the state remains all-powerful. In every industry, business sector and administrative area, a small group of Chinese Communist Party and Government officials personally authorize all significant policy, administrative and regulatory decisions. The current power-holders, led by President Hu Jintao and Premier Wen Jiabao, reach retirement age in 2012-13. The connections created by foreign corporate executives and investors with the current “Fourth Generation” will expire. Personal links that transition to institutionalized corporate relationships will have to be built up by foreign companies with the personalities in what is known as the “Fifth Generation”, who will have

decisive impact on their businesses. The 5th Generation will remain in office until 2022-23, which makes accurate identification and effective contacts with the future power-holders all the more imperative.

China Dialogues Network (CDN) has created a powerful analytical system to generate the vital personality information from its comprehensive database of the leadership. This **CDN 5G2** Project provides its clients with an actionable, Multilateral Relationship Development and Management (MRDM) database product that ensures an effective guide for mapping, tracking and engaging with targeted individual, rising-star 5th Generation leaders.



Project Overview

The information output is presented in an easy-to-follow format that has proved extremely user-friendly even for new entrants to the China market. The available output is also structured to provide information at the varying levels of detail that clients may find they need. The product has the following five (5) basic components:

Party Top Leaders – Successors to the current top leaders in the Chinese Communist Party (CCP) Central Committee (CC) Political Bureau (Politburo) (25 personalities):

- Rising Star 5G2 subset of Party Top successor candidates (50+ personalities).

State Top Leaders – Successors to the current top State leaders in the Executive Committee of the State Council (9 personalities):

- Rising Star 5G2 subset of State Top successor candidates (30+ personalities).

Central Government Top Leaders – Successors to the current top leaders in 90+ Central Government organizations under the State Council (i.e., Central-level Ministers plus Party Secretaries in key organizations) (100+ personalities):

- Rising Star 5G2 subset of Central Top successor candidates (150+ personalities).

Provincial (Geography) Top Leaders – Successors to the current top leaders of Mainland provincial-level units and equivalent administrations (i.e., CCP Party Secretaries plus Governors/ Mayors) (60+ personalities):

- Rising Star 5G2 subset of Geo Top successor candidates (100+ personalities).

Business Top Leaders – Current top management in 150+ of the largest national-level state-owned enterprises under the leadership of the State-owned Assets Supervision and Administration Commission (SASAC) and national-level state-owned financial institutions (i.e., Board Chairmen, CCP Party Secretaries, CEOs/ Presidents) (300+ personalities).

Deliverables for the Individual CDN 5G2 Project Client

The CDN 5G2 Project database contains key bio-data about all current top China “Fourth Generation” Party and Government leadership and their most likely “Fifth Generation” and “Sixth Generation” successors:

- **Party Top** – 18th CCP CC Politburo (25 personalities).
- **State Top** – 11th Executive Committee of the State Council (9 personalities).
- **Central Top** – 90+ Central Government organizations under State Council (100+ personalities).
- **Geo Top** – top leaders of Mainland provincial-level units and equivalent administrations (100+ personalities).
- **Biz Top** – Current top management in 150+ of the largest national-level state-owned enterprises under the leadership of the State-owned Assets Supervision and Administration Commission (SASAC) and national-level state-owned financial institutions (300+ personalities).

At the start of work, each client completes a **5G2 Project Checklist**, which allows the CDN 5G2 Project deliverables to be tailored to meet specific client requirements:

- **Customized Client-specific CDN 5G2 Project Matrix** updated as at end Q4 2012 and delivered during Q1 2013 – each with the relevant 5G2 rising-star successors and selected biographical thumbnail sketches – including existing, completed thumbnail sketches as well as new, to be completed, thumbnail sketches. Samples of the various 5G2 data provided in the 5G2 Matrix are available on request, including a Party Top Sample, State Top Sample, Central Top Sample, Geo Top Sample and Biz Top Sample.
- **CDN 5G2 Project Overview Report** – Each 5G2 Project client will receive the CDN 5G2 Overview Report (100+ pages), one report on commencement of work during Q1 2013 updated as at end Q3 2012 and a second revised report during Q2 2013 updated as at end Q1 2013.
- **5G2 Project Client Support Meetings** – *China Dialogues Network* will provide assistance to each 5G2

Project client with the preparation of their customized, client-specific 5G2 Project Matrix – including up to three one-on-one meetings with *China Dialogues Network* in Hong Kong. (The date and time of each such meeting will be subject to prior mutual agreement.) Meetings outside Hong Kong may also be arranged on a no-additional-fees basis but with all direct expenses borne by the CDN 5G2 Project client.

- **5G2 Matrix Updates** – Each 5G2 Project client also receives one free, client-specific 5G2 Matrix update as at end Q1 2013 and delivered during Q2 2013.

Charges

USD100,000 fixed price per 5G2 Project client for one client-specific, customized 5G2 Project Matrix currently updated as at end Q4 2012 (delivery during Q1 2013), and one free updated version of the same client-specific, customized 5G2 Project Matrix updated as at end Q1 2013 (delivery during Q2 2013).

Project Team

Key members of the **CDN 5G2 Project Team** include W. John Hoffmann (Co-founder & Principal, XRG-CDN), Dr. Cheng Li (Senior Fellow, The Brookings Institution), Professor Anthony (Tony) Saich (Harvard Kennedy School of Government, Harvard University) and Dr. Peter Wood (China Strategy Advisor).

The CDN 5G2 Project Team was set up in 2006 and has established an impressive record in responding to the information needs of major international corporations:

- **5G1 Project (2006-08)** was developed for five non-competing foreign clients in the run-up to the 17th CCP Congress (Q4 2007) and the follow-on from the 11th National People’s Congress (Q1 2008).
- **5G2 Project (2010-13)** was launched in Q4 2010 for foreign clients on a non-exclusive, confidential basis for the run-up to the 18th Party Congress (Q4 2012) and for the follow-on from the 12th National People’s Congress (Q1 2013).

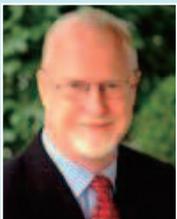
Praise for CDN 5G2



“The **CDN 5G1** and **5G2** projects have given Maersk China a unique but simple tool to focus the development of our China public/government relationships and management efforts, thereby ensuring that our

limited resources are spent optimally. By providing a framework for making informed decisions about which relationships really matter to our business, we have managed to turn an overwhelming amount of disorganized data into a manageable, structured Maersk China 5G2 matrix.”

Jens Eskelund – *Managing Director, Maersk China Limited, Beijing, PR China*



“As the former Chief Executive of a large multinational firm in China, we had great interest in identifying which upcoming leaders would be important to us in the future. After discussions with many consulting and government

public relations firms, we found the **CDN 5G2** Project to be a unique offering, providing us with detailed but easy to use information. We have found nothing like the **CDN 5G2** Project from any other firm.”

J. Norwell Coquillard – *Chairman and President, SIFE China, Shanghai, PR China*



“All foreign companies working in China are dependent on the goodwill of a tiny elite band of officials regardless of the formal legal, administrative or regulatory set-up ... Without the durable China business

strategic foundation that **XRG-CDN** bring to the totality via their China Dialogues Network multilateral relationship building and development (MRDM) process, the utility of a legal-only approach to doing China projects is in many cases exceedingly limited.”

Tibor Baranski, Jr. – *Counsel, Jun He Law Offices, Beijing, PR China*



“Every business venture in China keeps a close eye to the relationships with the Party and with the Government at all levels (national, provincial, local). Through the build-up of an extensive database and

with great insights into the roles of current and future important officials, CDN provided us with very valuable inputs on how to continuously keep our governmental relationships in tune with the 5th Generation Leaders. We are now executing the strategy for which the **CDN 5G2** Project has laid a unique starting point.”

Geert Roelens – *former Group Executive Vice President Steelpcord, NV Bekaert SA /now CEO, NV Beaulieu International Group, Wilesbeke, Belgium*



“The **CDN 5G2** Project deliverables are easy to use and serve as a very convenient handbook for our senior executives working at both HQ and in the provinces. The interactive communication between Ericsson

China and Mr. Hoffmann is also proving to be invaluable to us as it helps us not only to identify the right target group of individual leaders nationwide but also to define specific subjects based on each leader’s special interests when approaching them.”

Erik Feng – *Executive Vice President, Strategy and Marketing, Ericsson China and North East Asia, Beijing, PR China*



“In China, getting the detail right matters. Understanding the Government and Party functions is only the beginning ... For over two decades, **XRG-CDN** has been mapping this universe of personalities with immense precision,

coming up with a hugely detailed understanding of the internal dynamics of what makes contemporary China tick. And they do this with a huge and deep spread of China deal expertise, and with a non-nonsense focus on empirical fact, rather than wishful thinking.”

Kerry Brown – *Head of Asia Programme, Chatham House, and Team Leader of the Europe China Research and Advice Network, London, United Kingdom*

More praise for CDN 5G2



“Building relationships with relevant leaders is a crucial prerequisite for commercial success in China. I am extremely impressed by the amount of information that the **CDN 5G2** Project has been able to compile

about Chinese Leaders, both present and future, across all sectors of the economy. The Project’s product offers a simple and efficient tool for foreign companies to manage their relationship building efforts in China.”

Harry Harding – Dean, Frank Batten School of Leadership and Public Policy, University of Virginia, USA



“It is an open secret that the Communist Party maintains nearly perfect vertical control over China’s state, military, public and private spheres. I have for more than two decades seen John Hoffmann and

XRG successfully guide multinational corporations to operate effectively within China’s Party-led system. XRG’s **CDN 5G2** Project provides both the context and the details for understanding the new leadership that in 2012 will begin to take power in the Party, the Government, the military as well as in the marts of commerce.”

John T. Kuzmik – Partner/Head of the Firm’s China Practice, Baker Botts LLP, Hong Kong, PR China

Additional information

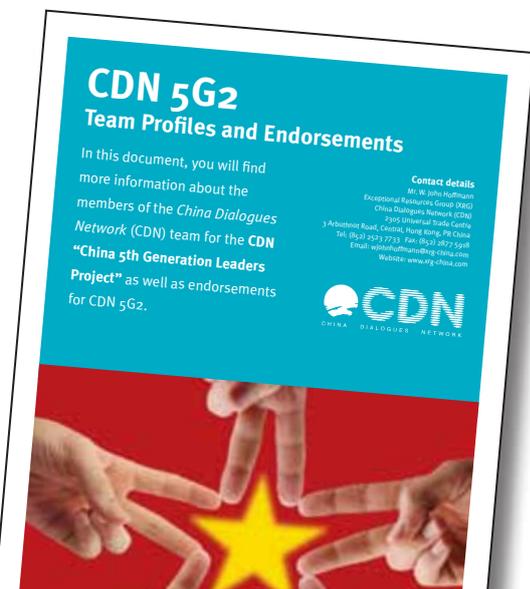
Team Profiles and Endorsement Letters are available upon request for interested potential **CDN 5G2** Project clients.

Please **click here**, or contact:

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W. John Hoffmann is Co-Founder and Principal of the Exceptional Resources Group (XRG), a China-based strategy and transactional consulting firm, and a Co-Founder and Founding Core Associate of the *China Dialogues Network* (CDN), a network of leading China analysts, consultants, scholars and businesspeople that provides information and bespoke advice on China.

W. John Hoffmann has been advising governments, financial institutions and large multinational clients on their China projects since 1986. Together with XRG-CDN Founding Core Associate Professor Michael J. Enright, he is the co-editor of *China Into the Future: Making Sense of the World’s Most Dynamic Economy* (Wiley 2008).