

## Travel Story

### CITO visits companies in Hong Kong and Shanghai

Emma Grönlund and Andrea Sjöberg travelled, between the 8<sup>th</sup> and 19<sup>th</sup> of February 2012, to Hong Kong and Shanghai in order to maintain and create new contacts with Swedish companies operating in these two cities. The destinations of this travel were strategically chosen since both cities are among the most important industrial hubs in China, and a vast majority of Swedish companies in China are present within these markets. Furthermore, the trip aimed to investigate what it is like to work in these cities and to get an understanding of the difference between the markets in Hong Kong and Shanghai, with respect to the differences in governance.

### Hong Kong

The trip began in Hong Kong where four meetings were conducted at SCA Timber, ASSA ABLOY, Bamboo Business Communications, and Getinge. All meetings were very inspiring and we were always received warmly. Following are an explanation of the company visits in Hong Kong.

#### Thursday the 9<sup>th</sup> of February – CITO visits SCA Timber

Our first company visit was at SCA Timber's sales office located on the Kowloon Island in Hong Kong. At SCA we met with Mathias Fridholm, Managing Director, who told us more about the SCA Group, the sales office in Shanghai and his personal career within the organization.

SCA, with its roots in the Swedish forest industry, is a company that has grown to a huge, global corporation. The SCA group works to create value for customers by developing and producing personal care products, tissue, and forest products. The vision of the company is to contribute to sustainable development and to care of life. The SCA group has during the last weeks undergone a major change as they sold one of their four business areas, packaging. The sale was made in order for the corporation to focus on its remaining business areas.

The sales office in Shanghai is however not really affected of this new change within the Group. According to Mathias the Timber division is relatively self-driven. Mathias got the chance to launch the Shanghai office in Hong Kong in 2011, with the support from the SCA Group, in order to try to sell SCA's forest products, timber products of Swedish spruce and pine tree, on the Chinese market. This is a challenge that he has found both interesting and stimulating. The group has however been presented on the Chinese market since year 2000. The sales office acts as the bridge between the Chinese end consumers and the Swedish sawmills. The office has according to Mathias Fridholm three main tasks; administration, professional sales, and to build and maintain good relations with the sawmills and the Chinese customers. These tasks has been found easier to handle when SCA Timber is present close to their Chinese customers, since the way of doing business and the administration is very different between China and Sweden. Hence, this sales office contributes with great value to the SCA group. The export of Swedish timber to China has been relatively low as the price

generally is higher compared to other substitutes. However, since the Swedish timber is famous for its high quality, and since the price difference towards similar products has shrunk, Mathias Fridholm is very positive to the future development of the business and predicts a steady growth in demand for SCA's product on the Chinese market.

The Hong Kong office is today still too small to be able to offer internships or master thesis's, however Mathias recommends to apply for internships via the SCA Group at their homepage.

The visit at SCA was really interesting and Mathias was an inspiring person. He has met other CITO representatives earlier and is looking forward to maintaining a good relation to the CITO office.

#### Friday the 10<sup>th</sup> of February – CITO visits ASSA ABLOY

In the morning on Friday the 10<sup>th</sup> of February we got the opportunity to visit Jonas Persson, President of the Asia Pacific region at ASSA ABLOY. ASSA ABLOY is a company that has grown tremendously during its 130 years on the market. ASSA started out as a small firm in Sweden with focus on product development and innovation, and has with this spirit grown into a global corporation. ASSA ABLOY was founded in 1994 when ASSA merged together with the Finish firm ABLOY. Through acquisitions, the Group has developed into the global leader in door opening solutions with 37' 000 employees around the world.

ASSA ABLOY is a Group consisting of numerous companies that develop and sell door opening solutions worldwide under several different brands. The organization is quite unique among large Swedish firms, as the acquired companies are run relatively independently and decentralized. Jonas Persson at the Hong Kong office is responsible for the development, and the growth of the company on the Asian Pacific market. His office aims to increase ASSA ABLOY's share of the Asian Pacific market by improving the Groups existing companies within the region as well as by making new acquisitions. The office acts as a hub for all the businesses in the region, and assist the companies in their strive to be profitable. APAC is one of the fastest growing regions within the Group. It is an interesting market where the development pace is high and the demand seems to be endless. Hence, Jonas Persson predicts a bright future.

Jonas Persson was a really vigorous and energetic person, who inspired us with his ambition and extensive career. He was very positive to continuous contact with the office and to be able to offer internships in the future.

#### Friday the 10<sup>th</sup> of February – CITO visits Bamboo Business Communications

After the meeting with ASSA ABLOY we traveled to the Hong Kong Island in order to meet with Jan Hökerberg, Managing Director and partner at Bamboo Business Communications Ltd in Hong Kong and Bamboo Business Consulting in Shanghai. Bamboo is a publishing and branding group that produces publications for companies and organizations in both Chinese and English. The company, with 12 employees, first established in Hong Kong in 1996 and has also opened an office in Shanghai in 2002.

At a nice café in the central district, Jan told us more about his business and how he thinks it is to run a business within Hong Kong and Shanghai. Bamboo first established in Hong Kong in order to be close to its customers that are operating within the region, but has also opened an office in Shanghai in order to cover a larger share of the Chinese market. The office in Shanghai was the first foreign owned company, within its niche, to obtain a wholly foreign owned enterprise license in China when the company established in 2002. We therefore had an interesting discussion with Jan about what it is like to operate a small foreign company on the Chinese market and the challenges that the company has faced over the years. Jan told us that it is much easier to establish a company in Hong Kong than it is in mainland China, as Hong Kong is a more open economy. He is however very positive towards starting a business in both Hong Kong and Shanghai.

Jan was a very enthusiastic and kind person that is passionate about his work. He appreciates to meet new people and is positive to future contact with the CITO office. However, the business does not have any internships or suchlike to offer.

#### Monday the 13<sup>th</sup> of February – CITO visits Getinge

On the last day of company visits in Hong Kong we went to Getinge to meet with Johanna Svanström Jonung, Director Business Development at Getinge Infection Control. During the meeting we got an insight into Getinge's business and Johanna's view of the future development within the Chinese healthcare market.

Getinge was founded in 1902 outside of Halmstad and has since then grown into a global company. Getinge AB, noted on the Stockholm stock exchange, consists of three business areas, Infection Control, Medical Systems and Extended Care, which are run under the brands Getinge Infection Control, Marquet, and ArjoHuntleigh. Getinge Infection Control has around 100 employees in China, of which ten are located at the Hong Kong office. The company also has an office and a production facility outside of Shanghai, where they produce products that are distributed primarily on the Chinese market.

We had an interesting discussion with Johanna regarding the development of the Chinese healthcare market. She told us about the growing middle class in China, which probably will demand a higher level of healthcare in the future. Getinge therefore sees a potential rise in the number of hospitals that will demand the company's high quality products. The Chinese population also lives much longer, which in turn will create new challenges and possibilities for Getinge.

Getinge is a global company with career possibilities worldwide. To get an insight in how it is to work within a dynamic industry facing exciting challenges, Getinge offers internships that can be applied for via their office in Sweden.

## Shanghai

During the second part of the trip we visited Shanghai where five meetings were conducted at The Swedish Trade Council, Nordea, Ericsson, SEB and Elof Hansson. All meetings were very inspiring and well planned. All the companies gave us a warm welcome and were very

positive towards employing engineers from Chalmers. Following are an explanation of the company visits in Shanghai.

### Wednesday the 15<sup>th</sup> of February – Visit to the Swedish Trade Council

Our first visit in Shanghai was at the Swedish Trade Council where we visited Van Hoang, Country Manager East and West China. Van was one of the founders of the CITO office in Taiwan and has since his graduation from Chalmers been working for the Swedish Trade Council, both in Taipei and in Shanghai.

The Swedish Trade Council in Shanghai offers professional services to Swedish firms who want to increase their exports to, or establish in, China. The office is the largest of the Swedish Trade Council's worldwide offices with 36 employees. This is mainly due to that the Chinese market is a growing and attractive market for Swedish companies. Every year approximately 50-70 Swedish companies establish on the market and the Swedish Trade Council conducts more than 600 assignments for Swedish companies entering China per year.

Van told us that the Chinese market is a challenging and dynamic market characterized by high competition and tough regulations. Therefore, many companies with a desire to establish on the market often use the Swedish Trade Council's expertise. Van told us that most of the large Swedish corporations are already since long established in China, and he that a new era has arrived. Today, the new firms to enter the market are mostly middle and small size companies eager to have a piece of the market where the demand seems to be endless. Therefore, the Swedish Trade Council has to adapt their services to fit the needs and knowledge of these smaller size companies. Hence, the Swedish Trade Council has a challenging task on hand as they want to offer their customers the best knowledge and services possible, in order to help their clients to succeed.

The meeting was much appreciated and Van also took us to lunch.

### Wednesday the 15<sup>th</sup> of February – Visit to Nordea Shanghai Branch

In the afternoon of the same day we visited Nordea's Shanghai Branch. Many of Nordea's corporate customers have operations in China. In order to be close to its customers and to be able to service them also outside of their home markets, Nordea has established an office in Shanghai. The office has currently 23 employees and is facing a new challenge as Nordea in December 2011 received its RMB license, and hence can extend its services to also manage transactions in the local currency. In this exciting phase we had the chance to meet Niklas Jonasson, Senior Relationship Manager at the Nordea Shanghai Branch.

Niklas describes the Chinese financial market as both dynamic and complex. The industry is strictly regulated by the government and controlled by several authorities. New regulations can appear quickly and the principles governing the market are constantly changing. Hence, Niklas explains that working on the Chinese market has been a challenge, even though he has long experience within the banking industry.

The work at Nordea is according to Niklas both challenging and exciting. It is a job, not only assigned for economists, but also suitable for the problem solving nature of engineers. To work at Nordea is about unraveling problems, creating and maintaining relations, and to give its customers good service. Hence, your ambition and attitude are also of great importance. Nordea was therefore very interested in hiring engineers from Chalmers.

#### Thursday the 16<sup>th</sup> of February – Visit to Ericsson Electronics in Shanghai

During the Thursday in Shanghai we travelled up to the northern part of the city to visit Ericsson's facilities in the Jiading District. Ericsson had gave us a well planned visit where we got to meet with Rachel Yang, Manager of Supply Chain Management, David Xie, Product Management Dept Manager, and Mattias Jansson, President of Ericsson Electronics in Shanghai. We also got a guided tour around the production facilities where the company produces power modules.

Ericsson is a global company with over 90 000 employees worldwide. After parting from Sony in 2011 Ericsson can now focus on its core business, telecommunication, the area where Ericsson is world leading.

The office in Shanghai was founded in 1996 and has approximately 300 employees. The factory produces power modules and is the only Ericsson facility that produces this type of product. Hence, this plant distributes products to Ericsson and external customers worldwide. The R&D department in Shanghai has expanded significantly over the last couple of years and now consists of 20 employees. This development has been one step to further decentralize the Group. However, even though Ericsson is decentralized the organization values a shared corporate culture and cooperation. All regional offices and factories around the world therefore have a close cooperation with the headquarters in Kista, Sweden. And in order to be able to retain the vast amount of knowledge present within the Group a knowledge management system is used so that information can be shared and fully utilized within the organization.

#### Friday the 17<sup>th</sup> of February – Visit to SEB

In the morning of our last day in Shanghai we visited SEB's Shanghai Branch.

The office is located in the financial district, Pudong, in Shanghai. It services the bank's corporate customers who are operating in China. SEB has during its years on the Chinese market managed to gain valuable expertise concerning financing and how to run a business within China. We had the opportunity to meet with Carl Zdolsek, Client Executive, who describes SEB as more than just a bank. SEB cares about their customers and nurture their relationships with care; they share their knowledge of the Chinese market and give its customers advice concerning their businesses within the region.

SEB has, as several other Scandinavian banks, established on the Chinese market in order to offer services to the bank's customers that are present in China. Today, most of SEB's new customers in the Shanghai area are originally from Germany. These customers are using

SEB's services within Germany and want to continue their cooperation also outside of their domestic market.

Carl describes the financial market in Shanghai and his work at SEB as exhilarating and challenging. One thing that he really appreciates with his work is that it gives him the opportunity to learn about many different industries as the customers operate in different fields. In order to give the best service to the customers a part of Carl's work is to have knowledge about the customers' business and supply chain, and to maintain good relations. This is a task that Carl experiences as both varying and stimulating.

#### Friday the 17<sup>th</sup> of February – Visit to Elof Hansson's representative office in Shanghai

In the afternoon we had the pleasure of meeting Lars Hadders, Chief Representative at Elof Hansson's Representative office in Shanghai, to learn more about Elof Hansson. The organization was founded in Hamburg at the end of the 19<sup>th</sup> century and started out as a trading company that exported Swedish pulp to Japan. Elof Hansson is today a global company that operates within three business areas: Trade, Property and Industry. The headquarters is located in Gothenburg, but the company has trade offices all over the world with over 500 employees worldwide.

The Shanghai office is a part of Elof Hansson Trade which buys and sells pulp, paper, timber and biomass etcetera on a global market. The company can provide its customers with services such as marketing, risk management and shipping. Elof Hansson Property is the newest part of the company and was developed in order to spread risks and create a stable growth for the company. Elof Hansson Industry conducts sales of machinery as well as acquiring and developing companies related to industrial products.

Lars told us that his work can be compared to that of a detective who has to search for both products and buyers across different markets. The work is varying and constantly offers new challenges, which makes it both interesting and rewarding. Elof Hansson offers both trainee programs and internships that can be applied for via their office in Sweden.