

# Four Years of Lessons

## from an Independent Consultant in China

By Paul Stinson, President of CAPRA International Consulting Inc.

CAPRA International Consulting Inc. ([www.caprainc.com](http://www.caprainc.com)) was incorporated in June 2006, although I had started CAPRA International as a sole-proprietorship in 1997. From 2001 to 2005, I had served as Executive Director of BC Biotech (British Columbia's industry association) and Director General of HUPO (an international scientific consortium focused on proteomics - the study of proteins- based in Montreal). I had developed excellent contacts in North America and Asia, and I sought to monetise them. My goal was to facilitate strategic alliances and partnerships between North American companies looking for a foothold in China and Chinese companies seeking technologies and products which they could

commercialise in the world's largest potential life sciences market.

**F**irst, a confession: I have made every possible mistake that a new consultant could possibly make. I have learned each time, but it still hurts to have made the mistakes. And it has cost me ...

### Let the lessons begin!

In February 2006, I represented a Nanjing-based pharmaceutical company, which was attending the 4th annual BioPartnering North America Conference in Vancouver. I knew the conference well, having attracted it to Vancouver in 2003 when I was with BC Biotech. A friend from Hong Kong, who was Executive Vice-President of the Nanjing company, asked if I could help set up meetings for the company with some pharmaceutical and biotech compa-

nies that I knew well. I proposed what I could do for them in advance of, and during, the conference, and asked for ten days of consulting fees. The EVP countered with four days of fees. The company brought four managers and I did what I promised; during the conference, I proved to the EVP that I had spent at least six full days working on the company's behalf and invoiced him for six. He agreed to pay for six days of fees; on the day the team left, a Senior VP from Nanjing paid my fee in full - in cash - crisp \$100 bills in US Dollars! Although I had outlined what I could do in a contract, the company did not sign it - but I was paid. When I asked for \$76 in expenses (for having taken the EVP around in my vehicle) the Senior VP objected, because I had not proposed the expenses in advance. I tore up the invoice.

**Lesson 1:** Always outline all costs in advance and always get your contract signed. Never assume that what is "logical and legitimate" to you will be treated the same way by your Chinese client.

Anxious to build upon my first interaction with the company, I offered to travel (at my expense) to Nanjing in April 2006. (I have been to Asia 23 times since March 2006.) The company generously met me at the airport and picked up my hotel expenses for a night. The night of my arrival, the VP who had paid my fee, hosted a wonderful dinner and promised that one of his staff members (who spoke good English) would accompany me the next day. We sealed the evening with rice wine and toasted to our new-found relationship. Much to my surprise, I learned that the Executive VP from Hong Kong had been there the day before my arrival, but had returned home before my arrival. Hmmmm ... some friend, I thought. Next day, after visiting the company's impressive manufacturing facilities, I met a Deputy GM to review how I might assist the company. I took with me a copy of the conference handbook from the BioFinance 2005 meeting held in Toronto the previous April. The book listed profiles of each presenting company and listed all participants by name. I offered to leave that copy of the handbook with them, and offered to

assist them with introductions to any of the companies that they identified as potential partners. That was the last time I heard from the company for three years. The Deputy GM and his team used the book to dig for partners and contacted those companies directly. The EVP took the senior managers on a North American "road-show", and then launched an IPO in New York. I was never consulted again.

**Lesson 2:** Information is power. NEVER leave materials with a potential client that the client may use him/herself, unless you have a written agreement about how the materials may be used and how you will be compensated for the information that you provide.

During the rest of that April 2006 to China, with the help of a friend in Shanghai whom I knew well, I began searching for companies that I might attract as clients. I did not speak Mandarin, and I (wrongly) assumed that the companies I was targeting would all have English-speakers in senior positions. I had no collateral material to present and leave after my visit.

**Lesson 3:** China in 2006 had no "culture" of hiring independent consultants; companies needed the big consulting firms to handle their financial statements and audits, but they did not typically hire com-

panies like mine, seeking to be facilitators of a deal. I think this still applies today.

Fast forward to 2009. Through the China Medical Doctors Association (CMDA) in Richmond, I was introduced to another Nanjing-based pharmaceutical company, which was very successful in China. The company's Chairman was known to the CMDA, and had expressed an interest in acquiring new products and/or distribution rights for products that the company could launch in China. My first visit with the Chairman in Nanjing was a disaster; even though I had been introduced by CMDA, he really didn't know what I was up to or why I was there. His assistant was our translator and I was not at all certain that I was properly conveying what CAPRA could do for his company. On my second visit to Nanjing, I was accompanied by my Vice President, a native of Beijing. From the beginning of our discussions, there was a completely different atmosphere, and at the end of the discussion, the Chairman presented us with lovely gifts. And later engaged CAPRA to find him a Canadian partner.

**Lesson 4:** Take an interpreter whom you trust with you. The difference is like night and day; ensuring that the Chinese partner is comfortable communicating in Mandarin is critical.

*To be continued ...*



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