

Navigating China in a turbulent time: leadership in need

Amid ongoing international trade struggles and shifting global dynamics, China remains a strategically vital but increasingly complex market. For multinational companies (MNCs), success now depends on the ability to operate with better local insights, greater agility, and deeper adaptability—without compromising quality or governance.

While many local Chinese competitors are able to innovate and deploy solutions rapidly, MNCs are frequently constrained by slower decision-making processes, centralized approvals from headquarters, and a lower tolerance for risks. To help address these problems, Russell Reynolds Associates recently held two CEO roundtable events in Beijing and Shanghai, inviting leaders from both MNCs' China teams and local Chinese companies to share their practices.

This article summarized the insights shared by our guests regarding how to navigate China's market during this complex time.

Appoint leaders who have deep understanding of the local ecosystem and are unafraid to try (and fail at) new strategies

For MNCs to thrive in the Chinese market, it's essential to appoint leaders who possess a profound understanding of the local ecosystem and demonstrate the leadership capability to operate transparently, competitively, and effectively. In China's dynamic environment, disruption is constant. Leaders from local companies recognize that there is no predefined "playbook;" instead, business strategies are often developed in quick response to dynamic markets. These leaders are adept at comprehending consumer needs, competitor capabilities, and disruptive technologies.

To excel in this market, leaders must be comfortable with continuous risk-taking and business reinvention, optimizing returns holistically beyond mere profit generation. They should remain flexible, ready to adjust their perspectives based on new information and an evolving landscape. Understanding competitive threats and deploying competitive solutions that align with market demands are critical to achieving success.

Empower local teams to act with agility

In the rapidly evolving China market, speed and agility are paramount. MNCs face increasing pressure to match the swift pace of local competitors, who leverage streamlined decision-making and a robust risk tolerance to gain competitive advantages. Chinese companies, for instance, are rapidly deploying AI tools (such as DeepSeek and Kimi) to minimize risk and increase accuracy, while many MNCs are still navigating lengthy approval processes from their headquarters.

To compete effectively, MNCs must rethink their authority frameworks. MNCs should streamline decision-making processes, allowing local leaders to lead decisively and adapt quickly. This requires a shift in mindset—one that embraces agility and innovation at every level. By empowering local teams with greater autonomy and ownership, they can respond swiftly to market demands without sacrificing quality.



Look beyond just selling products and define the values you bring to the market

To truly thrive in the Chinese market, MNCs must shift their focus from merely selling products to embedding themselves within the local ecosystem and adding genuine value. This approach requires companies to redefine their roles, moving beyond transactional relationships to become integral parts of the local community, rather than simply acting as market players.

By offering competitive prices and salaries, training and education opportunities, and data-sharing services alongside local partners and employees, MNCs can help address broader societal needs and benefit from sustainability. For example, rather than positioning cancer diagnostic equipment solely as a product, a company can transform itself into an advocate for early detection and relapse prevention. Similarly, instead of selling drugs at highest possible prices, companies can try to maximize accessibility of their drugs through local partnerships and innovative pricing models.

Ultimately, effective market strategies emerge from identifying and fulfilling roles within the local ecosystem, fostering sustainable growth and meaningful impact. Again, this requires leaders who deeply understand the local ecosystem and are willing to embrace trial and errors.

Beneath the chaos is calm and consistency

In conclusion, MNCs in China need leadership characterized by a blend of pragmatism and disruption. These leaders must be able to make course corrections swiftly, ensuring their strategies remain aligned with the dynamic market environment. They should be capable of connecting with stakeholders, sometimes taking on a heroic role by actively leading their teams and maintaining stakeholder engagement. Reflective adaptability is crucial, as leaders must innovate while minimizing risk in response to changing conditions.

Despite fluctuating geopolitical narratives, the Chinese authority's steadfast support for business and enterprise provides a stable foundation for growth. It is also crucial for MNC leaders to communicate clearly and credibly to stakeholders, including headquarters, emphasizing China's openness to business. With support, trust, and empowerment from global stakeholders, MNC teams in China can effectively navigate the complexities of the Chinese market and seize the opportunities it presents.



Authors

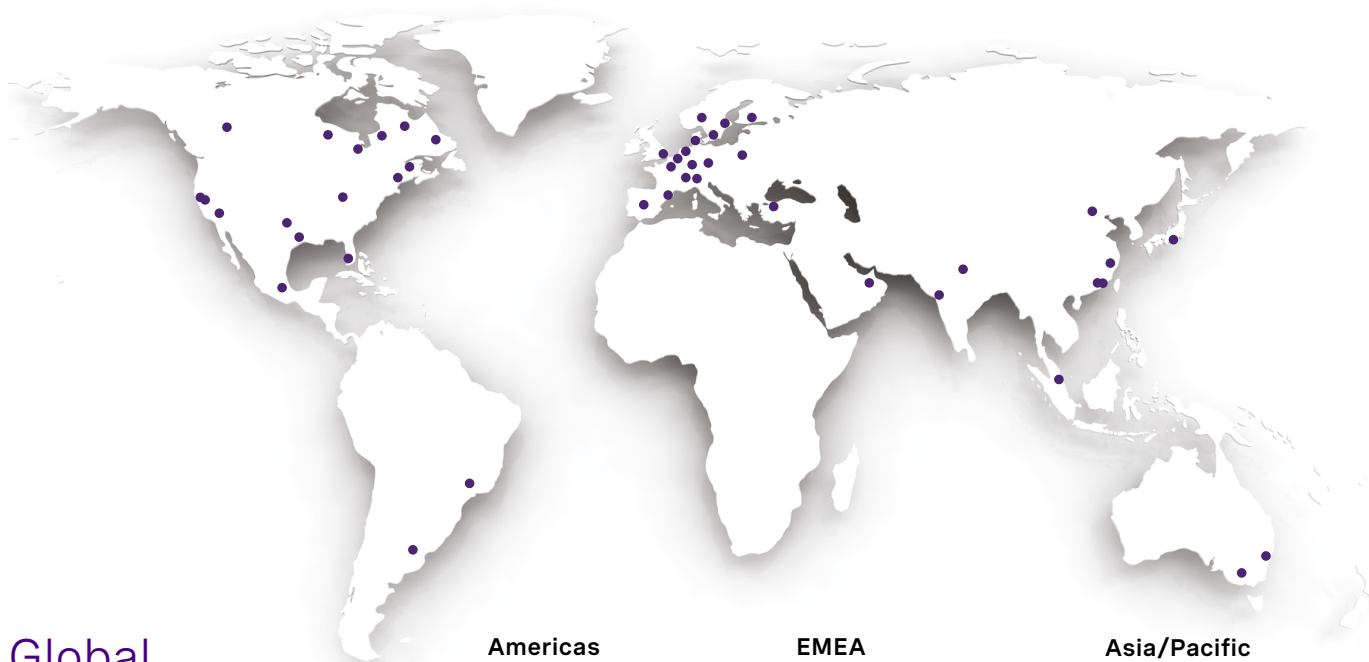
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