

An Overview of the Management Consulting Firms of the Spanish Company in China: Company Profile and Success and Failure Factors

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Abstract

This article explores the vision of Management Consulting Firms (MCF) specialized in internationalization processes of Spanish companies in China. The main objective is to shed light on a process full of uncertainty as is international expansion into emerging markets on the point of view of the advisors of that process.

First, it is analyzed whether there is a Spanish company profile that is internationalized toward China in terms of sector of activity, size and experience in international business. And second, with their client's experiences, success and failure factors in the internationalization process are studied.

To achieve those objectives in depth interviews were held with partners and managers of six Management Consulting Firms with Spanish clients in their portfolio.

As a result it is concluded that the sectors where the Spanish company has invested are several, the size of the company is important to undertake an implementation process in China and its international experience as well.

Eight key factors were found relevant to invest in China successfully. Five factors are related with their resources (humans and financials) and the other three are related with their strategy. The main reasons of failure are also discussed.

The article provides an outside perspective on the reasons why an internationalization process is successful and other fails.

Keywords

Management Consulting Firms; internationalization; foreign direct investment; company profile; Chinese market; key success factors

1. Introduction

In a global economy, many companies seek to extend their domestic market by finding new customers and profitability. The removal of trade barriers, greater geographic mobility, both of products and of people, and the reduction of transport costs, means that many companies consider expansion as a way of benefiting from higher production and sales volumes. On the one hand, internationalization allows them to remain competitive and becomes a strategic option for the company (Kyläheiko et al., 2011; Sapienza et al., 2006), but on the other, it generates high uncertainty and risk, this is why it is a widely studied area.

This eagerness to compete leads many companies to choose to invest in emerging markets because they offer greater business opportunities (Enderwick, 2009; Sakarya et al., 2007). Usually these countries are characterized by having many natural resources, a developing infrastructure and an expanding economy, making them attractive for foreign investment (Chen, 1996; Wang and Guo, 2011). Within the emerging market category, China is the largest recipient of foreign direct investment (FDI) worldwide (The WorldBank, 2013), initially because its production costs were low and, latterly, due its domestic market potential, especially in the East and South (Cui and Liu, 2000).

Although the trend in Spanish business has been to move to places like South America or Europe (Galán and González-Benito, 2001) because they are closer culturally (Johanson and Vahlne, 1977; Johanson and Wiedersheim-Paul, 1975) and physically, for the above reasons, more and more companies are choosing China as an investment destination (Moyano Vázquez, 2009). Our study focuses on this Asian country for two reasons, its current international importance, and because, as a non-traditional destination for Spanish business investment, it is under-researched.

The literature has studied the internationalization process, from a qualitative, quantitative and theoretical methodological perspective, for the industrial and service sectors and in

many countries and regions, but always from the point of view of the company that is going international.

In this study, we analyze Spanish companies that are investing in China. Due to the country's complexity, many companies require the services of a management consulting firm (MCF) during deployment. Since international consultants have an objective and experienced view of the internationalization process of Spanish companies in China, the present article focuses on their opinions.

Some previous studies make a connection between the internationalization process and the MCFs, taking the latter as the analysis unit, rather than the companies they advise. Some authors have identified the entry barriers that MCFs face in their own internationalization process (Freeman and Sandwell, 2008), other have looked into their motives in internationalizing (Glückler, 2006; Poulfelt et al., 2014), but none have investigated their opinions on this means of business growth for their clients. MCFs have multiple views of this process, many of their customers have succeeded but many also have failed, so the opinions of MCFs may be of value, but have not previously been studied.

Thus, the aim of this paper is to explore the realities facing Spanish companies in China, from the point of view of their internationalization advisers. The first research question is whether there is a type or profile, as defined by terms of sector of activity, size or international experience, for a company that goes international in the Asian market. The second question is whether consultants experienced in advising companies in China have found factors that influence the success or failure of the process. The data for answering these questions are drawn from in-depth interviews with partners or directors of these specialized consulting firms.

The remainder of this paper is organized as follows: in Section Two we will review, firstly, the literature on profiles of companies that have gone international, their size, sector and international experience and secondly, internationalization success and failure factors. Then, in Section Three, we explain the methodology followed during the study, continuing

in Section Four by analyzing the case studies that arise. Finally, we discuss the results and present the main business implications.

2. Theoretical background

Traditional theories on internationalization suggest that companies go abroad not only because they have competitive advantages, whether in production, technology or other areas (Hymer, 1976; Kindleberger, 1969), but also because going abroad implies lower costs (Buckley and Casson, 1976; Caves, 1996; Dunning, 1988).

Although it is true that in the early stages of the opening of the market in China, when they first began to receive substantial direct investment from foreign companies, these were motivated by competitive cost advantages (Boisot and Meyer, 2008), nevertheless this paradigm has now changed remarkably and other factors, such as the potential of the Chinese domestic market, make investment attractive (Chen and Yeh, 2012).

So, current internationalization theories, for example, network theory (Hosseini and Dadfar, 2012), better explain the motivations of companies in internationalizing than do traditional theories. This is because the decision is based, not only on the productive competitive advantage of the company, but also depends greatly on the strategic alliances developed by the company. In China, these alliances give added value for competing and succeeding in the market (Gao et al., 2012; Tung and Worm, 2001).

It is evident that companies internationalize because there is some advantage in so doing, whether this be in production or in relationship terms; but what are the characteristics of a company that undertakes this internationalization process?

Much of the literature has focused on the size of companies and the international experience of their executives for analyzing their propensity to undertake business beyond their borders.

Whether the company size is a relevant characteristic of the firm that decides to invest abroad is a controversial issue. In regard to direct investment, because of the resource

needs, the bigger the company, the greater its propensity to internationalize (Lin, 2010; Todo, 2011). Although there are authors such as Reynolds (1997) who claim that small-to-medium enterprises (SMEs) are growing in the international market mainly in sectors where economies of scale are not necessary, others like Reuber and Fischer (1997) assert that SMEs can cope with the internationalization process and overcome their lack of resources using other entry mechanisms such as networking (Chetty and Blankenburg Holm, 2000). In the export field, though, there are more authors who have shown that an SME can be successful (Dean et al., 2000) and some of these even being major exporters, according to Wagner (1995).

In contrast, the literature on Top Management's international experience is in agreement that, the greater the management experience and training, the greater the propensity to internationalize ((Moreira et al., 2013; Nielsen and Nielsen, 2011; Reuber and Fischer, 1997; Tihanyi et al., 2000). It is this management team experience that allows companies with less resources to internationalize, by using this intangible resource for finding less capital-intensive methods, such as strategic alliances with partners (Reuber and Fischer, 1997).

Using the views of the MCFs interviewed in the study, we aim to compare, on the one hand, whether a company needs to be big to successfully invest in China or whether there are also successful Spanish SMEs and, on the other hand, if the international experience of these companies has been crucial during the deployment process.

The literature on success and failure factors for internationalization is sparse. Only a few authors, such as Brenes et al. (2008), Yang and Lee (2002) and Zeng et al. (2009) have explicitly studied this topic. Of these three works, the first focuses on Latin America and the other two on China. All three papers suggest that the management team's involvement and commitment are key success factors. Yang and Lee (2002) add technological capability, good definition of objectives and the relationship with the authorities as three key factors

and Zeng et al. (2009) believe that that it is marketing that has the greatest effect on the company's performance in China.

Few studies attempt to identify success factors for a company's deployment in a foreign market, most authors focus on a specific factor and its effect on the internationalization process. For example, Cremer and Ramasamy (2009) focus on the role of the management team as a determinant of success, Kyläheiko et al. (2011) and Liu and Wu (2011) on the firm's technological capability, and authors like Luo (1997) or Tsang (1998) analyze whether it is institutional influence networks (Guanxi) that determine company success in China. Consequently, additional empirical evidence on the factors that influence the success of the internationalization process in general and in emerging markets like China in particular, is needed.

3. Methodology

We use a case study-based methodology to answer the questions in the previous sections. An exploratory and descriptive study (Yin, 1981, 1984), based on six interviews with partners and executive managers of consulting firms, was conducted to give a broad perspective of the internationalization of their clients in China. Although the qualitative nature of our work makes it difficult to generalize the results, the fact that six cases are studied, taking into account that each of these implicitly includes many customer experiences, leads us to believe it to be representative of the number of Spanish companies that are currently developing direct investment activities in China. Eisenhardt (1989) supports the number of cases studied in this article because, although he notes that there is no ideal number of cases to be studied in order to understand a phenomenon, he observes that analyzing less than four is not optimal for generalizing the results, while more than ten involves an amount of information that is difficult to handle.

Our research was conducted during the period 2012–2014. In-depth interviews of more than one hour with partners or managers of six consultancy firms with Spanish clients and with a presence in China were conducted – three by telephone and three in person.

Before the interviews, the study objectives were explained to the respondents and the confidentiality of their personal data guaranteed, hence we have encoded the names of the consultancies and the respondents names do not appear. Each interview was taped for later transcription and analysis in order to ensure verbatim and accurate information gathering. Responses were encoded using a computer program to establish patterns or similarities.

It should be noted that, in this sample, five consultancies had a long-standing international presence, totaling more than thirty years advising companies, and the other one was recently established exclusively to advise Spanish companies in China (see Table 1).

Table 1. Characteristics of the Management Consulting Firms.

	Year of foundation	MCF's headquarters	Number of interviewees	Interviewee	Interviewee's location
MCF1	1941	Spain	2	Former managing partner and actual managing partner of Shanghai Office	China
MCF2	1979	Hong Kong	1	Business Development Manager	Germany
MCF3	2013	Spain	1	Managing Director	Spain
MCF4	1845	United States	1	Partner of Shanghai Office and Head of Commercial due diligence for Mainland China	China
MCF5	1963	United Kingdom	2	Partners of Barcelona Office. Tax Manager and Legal Manager	Spain
MCF6	1964	Spain	1	Managing Director	Spain

All the MCF participants in the study provide legal and tax advice for the deployment and further development of overseas activities. MCF2 offers additional recruitment services and MCF3 offers translation services and Chinese search engine / social network ranking optimization (SEO).

The MCFs have different types of client. Regarding size of companies they advise, MCF1 and MCF4 have a portfolio of medium and large enterprises, the first basically of Spanish origin, and the second more international. MCF2 and MCF5 also have customers from different countries, but these are usually smaller. Finally, MCF3 is dedicated to advising local small businesses. Spanish companies of all types are represented in the sample.

4. Analysis of cases

This section is divided into two subsections which address the questions posed in the Introduction. Firstly, the MCF views are analyzed to determine whether, based on their experiences with clients, they detect a categorization for Spanish companies investing in China. Then, in the second subsection, a list of factors, that the MCFs perceive as necessary for these investments to be successful, is set out.

4.1. Spanish company profile in China

Following Claver et al. (2005) and Moyano Vázquez, (2009), we consider company profiles on the basis of three factors: sector of activity, size and experience in international business.

In regard to the sectorial activity of Spanish enterprises located in China, according to Spanish Government Ministry of Economy and Competitiveness sources (<http://dataInvex.comercio.es>), these investments were concentrated in twenty sectors (2012 data). The most important of these (72% weighting) was the Financial Services sector (Sector 64), through the investments made by major Spanish banks over the years concerned. Eliminating this sector because it distorts the view of the rest, we found that Manufacture of vehicles and Trade (Retail and Wholesale), represent 20%, 17% and 10% respectively. These are followed by Other Manufacturing (Sectors 21, 22, 23, 24, 25, 27 and 28) and the Food and Chemicals (see Table 2).

Table 2. Characteristics of the Management Consulting Firms.

Sector	2012	2011	Var.	Incl.64	Excl.64
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10	Manufacture of food products	89.360	56.000	59,6%	1,7%	6,3%
13	Manufacture of textiles	12.110	11.950	1,3%	0,2%	0,9%
20	Manufacture of chemicals and chemical products	88.110	20.140	337,5%	1,7%	6,2%
21	Manufacture of basic pharmaceutical products and pharmaceutical preparations	44.770	45.220	-1,0%	0,9%	3,2%
22	Manufacture of rubber and plastic products	14.340	14.180	1,1%	0,3%	1,0%
23	Manufacture of other non-metallic mineral products	88.410	109.590	-19,3%	1,7%	6,3%
24	Manufacture of basic metals	60.970	55.560	9,7%	1,2%	4,3%
25	Manufacture of fabricated metal products, except machinery and equipment	122.870	110.480	11,2%	2,4%	8,7%
27	Manufacture of electrical equipment	56.080	52.420	7,0%	1,1%	4,0%
28	Manufacture of machinery and equipment n.e.c	32.730	22.560	45,1%	0,6%	2,3%
29	Manufacture of motor vehicles, trailers and semi-trailers	290.430	271.370	7,0%	5,7%	20,6%
32	Other manufacturing	7.200	6.970	3,3%	0,1%	0,5%
35	Electricity, gas, steam and air conditioning supply	20.030	18.530	8,1%	0,4%	1,4%
41	Construction of buildings	20.920	22.400	-6,6%	0,4%	1,5%
42	Civil engineering	2.750	2.700	1,9%	0,1%	0,2%
43	Specialized construction activities	48.410	38.680	25,2%	0,9%	3,4%
46	Wholesale trade, except of motor vehicles and motorcycles	149.670	115.650	29,4%	2,9%	10,6%
47	Retail trade, except of motor vehicles and motorcycles	243.490	173.990	39,9%	4,8%	17,2%
52	Warehousing and support activities for transportation	14.190	16.340	-13,2%	0,3%	1,0%
62	Computer programming, consultancy and related activities	4.680	4.360	7,3%	0,1%	0,3%
64	Financial service activities, except insurance and pension funding	3.699.820	3.271.080	13,1%	72,4%	
66	Activities auxiliary to financial services and insurance activities	850	700	21,4%	0,0%	0,1%
69	Legal and accounting activities	-3.980	-3.060	30,1%	-0,1%	-0,3%
70	Activities of head offices; management consultancy activities	50	0		0,0%	0,0%
71	Architectural and engineering activities; technical testing and analysis	1.760	0		0,0%	0,1%

Source: Datainvox

Thus, Spanish companies are investing in many sectors (Moyano Vázquez, 2009), and the consultants also note this. According to MCF1, "being China the type of market it is, businesses of all kinds go there".

Concentrating on growth sectors, Chemicals and Food are two of the main ones. The MCF2 respondent says: "The kind of Spanish company that now goes to China is a company that sells products, mainly food (wines, oils, etc.) but also fashion. Then Medical-Pharmaceutical-Chemical companies are also deployed there. And the industrial sector remains important."

In relation to size, as being one of the aspects that define the profile of a company investing in China, we found disagreements, both in the literature and in the views of the MCFs.

The actual managing partner of MCF1's Shanghai office explained that, in his opinion, the typical pattern of internationalization of Spanish companies in Latin America had been different to that in China. "In the Americas, the big companies came first and then the medium-sized ones followed. In China, however, medium-sized companies were the pioneers, the first to move but, in recent years, it is clear that increasingly it is large companies that are setting up shop".

Today, when the Chinese market continues to be very competitive, the consultancies believe that the size of the company that is internationalizing is important because deployment takes a long time, is complicated and requires a level of monitoring and control, which is difficult to achieve without the requisite resources. This does not mean that small and medium companies cannot sell in China. They can export (Dean et al., 2000), but direct investment is more complicated, according to MCF1. Nevertheless, it is not only size that is important; in this regard the respondents' views are nuanced. Based on their experience, MCF4 and MCF5 believe that, depending on the sector and the activity undertaken, size need not be exclusionary. From MCF2, comes the claim that a company's level of expertise is as important as its size: "Investment in China, is linked a little to company size but, if you offer a truly specialized product with high added-value or

differentiated from the competitors, there's no need be a large company at all, as long as you have the financial resources for the investment."

The MCFs have found that most companies investing in China are companies that have previously invested, mainly in Europe, South America or North Africa, so their managers have some experience in international business. China is not usually the first internationalization destination for these companies, they initially invested in markets with more cultural affinity or geographically closer (Galán and González-Benito, 2001).

Despite having experience in international markets, because of this Asian country's complexity there are many companies that use consultants to carry out the process and, for those that do not use them, it is because they are very large and have a specialized department in their company to carry out these market studies (MCF5).

Although it is difficult to define a profile of the company that invests in China, we can conclude that its size is important, although there are exceptions, and that this is not usually its first business internationalization destination, it will already have some foreign experience. In relation to the sector of activity, Spanish business has invested in several sectors, notably Financial. But if we look at which are currently growing with a significant percentage of the total, then Chemicals, Food and Manufacturing, as well as Trade, are the dominant investments.

4.2. Key success factors in internationalizing to China

Any internationalization strategy carries many risks for the company (Figueira-de-Lemos et al., 2011; Forlani et al., 2008), even more so if the destination country is as different from Spain as is China. For a Spanish company, a market like China is not only geographically distant, but poses a major cultural challenge. The psychological distance defined by Johanson and Wiedersheim-Paul (1975), culture, politics, language etc. causes many companies to fail in China. For this reason, some authors (Yang and Lee, 2002; Zeng et al., 2009) have wondered whether there are factors to consider when investing in this country with certain minimum safeguards for success.

This specific question was asked to the MCFs during the interviews and a total of eight items were to be taken into account for survival in China, "survival " understood as achieving results enabling the company to continue this international project (Van Praag, 2003). Not all the MCFs reported the same success factors, but there was broad agreement (see Table 3).

Table 3. Key success factors according to Management Consulting Firms

	MCF1	MCF2	MCF3	MCF4	MCF5	MCF6
commitment and resources	X	X	X	X	X	X
top management involvement	X	X	X		X	X
human resources	X	X		X	X	X
a good partner	X	X	X	X	X	X
network relationships			X	X	X	X
differentiation		X	X			X
adapt the strategy		X	X	X	X	X
protect technology		X			X	X

These factors fall into two groups. The first group consists of the five factors, relating to company resources and relationships, the second, the remaining three factors related to its strategy and products or services.

4.2.1 Key success factors related to resources and networks

To get good results, all the MCFs consider that the company's level of commitment to the international project is essential. This commitment is reflected in the investment of adequate resources, as much financial as in time and people, since this is a long-term investment and hence not immediately profitable (Cui and Liu, 2000; Lu and Beamish, 2001).

MCF1: "Currently, for China, the level of commitment required is equal to or greater than for Spain, [...] so... you have to go to China with a firm commitment, if you go halfway, it almost certainly will go wrong"

MCF5: "You have to commit the necessary resources and create a structure... sending a couple of expats to look for business does not work."

MCF6: "It is a long process and therefore needs resources"

This commitment requires the close involvement of top company management as it is an investment that will not pay off immediately, so the consultancies believe that the project is unsustainable without full management support. "Going to China is a strategic decision; therefore, senior management must support the project" (MCF5), "and motivate other staff" (MCF6). The Business Development Manager of MCF2 adds that "this does not mean that senior management be in charge of the project, because the decision may come from the CFO, or the Export Manager. But if this person has not been able to convince the top company management, it makes no sense. And if the company goes ahead without having convinced senior management, it will probably fail. "

The third factor to consider is the company's human resources in the country of investment. The MCFs remarked on the importance, on the one hand, of sending top professionals from Spain (as did Zeng et al. (2009) in his study of business success factors in China) and, on the other, of finding qualified staff in the country. The literature also stresses the importance of this factor for project success (Yang and Lee, 2002). Throughout the interviews, the MCFs explained this as follows:

MCF1: "The company did not send a second or third level professional, it sent a first class professional, gave them authority, gave them skills, were there during those five or six years and so we can see that before they had nothing, and now they have an office with 25 professionals. Why? Because of the people, i.e. the resources, and the wherewithal the company gave him. We have other firms that have not succeeded in China. Why? Because they sent a lawyer, like he was renting there, then he came, was part-time, hired two Chinese and then turned to go, so the continuity, the intensity of the project..."

MCF4: "Having a capable leadership, with talent, who can bring the project to a successful conclusion. Do not send grade C management, rather those of higher quality."

MCF6: "Have qualified local staff who speak English"

In a country like China, having such a big cultural difference with Spain, many companies use a partner, whether an equity partner or a business associate, to develop their activities. This is one of the most studied areas in terms of internationalization processes in China. Some authors point out the advantages of using a partner to enter the Chinese market. Lu and Beamish (2001) justify the need to take advantage of a partner's knowledge, if they themselves do not know the market. The right partner can provide strategic, organizational and financial advantages (Luo, 1998) since they speed up market entry (Glaister and Wang, 1993). However, there are potential drawbacks to consider when investing with a partner. According to Hu and Chen (1996), the partner's level of commitment can be a problem for proper company functioning and Zutshi and Tan (2009) point to trust as the main drawback of joint ventures in China.

All the MCF respondents stress the importance of choosing a good partner. A partner can help companies at the time of their entry into the country, because they know the workings of the market. However, from past experience, some MCFs recommend caution.

MCF1: "I would not say that you should avoid a partner because there's always something... but I think before going into China with a Chinese partner, do a very careful analysis of what the Chinese partner gives you, and what risks there are in having a Chinese partner. And if what they bring is really greater than the risk, then it makes sense"

MCF2: "The only advice I can give because we do it, is to carry out a due diligence on your partner; even if you have a good relationship."

MCF3: "Have a Chinese partner or a couple of Chinese workers who can advise you at all levels, since the person here does not have to know Chinese or how everything works"

MCF4: "Many companies change their partner and not just for cultural reasons. The right partner means that, it's the right match from a business point of view as well as from a relationship point of view."

MCF5: "The partner is essential in helping you understand how business culture works in China, because they have different ways of working to Western ones and it costs to close deals."

MCF6: "It is important to work with a partner because when you open a branch the aim is that this cultural approach leads to a commercial approach."

It could be argued that it is important to have a good relationship with the partner in China, but also in any other country. However, having good relations with the institutions or authorities, in China known as *Guanxi*, is vital in this Asian country and can cause project success or failure (Gao et al., 2012; Luo, 1997; Tsang, 1998). Having good contacts (social networks), means it is possible to overcome the language and bureaucracy barriers that companies encounter in China (Freeman and Sandwell, 2008; Nair and Stafford, 1998).

MCF4, 5 and 6 indicate that the government role in China is more than a regulatory issue; hence it is important to have good relations, especially locally. Consequently, the person in the company who deals with the Administration must be able to relate well to the authorities. The CEO of MCF3 notes that it is very difficult to have *Guanxi* if you are not Chinese, so it is desirable that this person be a local. Tung and Worm (2001) also regard that using an expatriate it is difficult to establish a strong relationship with the authorities.

4.2.2 Key success factors related to business strategy

Moving on to factors related to the company's strategy in China, in three of the six interviews, differentiation is designated a success strategy. Wigley et al. (2005), also consider that this factor is critical for success at the international level. The consultants remark that, for a business to succeed in China, it "must be able to offer a product with differentiated know-how" (MCF2), "if you're not a little different, you can't do anything" (MCF3).

Internationalization requires that each company make country-specific strategy changes, because each deployment project has specific characteristics. Legislation may be different, also customer taste, market entry mechanisms: distribution channels, advertising, etc.

(Pedersen and Pedersen, 2004). So, a company's internationalization strategy is affected by the investment destination. Especially in China, whose differences with the Spanish market are so pronounced, five of the six consultants say that adapting the strategy is imperative. It is essential for a successful business to adapt procedures to Chinese culture at all levels (Yang and Lee, 2002).

MCF2: "For example, sometimes the Spanish company has a product with high added-value in Spain and sells products in Spain, but to have something to offer in China, it must become a service provider. It must offer a service, not a product. So it must restructure its business strategy, this step is complicated for companies to do. "

MCF4: "Know the market and adapt your strategy. Take into account that China is very big and that trying to encompass it all and treat it all the same is a mistake. You should see it like a Europe."

MCF6: "We must adapt the strategy because there are cultural differences to be taken into account (...)"

The last factor mentioned by three of the respondents, is the protection of company technology or know-how (Pagnattaro, 2012). The consultants stress that this is an issue of great concern to companies investing in the country and although, according to MCF5, the protection of intellectual property in China has improved, it still remains an unresolved issue.

The above eight factors are those that the MCFs considered relevant to success in China. Not taking them into account may lead to business failure there. The managers who responded to the interview noted that many businesses fail because they do not devote sufficient resources, financial and human, to the project. That is to say, they do not meet the first three requirements. "One mistake Spanish companies, unlike German or British ones, make is to think in the short term, about short-term costs rather than long-term profits" (MCF4).

The second reason for failure relates to the Chinese partner (Hu and Chen, 1996). Many joint ventures have not been successful in China for two reasons. The first lies in socio-cultural differences with your partner, resulting in you having distinct ways of working and understanding business. So, as far as possible, the MCFs recommend always holding majority ownership to take the decisions. The second problem with a partner, linked to the last success factor, is that of having to share information, leaving the company's intellectual property unprotected and making it easier for the partner to set himself up to take advantage of this know-how.

5. Conclusions

The internationalization of businesses is a much-investigated area in business literature, but not from the point of view taken in this article. The MCFs vision in regard to the internationalization process of their clients is one of the main contributions of this study.

Through interviews with the partners and managers of international consulting firms, we gathered the opinion of the consultants for Spanish companies in China. The profile of companies that go international, and the key factors for their success, are the two questions that this study has answered.

Company size is considered relevant to the company internationalization process, both in the literature and also in the opinion of MCFs. In this regard, the level of resources needed by a company deciding to make direct investment abroad makes it difficult for an SME to achieve, although there may be exceptions: the product or service it offers can have the requisite degree of specialization, and it may have adequate financial resources.

There is consensus in the literature and among the respondents in terms to their management international experience. The Spanish companies that are going to China are experienced in international business, and it is usually not their first cross-border venture. Normally, because of their geographical and cultural proximity, they have previously invested in Europe, South America or North Africa.

As for business sector, there are twenty where Spanish business has invested, notably Financial Services, Manufacture of vehicles and both Wholesale and Retail business. Should also be stressed the strong growth of Chemicals and, to a lesser extent, Food.

Our conclusion, therefore, is that Spanish companies do not invest in a given sector in China, they is represented in many areas. On the other hand, they are experienced companies, since they have already invested in other markets, and are of large to medium size – rarely small businesses.

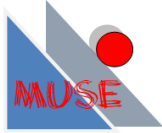
The differences between Spanish and Chinese market have resulted in some deployments failing. Through the MCFs experience, we identified eight factors to consider for internationalization success. Five of them concern company resources and contacts or networks, the other three relate to business strategy. In the first group of factors, the MCFs considered that adequate resource investment (time, money and people), management involvement, human resource quality in China, choice of a good partner and having good contacts are key factors for a successful deployment. In the second group, differentiation of product or service, knowing how to adapt the company strategy to the Chinese market and devoting efforts to technology protection seem, in the consultants' opinion, essential.

Faced with the many uncertainties inherent in company internationalization, this advice from MCFs experienced in international markets can provide guidance to companies who are considering deploying in China and help them seize the opportunities offered by one of the largest markets in the world.

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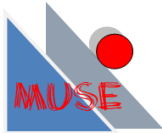
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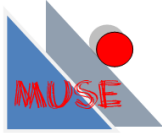
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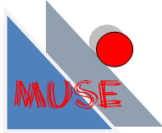
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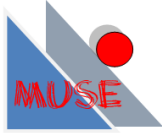
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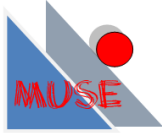
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