

# Digging In

BY DOUG FISHBACK

Tulsa-based businessman Ira Phillips (BA '65) turned heads at the Ditch Witch corporation in 2001 when his Shanghai-based firm in its first year became the fastest-growing distributorship among the corporation's 145 independent sellers worldwide.

He not only maintained his lead in 2002, but also was the top grossing international distributor.

"In 2003, we'll lead the world in sales revenue," he predicts with confidence.

Ironically, Phillips, who by American standards is a "mover and shaker," has achieved his success through meticulous planning and an expert grasp of the methodical pace of Chinese business. He knows that while success in American business can hinge on being the "first to market," in China, "Deng ye deng" or "Wait a minute" is key.

"It's all part of 'guan xi,' or relationships," Phillips said. "In China, the first issue is not that I have a product you should buy; it's that we can sit down, talk and become comfortable with each other. The deal comes later. First we need to understand that the other party is trustworthy — someone with whom we want a long-term relationship."

When such a relationship develops, the good will goes well beyond simple "customer loyalty." It crosses into outright enthusiasm.

"Customers refer potential buyers to us," Phillips said. "And when we visit customers, they almost always insist on buying us lunch or dinner or both, sometimes paying for our hotels and providing a car and driver for us to use."

His Shanghai Phillips Construction Equipment Company Ltd. has sold horizontal directional drills and trenchers to several high-pro-

file clients, including China Telecom, the Chinese national petroleum company and the city of Shanghai — not a bad roster for someone who didn't consider doing business in China until 1997.

For Phillips, the growth of the Chinese economy, an increasing willingness to try free-market experiments and the resulting infrastructural development are creating unprecedented opportunities.

"China today is like the American New Deal," he said. "The country is building at a tremendous pace. Half the construction cranes in the world are in China now. Streets, expressways, and toll roads are being built at staggering rates, and the growth of utilities continues to boom."

Phillips' enthusiasm for doing business in China is backed up by some interesting numbers. Today, for example, nearly half of China's GNP comes from privately owned companies, he said. That share is expected to grow to as much as 80 percent over the next decade, as China continues to attract foreign investors and the government fully implements the requirements for China's membership in the World Trade Organization (WTO).

"The government is very happy to work with companies to get them off to a sound start," he said. "Today, they are more enthusiastic about new opportunity than about old-line rhetoric."

One indicator of that new orientation is Phillips' booming consulting business — for Western companies wanting to move into China, as well as for Chinese companies wanting to adapt Western business models. Phillips Marketing Associates, with offices in Tulsa, Shanghai and Hong Kong, helps



clients assess Chinese market opportunities, develop business plans, secure financing, obtain government approvals, select sites, staff operations, conduct import/export activities and address other issues.

Phillips' projects include consulting for a major Chinese pharmaceutical group, a tire manufacturing company, a housing development project and a luxury resort.

After graduating with a BA in commercial art, he completed a master's degree in management from Southern Nazarene University. A member of the Cherokee Nation, Phillips worked for the tribe as an administrator before becoming the Oklahoma Commissioner of Labor under Gov. Henry Bellmon. These positions have helped him develop an insider's understanding of the intersection of economic development, politics and private enterprise.

Phillips' hectic schedule includes a few trips home to Tulsa each year, where he spends time with his wife, Charlotte. She also travels to China two or three times a year.

Phillips is eager to see more of his Western colleagues update their understanding of China and participate in the country's modernization and movement into an increasingly market-driven future.

But he is quick to point out that anyone wanting to do business in China needs to approach opportunity with a respect for cultural differences.

"One of the most challenging things for American business people is to have patience," he said. "But in China, it's fundamental to take things one step at a time. Be friends first, and then become business partners. It's a formula that really works."

