

London Business Matters

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YINTONG TALKS WITH...

Matt Round, Creative Director of Tangerine

THE UK has a long-standing reputation as a global centre for design and innovation, a sector which contributed £4.4 billion to the economy in 2007/08, almost £1 billion of which was attributable to overseas sales. A few years before this I began my involvement with UK Trade & Investment Anglo-Chinese business programmes and met Matt Round, creative director of design company Tangerine, on his first visit to China. I recently caught up with him at the Imperial China Restaurant in London to find out how he had been getting on.

Jetlagged from a trip to China but characteristically polite and pleasant he told me that he and his team had been working with their partner Huawei Technologies since 2006. Huawei is the largest networking and telecommunications equipment supplier in China and has fixed its sights firmly on the global market.

Tangerine has completed six projects with Huawei so far, including the design of 2008's best-selling handset in the mid-tier market in China, and the business relationship has strengthened. "Developing a relationship takes time, no matter where it is. Our role as a design partner has become more strategic and more integrated into guiding the way that design is used as well as the design of tangible objects." Matt also explained that Huawei knows the local culture and market better, but Tangerine's knowledge and experience in the whole



marketing process and in global design trends provides what is needed to give Huawei an edge over competitors.

On day-to-day working experience with Huawei, Matt said, "I heard stories about Chinese companies trying to cut prices to a silly level, making it impossible for the designer to work at that budget. But this has not been the case with Huawei. It is open and straightforward. Of course, the company sometimes has difficulties in understanding our point of view and it has

been necessary on occasion for us to provoke its thinking with new concepts and a new approach. But these are generally professional issues that you would have with any other partner in any other country. With our international working experience, we recognise how important it is to hold open discussions, as there is scope for misunderstanding. Our approach is to go that extra mile and to make hundreds of phone calls a year to ensure that total understanding. At the same time, because of the trust we have built we don't worry about bringing up controversial issues, as part of our role is to create a better future for Huawei. But it has to be done in a sensitive and respectful manner. If we are not careful, we could be seen as arrogant. Our job is about helping to achieve the ultimate commercial results for the client, not about our ego."



Matt Round

- Creative Director and shareholder of Tangerine
- Date of Birth: 1968
- Creator of the design for the world's first flat bed in business class for British Airways
- Award winner of DBA Grand Prix for design

Knowing Tangerine also works with Japanese and Korea companies I was curious how these experiences compared?

"Japan has a longer heritage in using design. It is very thoughtful in the way that it uses design and its approach has more similarities with a European model than a Chinese one." Matt told me. "Korea is developing at an aggressive pace and has made a tremendous shift in its global position. One only has to look at how LG and Samsung have changed over the last 5 to 10 years to realise this. In China, I have

made some really good personal friends. I always look forward to some good banter over a few bottles of beer. However, working with Asian countries can be challenging and we often spend additional time on a project."

One of Tangerine's tasks with Huawei is to inspire its 70-strong design team to an international level. I wondered how long it would take for Chinese companies to catch up and even overtake Western companies.

Matt smiled, "That's anybody's guess. Judging by the speed of overall developments in China, one should never be complacent. We have only worked with Huawei and one other smaller company, Konka. From what I have seen and heard in China, I suspect these two Shenzhen companies are quite unusual in their approach."

The city Shenzhen in Guangdong province, just north of Hong Kong, is the first and arguably the most dynamic Special Economic Zone founded by the government under Deng Xiaoping's reform policies in the early 1980s. In the last 20 years, it has developed from a small village into a city that is home to some of China's most successful high-tech companies. Huawei is one of them and especially known for their advanced strategic thinking. We agree, however, as more and more Chinese companies recognise the significance of design, that there are bound to be greater opportunities for more international partnerships.

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News in brief

Late payment interest rates – know your rights as a supplier!

The global economic crisis forced the EU to amend its Late Payments Directive this year. Central to the amendment was that companies could agree terms outside of those which are specified in the original legislation, while also allowing public authorities an extra 30 days to make outstanding payments. Nonetheless, this has resulted in unforeseen implications that have angered many business organisations. The legislation is designed to protect businesses and also makes provisions

for providing debt recovery costs and allowing SME representative bodies to challenge contractual terms which are unfair to them and it operates as a deterrent to making late payments as interest is charged after the 30 day time limit. However, the primary concern of businesses is to successfully receive payments on time as the economic crisis has made the cash flow and liquidity problems more salient in the immediate-term. While business organisations agree that this legislation is a positive step forward they also draw attention to small businesses fearing pursuing legal action against public authorities who are crucial for awarding contracts and as these contracts become scarcer they naturally do not want to take actions which would rule them out of winning these contracts.

For advice search for 'late payment' at www.businesslink.gov.uk

Service providers: BIS is looking for your view on new Services Directive

Around two-thirds of businesses in the services sector will soon be able to take greater advantage of the single market thanks to the EU Services Directive. Businesses such as accountants, builders, travel agents, hair stylists and consultants will benefit from: Online license applications, greater recognition of licenses in other European countries, less red tape as European countries remove unnecessary barriers to business and a wider customer base. This could be worth about £4 billion to £6 billion per year to the UK economy, and €30 billion per year to the European economy. The Directive must be implemented by 28 December 2009.

To ensure that these improvements are made to the single market in services, Member States will evaluate each other's success in removing barriers to service providers from other Member States operating in their territory. They will also evaluate the justifications Member States make to keep the need for service providers to have specific professional qualifications where they feel this is necessary. The Department for Business, Innovation and Skills (BIS) is taking part in this process for the UK. BIS would like guidance from UK business as to the areas it should focus on to get the best results for UK service providers. If you would like to give your view on the free movement of services please answer BIS' questions at www.enterprise-europe-se.eu/contact-us/the-services-directive (the information is collected by the Enterprise Europe Network colleagues in the Southeast for BIS).