



# YINTONG TALKS WITH...

Michael Charlton, general manager of Ladbrokes



**L**ADBROKES is a famous name but the fact that they have made Lin-roads into the Chinese lottery market is relatively unknown. To get more information about their activities in China, I caught up with Michael Charlton, the General Manager for China on a recent visit.

When I arrived in the UK in 1993, I soon became aware that people in the West perceived gambling to be a popular hobby amongst the Chinese. I found this stereotype surprising since I, nor any Chinese people in my peer group, had ever been exposed to gambling before then. From where then did this perception originate?

"The belief is that lotteries originated from ancient China during wartime, around 200 BC. A game similar to modern-day 'keno' became very popular and its principle was adapted to help raise funds to build the Great Wall of China. The pastime became widespread after Chinese immigrants brought the game to the Western United States in the middle of the 19th century. Hence it could be said that Chinese people helped popularise lotteries around the world."

I was interested in the gambling situation in China now and how Ladbrokes

was involved in this complex market.

Michael gave me a general view of the industry: Lotteries have been permitted in China since 1987, although China's general Criminal Law still prohibits many forms of gambling in the country. However the lottery governing body, the Ministry of Finance, is taking steps to introduce new legislation to modernise the industry and bring in new styles of lottery game to meet the demands of today's consumer. This doesn't mean that illegal online and offline gambling don't exist, but there are initiatives in place to offer a legitimate alternative. "Foreign expertise and investment was sought to help curb the underground activities and increase fundraising for welfare causes through legal lottery taxes. As a relevant organisation to meet this need, the UK betting company Ladbrokes took on a consultancy role in the launch of China's first sports lottery pool betting shops which opened in Beijing in 2006."

## Partnership

Based in Beijing, senior members of Ladbrokes' management team were initially providing consultancy services to an organisation for the operational aspects of the new betting shops which are marketed under the 'Happy Pool' brand. Then in September last year, Ladbrokes' joint venture company in Beijing launched its first product to the Chinese market, in partnership with the Hunan Sports Lottery, the 'Lucky Racing Game'. Having worked in China for the last six years, Michael is obviously deeply involved in this recent development. "This is a small but positive step in a key gambling market and has been achieved this after many years of relationship building in China."

Given the sensitivity of the industry and its direct links with government departments, I was curious about how Ladbrokes operated within the system as a foreign company.

What were the key factors were in the organisation's success? "First of all,

**"The Chinese lottery market is likely to see more exciting growth as new lottery games and new lottery channels are deployed on a larger scale."**

Ladbrokes recognised that to get into a complex market such as China would require time and investment. This investment was not just about finance but also an investment in time and energy to build lasting relationships. The support from board level has been crucial; they are patient and persistent and have approached the project with their eyes wide open.

"Whenever senior directors were required for high level meetings, they would be there without hesitation. Obviously this has a lot to do with many years of international experience."

## Joint venture

Secondly, Michael believes that a good partner has been a critical success factor. Ladbrokes teamed up with the Hong-Kong based lottery services provider, AGTech and formed a joint venture company – Asia Gaming Technologies (Beijing) Co., Ltd (AGT) in 2007. Lobbying and PR are generally handled by their partner while Ladbrokes focuses its attention on the consultancy and technical side of the business, leaving their partner to manage the relationships with the government bodies. However, as they work together closely, the partners always present themselves with a united front, combining strengths from both sides. Michael adds: "Without our partner's local know-how,

it wouldn't have been possible."

Another crucial element, Michael tells me, is to have a trustworthy interpreter. "When you don't speak in-depth Chinese in China, they are worth their weight in gold." He adds: "An interpreter is not just there to convert words from English to Chinese. Over time, I have built such a trusting relationship with my interpreter that this relationship has evolved from interpreter to ally and negotiation partner. Not only does she know the business and all the necessary terminology, she is also especially good at handling local cultural complexities. I can relax at meetings, concentrating purely on business matters, letting her adjust any inappropriate remarks to accommodate Chinese sensitivities."

Michael is positive about the experience of working in China. "As with any business person I obviously have up days and down days, however I enjoy the buzz here and when I compare notes with my friends in the UK operating in the current difficult economic climate, I am happy where I am."

I see his point. To a positive person, challenges are a way of life, you face them as they come. The Chinese lottery market is likely to see more exciting growth as new lottery games and new lottery channels are deployed on a larger scale. Plus, the government is taking stronger enforcement action to direct illegal gambling to the legitimate lottery market. So, the sector offers immense growth potential. And with Michael's enthusiasm and his growing knowledge of local customs, I can see that that 2012 will be another great year for him and for Ladbrokes.

Yintong Betser is a China business specialist and the author of *Active Business Travel – China* [www.activeukchina.com](http://www.activeukchina.com)

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