

Swedish product development is advancing in China

Since half a year ago Olle Carlbark has worked with building up SCA's new product development department in Shanghai. To prepare himself for the task, he took part in Chalmers Professional Education's "China R&D Executive's Program".



Olle Carlbark visiting two of the company's clients to better understand their needs and wishes.

SCA's development of hygiene products for the Asian market was previously located in Kuala Lumpur, but the move to Shanghai was a natural step when the company began its commitment in China. The development department has seven co-workers at present, and several new recruitments are planned. Olle Carlbark from Gothenburg is leading the work.

"We need to be in China, as this market is growing fast. For serious global operations it is essential to develop the products in close connection with the local markets. Now we are in position and can communicate directly with our customers."

The local presence means that the lead-times in product development can be shortened. Customer needs can be understood and interpreted faster, and at the same time there are good conditions for collaborating with Chinese manufacturers.

Now that SCA is investing in China, one of the lines being developed and launched is incontinence protection, a product group that is only beginning its development path today but has great growth potential. An important challenge is therefore to inform about the product's availability and influence the consumers' behavior.

Education provides a better starting-point

Establishing a development department in China is no simple task. Olle Carlbark prepared himself for the new assignment by participating in Chalmers Professional Education's "China R&D Executive's Program". The course consisted of eight educational days, in Sweden as well as China, and he is satisfied with the arrangement.

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"There has been a high tempo and a well-balanced mixture of lectures with practical aspects. We have done interesting group work and taken part in panel discussions with people who themselves have built up operations for product development here in China."

Many companies experience difficulties when getting established in China and it is important to avoid the commonest pitfalls. To prepare the participants as well as possible, the course includes study visits to large companies, both Chinese and Western, and meetings with local product development chiefs.

"I have acquired a better picture of how Chinese company leaders think and act on the market," says Olle Carlbark. "We have also talked a lot about how the Chinese plan their careers, which is an important aspect that we must keep in mind when we recruit locally."

Chinese product development is speeding up

What is it, then, that makes the work with product development different in Sweden from that in China? Olle Carlbark thinks that the decision-making is a much smoother process in Shanghai. This is largely because the organization is small and the teams work near each other, but there are also other explanations.

"The Chinese are known for 'trial and error', and they work very fast in the development phase. We have been inspired by that way of working and developed a local policy for shortening lead-times and coming out faster on the market. We wait no longer than necessary for the decisions and we allow mistakes in the development work, mistakes that are adjusted through continuous improvements."

Rapid decisions and a high tempo in the product development are also a prerequisite for staying ahead in the hard Chinese competition. Development projects that take several years are not worth thinking about, since the competitors will have passed and gone ahead long before that. The projects, which Olle Carlbark and his colleagues work with in Shanghai, are normally to be finished within six to twelve months. The question naturally arises whether such an accelerated process can also be applied on the Swedish market.

"Absolutely. In Sweden we always make a few extra tests for safety's sake. Our national competitiveness would definitely benefit from a greater measure of calculated risk. Here at SCA the ambition is actually to introduce ingredients of the "Chinese style" in our Swedish development organization. We have a lot to learn and this is a further incentive for working with product development on site in China," thinks Olle Carlbark.

Product development is rolling into China, to Sweden's advantage

SCA is not the only company establishing product development in China. Many Swedish firms are adopting the same approach. Fredrik Hörstedt at Chalmers Professional, who is responsible for several of the leadership development programs in China, is following this trend carefully.

"We see a strong movement toward China throughout industry, and the situation in product development recalls what was experienced in manufacture and purchasing during the 1990s. The big companies go in the forefront, but surprisingly many medium-size firms start early."

Fredrik Hörstedt thinks that Chalmers is supporting a positive trend for Sweden as a whole, since local product development is the key to successful business in China. The strong growth in Volvo Cars is an eloquent example.

"Volvo Cars is currently conducting one of its largest recruitment campaigns ever in Sweden. Its investments in China are clearly yielding more jobs here at home."

Chalmers' program for product development in China is not only attracting Swedes. The participants also come from Holland, England, France and India. There are also many indications that the interest and needs of companies continue to be great. Even though the next program does not begin until October, only a few places are still open now.

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