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April 2007

Everyone under 1 roof

Liu and Qian are initially close

Qian: 3 admin staff
Liu: 21 employees (incl 8 family members)

"Little oversight from their American partners"

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Trouble

Arguments (around Liu and Qian)

Who is responsible for what
Seemingly no clear rules on annual leave etc

Liu's team would make FiltrOil products and shove them on Qian's side of the factory

Qian was frugal, controlling, and if an employee failed to show up at work on time, he or she would be fired

Finally, Liu demands an extra RMB15,000 per month

3 challenges about establishing businesses abroad

Everyone under 1 roof

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1 core factor that caused the problem at Shenzhen FiltrOil

Compare to Fiduciary case

Distant location
Distant supervision

Dongwan FiltrOil
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Liu has the regular and technical & operational capability for making this
Merged the Shenzhen FiltrOil and Dongwan Structure
40% - FiltrOil
40% - Liang and Thomas
20% - Liu
Liu: 21k RMB/year
\$100k in technical & marketing expertise
Thomas: Sales & marketing expertise



Dong Bo
SECRET
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"The company used them to get started and then fired them"



Implications of the Shenzhen FiltrOil case upon the act of leadership

Everyone under 1 roof

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"Little oversight from their American partners"

Which option would you recommend

"The company used them to get started and then fired them"

Qian Thomas and Liu own a majority of the venture (55%)



Shenzhen FiltrOil:
Finding Balance

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Filtroil



Filtroil developed and manufacture a Japanese-designed oil filtration system

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Expansion into China

Inland Revenue		Details of employee leaving work Copy for new employer		P45 Part 2	
1 Previous PAYE Reference	Office number	Reference number			
	083	XY1234			
2 Employee's National Insurance number	BA 48 24 68 C <small>(Mr Mrs Miss Ms Other)</small>				
3 Surname	Qian and Thomas		Mr.		
First name(s)					
4 Leaving date	Day	Month	Year	5 Continue Student Loan Deductions (Y)	
	18	10	2008	Code	Week 1 or Month 1
6 Tax Code at leaving date. 'X' in the box means Week 1 or Month 1 basis applies	603L				
7 Last entries on Deductions Working Sheet (P11) if there is an 'X' at item 6, there will be no entries here	Week or month number	7			
	Total pay to date	£	13161 29	p	
	Total tax to date	£	1927 60	p	

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- Thomas
 - E-mails the company as he has just lost his job
 - Agrees to distribute the product
- Qian
 - Known to Thomas. Also being laid off
 - He can manufacture the product & be general manager

Dong Bo

SECRET

Dong Bo was recruited as a minority owner and engineer

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"Dong Bo is not a part of our family. Get rid of him"



Qian

Liu

Thomas

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Liu was like Dong Bo

He took some secrets from his employers as well

Dongwan Filtroil

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Liu has the 'recipe' and technical & operational capability for making zinc

Merged the Shenzhen Filtroil and Ownership Structure

45% - Filtroil

45% - Qian and Thomas

10% - Liu

Liu: zinc know-how

Qian: manufacturing expertise

Thomas: Sales & marketing expertise

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