Chinese Manufacturing: Ten Mistake To Avoid When Buying

The old expression that *“fools rush in where angels fear to tread”* has never been truer than now. It is particularly apt when it’s applied to the booming market for imported manufactured goods from China. Sourcing production with Chinese manufacturing is a genuine opportunity to get good products at very competitive prices. However, there are hazards for inexperienced buyers. These errors were probably inevitable in opening trade with a land that is so far away in geography, culture and language.

Lessons have already been learned the hard way on both sides. So it is easy enough for you to avoid repeating the errors of others, as long as you are willing to listen and learn from those who went before. The road to riches from China is worth travelling but don’t try to go it alone. You need to find a trustworthy guide and take the time to research the issues for your particular market. The following ten mistakes are ones that will cost you dearly, so please be careful to avoid them:

# Jumping The Gun Type Mistakes When Sourcing From Chinese Manufacturing

You leave yourself open to costly mistakes if you don’t make the effort to confirm that your contacts actually are who they say, they really have the manufacturing capacity that they claim and what you are agreeing for them to produce. These first three points are essentially about verifying the facts before you pay.

## 1. Order Goods Without Any Background Checks

Verification means more than just ordering samples. There are some high quality factories in China. Unfortunately, con artists can order from them too. So you have to make certain that what they offer as samples are the same things that you’re going to get when you place a high value bulk order. Make the effort to research the operation and confirm that it is a real office with staff and facilities to do the work, not just an email address and a post office box.

## 2. Order costly goods without verifying manufacturing capability

Never assume that you can have goods manufactured in quantity on the other side of the world. Make a due diligence effort to establish the size and capacity of your intended supplier. Don’t be lazy, or you’ll end up in trouble. Even if you confirm that they have the factory you need to make sure that they can handle the size of the order you intend to place. A lack of capacity will mean delays and deteriorating quality as the factory struggles to keep up.

## 3. Armchair Ordering

The Internet is a wonderful thing and probably responsible in large part for the connections that let you work with a factory in China. But don’t take it for granted that you can treat the purchase of costly manufactured goods like a transaction with a dating service. Once again, you have to go deeper. After all, even on dating sites you never know if the person is who they claim to be, until you meet them.

# Being Too Trusting Type Mistakes

General knowledge and specific information make all the difference in sourcing from factories in China. Both generally and in getting to know whom you are dealing with as a supplier. Build relationships to build trust and get to know your counterparts to have a successful long-term venture.

## 4. Order Like It’s Amazon

Don’t order large volumes of products sight unseen. You need to start small and build a relationship with your supplier. Initially go with a small volume purchase. This will let you get to know a little about their selling cycle from design to final delivery. As you become more familiar and confident in their abilities, increase your orders incrementally and watch closely how they cope.

## 5. Give Vague Or Ambiguous Product Specifications

You have to lay every thing out in a way that is clear and cannot be misinterpreted. Documentation is everything when it comes to specifications and design. That means providing graphic illustrations, as well as document language that is specific and technical. Avoid general “warm and fuzzy” descriptions; they are wide open to interpretation, which means you probably will not receive the product for which what you thought you paid.

## 6. Agree on a Price and Then Negotiate Everything Else

You want to get all other parts of the proposal process out of the way before you sit down to discuss price. Negotiate price too early and you will appear weak. That will undermine you in any future dealings with that supplier.

## 7. Moving the Goal Posts

Once you are satisfied with the quality and you have agreed to a price be very suspicious if they agree to further price reductions. They will most likely assume you are willing to compromise on quality or some other aspect to squeeze that extra bit of cost out of it. When you do that and end up with poorer quality goods than you planned do not be surprised that your suppliers will not understand your disappointment.

## 8. Pay For The Whole Order In Advance

Have you heard the expression *“Don’t pay the ferryman ‘til he gets you to the other side”?* I don’t know where paying upfront is good business practice but it is certainly not done in China. Make your timetable for payments match the schedule for deliverables.

# Misunderstanding Type Mistakes

The final two things to not do are general points about cultural differences. Do not assume that terms are understood just because the names of the terms are the same. Make allowances for the fact that you’re working across cultural boundaries.

## 9. Double Paying The Shipping Agent

The term Freight On Board (FOB) has different meanings in different countries. In China the seller will retain responsibility for transportation until your goods get to the port, and paying that share of the shipping costs. In many western countries, it’s normal that the buyer takes responsibility for shipping costs from the factory gate. Be careful you don’t double pay your shipping agent in this way.

## 10. Holidays Can Arise Unexpectedly

Holidays in China are not at all unexpected, from the local point of view. However they are different from Western holidays and factories may work short hours or close down for extended periods, when you least expect it. Add a couple of weeks to your delivery timeframe as a contingency for the unexpected and unfamiliar.

# In Summary

There are plenty of opportunities to create a generous return on your investment by importing manufactured goods from China. As long as you avoid the obvious mistakes you can have bespoke manufacturing of just about anything at an unbeatable price. Just remember that there are differences and quirks on both sides of the cultural divide. If you can avoid these mistakes you are more likely to have a very successful venture.

Be careful not to jump the gun and commit to anything before you have done due diligence and you are satisfied that you can confirm every aspect of the transaction, inside and out. Take the time to investigate everything, do not be too trusting and make sure that every detail is understood clearly. Be careful to avoid these mistakes when you buy from Chinese manufacturing.