

## (Out)sourcing and buying in China

- Strategic Choice & professional approach



# Agenda

1. Introduction
2. Partner search
3. Logistics
4. Financial and legal aspects
5. Quality control
6. Q & A



# 1. Introduction

## - PMC Connect

- ❖ 100% China – Europe Business Development
  - ❖ Annie Zheng Yi: ex-Unilever (China)
  - ❖ Doing sourcing and auditing in China since 1992
  
- ❖ Strategic alliances
  - ❖ Haoke (Shanghai)
  - ❖ Hi-China (Beijing)
  
- ❖ Advice and implementation
  - ❖ Strategy
  - ❖ (Out) sourcing
  - ❖ Partner search
  - ❖ Business support
  - ❖ Cross cultural workshops
  
- ❖ Chinese Translation Agency



# 1. Introduction

## - Country background

- ❖ World factory:
  - Export oriented;
  - Better educated, more experienced, work hard;
  - Lack of know-how in application;
  - Long export history in textile, light machinery, heavy-duty manufacturing industrial machines and parts
  
- ❖ Industry focus, export hubs
  - North-East Buohai Bay
  - Yangtze River Delta
  - Pearl River Delta
  
- ❖ Logistic hubs
  - Dalian, Qingdao, Tianjin, Shanghai , Ningbo, Xiamen, Shenzhen, Hong Kong



# 1. Introduction

## Some Barriers of doing business

- ❖ Distance
- ❖ Political
- ❖ Legal
- ❖ Cultural
- ❖ Technical
- ❖ Language

- *Doing business in China is not different than anywhere else....  
But it takes extra attention, extra time, extra patience, extra  
knowledge.*



## 2. Partner Search

### ❖ Good preparation

- Understand the sourcing market;
- Define the competitive added value;
- Detailed specifications on products and selection criteria's ;
- Investigate 3rd party service suppliers;
- Well prepared (out-)sourcing strategy and plan

### ❖ (pre-)Selection

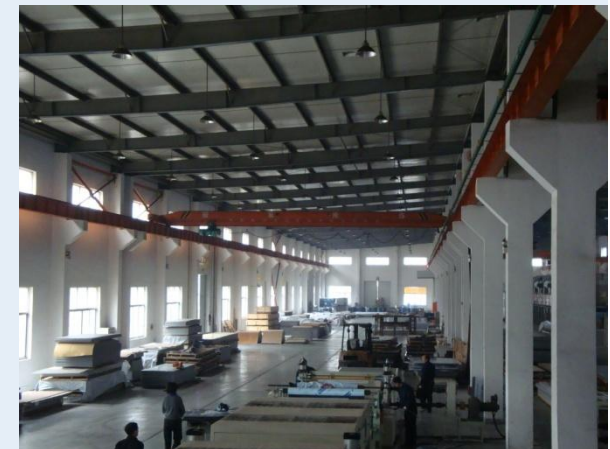
- Chinese introduction letter
- Product specifications in Chinese
- Technical standard comparison vs. Chinese
- Material standard comparison vs. Chinese
- A long list, short list
- Ask for references



## 2. Partner Search

### ❖ Qualification

- Factory visit: to see is to believe;
- Auditing;
- Negotiation/contracting;
- Require local industrial market knowledge;
- Require language and business cultural knowledge;
- Different perspective and expectations;
- Who are you negotiating with? Different hierachy;
- Negotiation method and tactics.



## 3. Logistics

- ❖ Who arrange the transport?
- ❖ By sea or by air?
- ❖ Financial impact?
- ❖ Who covers the risk?
- ❖ EXW, FOB, CIF, DDU or DDP, etc.
- ❖ When to control the quality, before or after?
- ❖ Who does the planning? And who coordinates?
- ❖ What if miss the shipment?



## 4. Financial & Legal aspects

- ❖ Financial aspects: -
  - Payment conditions: T/T, LC
  - Guarantee
  - Banks in China have good international reputation
  
- ❖ Legal aspects: Chinese government plays an important role
  - Is your IP part of the contract?
  - Are all negotiation points reflected in the contract?
  - When to give the contract? Who presents the contract first?
  - Is your contract protected by Chinese law as well?
  - Do you have local legal representative?
  - Credential check: certificate, licenses, references, healthy supplier.

## 5. Quality control

### ❖ Must do in China

- Application knowledge and experiences are not yet leveraged
- You know the best
- Environment, labor condition, CE standard, etc.

### ❖ Select the right QC partner

- Limited number of specified QC/QA services suppliers in China;
- Often limited operational scale;
- The foreign (German, Denmark, Swedish) bodies are facing cultural barriers and lack of (social) network in China;
- Technical criteria's are important, the business management criteria's are even more important.

## Solutions 1

PMC  CONNECT  
CHINA-EUROPE BUSINESS DEVELOPMENT

中欧商坛  
China – Europe Business Talk

明 Ming  
Translations  
CHINESE TRANSLATORS & INTERPRETERS

 Guanxi.nu  
Het China Network

## Solutions 2

- ❖ Tailor made professional approach;
- ❖ Our successful track-record and reliable network in China;
- ❖ We are good at managing complex and strategic sourcing projects;
- ❖ We do not have cultural or language barriers;
- ❖ Affordable, flexible and motivated team workers;

We have served European customers from:

Metal, Machinery, Fashion & Accessories, Kitchen equipment, electronic equipments, Optical Frames, Graphic and Construction high-end materials, Food and Ingredients, etc.

## 6. Q & A



# 人寿年丰



Sustainability



Prosperity

