

[A Word Of Advice](#)

Posted by [MyLaowai](#) on Tuesday, February 2, 2010

I've heard that China is "very development" these days. Also that Chinese people are "very diligent". And that the country is "strongly economy". The Chinese, I'm told, work hard and well and that "harmoniousness" is a value that is treasured here. Everything, it seems, is "getting good and good".

It's certainly true that this is the best place in the world for a foreign investor to put his money, and there are a dazzling variety of ways in which to do it. WOFE's, JV's, Rep Offices... China certainly does go far out of it's way to make you and your money welcome.

But only until you have arrived, because after that it all turns to ashes.

Take for example the diligent local employee. They might be working on an assembly line, or they may be your receptionist. They could be your driver. Whatever role you have employed them in, however, there are a few things that are a near-certainty:

- They will be stealing from you, and I don't just mean paperclips. Your inventory will be sold out the back door, and you'll never even know it. Your assets will be sold out the front door, but you'll never see it go. Your customers will be diverted towards local competitors, your orders will suffer the same fate. Your suppliers will not deliver what you want, when you want, or how you want, but they will deliver your orders to the parallel company your workers have set up. The information in your computer will be stolen within minutes of it being made available to anyone, though it may take them longer to steal it if they have to work for it. The ways in which you will be robbed and cheated are legion, the only thing that is certain is that the first you hear of it will be when your cheques bounce because someone finally went after the bank accounts. Your accountant will be helping with this, if the bank manager isn't.

- Don't think you can detect it all, because you can't. The only thing you can say with certainty is that if you can't catch them cheating you, then you aren't looking hard enough. And if you can catch them with their digits in the till, then start worrying about the ones you haven't caught yet. I've lost count of the naive laowai's who thought they had good employees, only to find out the hard way that bankruptcy was just around the corner.

- Don't think you can sack 'em if you catch 'em. To start with, you'll be paying massive compensation claims, and nothing you can say or do will change that. A year's salary as compensation is routine when you fire someone who was caught thieving from you. Getting caught is a bonus for these people, because that way

they catch you coming and going. And even after they are gone, they will bring trouble to you – having a hundred peasant scum turn up at your office or factory in order to intimidate you is far from uncommon, and remember every one of those tyre-kickers is a tea-leaf in addition to being an agitator.

- You can sometimes see justice done via an unexpected yet fortuitous accident, of course. But to be certain that justice was done fairly, it would mean every employee was in hospital, and then you'd get nothing done.

And how about that great economy, huh? Wow, just imagine if every person in China bought just one of your widgets, or whatever you do.

- Well, forget about it. With very few exceptions, the Chinese won't buy your widgets. Some can't because the Communist Party steal all their money before they get a chance to spend it. Others won't buy it because they are boycotting whichever country the Party has decided to hate this month. Some would if they could, but then decide that the locally produced fakes will do the job nicely, thanks. Mostly, the remainder will just steal it from you directly, which brings us back to your employees and their own distribution network.

- If you are in that tiny minority of companies that have not only made some money here, but also managed to keep it from being pilfered by the locals, then congratulations. Enjoy it in whichever manner you choose, as long as it's inside China. Because getting your money out is a bloody sight harder than getting it in. The entire system is geared to take your money, your talent, your skills, and your knowledge, but the whole point is that you'll be lucky to get away with the shirt on your back. Deng Xiaoping was a smart cookie, and one of the most unscrupulous and cowardly bastards of the 20th Century – and the latest crop of murdering thugs who run the joint are even worse. They don't allow you here because it's good for you, they allow you here because they want what you have. And the WTO be damned.

- Oh, and don't think that importing your foreign goods is much use, because it isn't. China is in the business of exporting goods and importing payments, not the other way around. Expect inward-bound shipments to be held up in port for months, banned outright, caught up in paperwork forever, or simply stolen by the Red Army. I know of shipments that were held up during the 2008 Olympics on the basis of 'security inspections', that have still not been released. About the only things you can import, in fact, are things like five-axis milling machines, and we all know why that is (if you don't, Google it).

So folks here it is, MyLaowai's recommendation to would-be investors in this marketplace:

Just say no. No matter how good it all looks, it isn't. Sure, I'm here myself, and many of my friends are too. And I suppose that it is just possible that you can make a go of it yourself. But remember that for every one who succeeds, hundreds will fail, and fail big. The only thing in your favour is that there are a few people here, people who know these vermin for what they are, who might be able to help you. Find one or two of us, buy us a drink, and pay close attention to the advice you are given – it might be the cheapest and best advice you ever receive, and it just might save both you and your company from ruin.

In other news, I just received a phone call from a guy I met in a bar a few years ago, the day after he'd arrived in China as it happens. He called me to say that the advice I gave him that night and several times afterwards had saved him and his company, and that he'd like to buy me another drink on the anniversary of that first chance encounter.

It's not always nice being right about these things, but it sure beats being wrong.

Have a nice day, y'all.

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21 Responses to “A Word Of Advice”



Slap2tickle said

[Wednesday, February 3, 2010 at 07:49](#)

I can vouch for that, I know it's not business dealings but with regards to money transfers, it took my father 1 visit to the bank to transfer a small amount to me, but when transferring some to my sister it took 12 visits, more than 15 forms filled in, and 2 years later the money still hasn't been transferred and every visit to the bank produced a new and totally obscure excuse from the bank as to why it had failed or been rejected. I just wanted to apologise to my mum for not getting her birthday gift that year, sorry mum!

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2.



justrecently said

[Wednesday, February 3, 2010 at 18:19](#)

Oh, come on! It's only fair this way, after all, we stole [their easter bunnies](#), which was an unforgivable and cruel criminal act and will be condemned in history through millions of generations!

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3.



Huolong said

[Thursday, February 4, 2010 at 01:29](#)

Dear Laowai, I have a link for you:
<http://v.ku6.com/show/RybziVUeoKt-eEZ6.html>. Reading your blog posts reminds me of the woman, Luo, in the video who is trying to find a husband. Well, for your information, she works for one of the Fortunate 500 Companies, WalMart. And you seem to own and run a profitable business in Shanghai. She is just an entry-level salesclerk while you are a boss. Very different two people indeed.

Just like what she said in the TV show, every word, every sentence, and every piece of logic that links them together in your posts make perfect sense. But, one thing you share with her is that the world you are creating with your posts and hers with her talks do not make real sense in the physical world. It's kind of something like, "you win the battle, but lose the war".

- If you are not aware of your inventories and assets sold out of the door, how do you know they exist at your premises in the first place? If you do know, why should you let them go missing?
- If one of your employees gets caught stealing, you can just call the police for detention and even sue him or her in the court with theft. If convicted or brought to solid eyewitness and/or evidence, there is no way for the employ to get one-year salary as compensation. As for the presence of petitioners at the door, is it because you still owe them something? If not, call the police again. If yes, repay them, and they will go. If they won't go with the repayment, call the police yet again.
- Going on strike was and is common. You can always sack them each with massive one-year-salary compensation and hire a new crop of them.
- So many foreign companies are profiting from China's huge market, low labor costs, and talented employees. So many others are getting packed for ventures in China. Yet others are whining about frustrations, failures, and losses. Even if you are Yahoo, Google, or Ebay, you lost if you lost; you're losing money if you're losing money. You failed this market competition, so what's the point of gritting your teeth in bitterness? If WaMart can succeed, why should Yahoo lose?
- Lastly, my knowledge about port procedures is so limited that I have to leave it here. Though my common sense tells me that in a country with so many expanding port cities along its eastern, southeastern and southern coastlines, containers pile-ups should not be an everyday business unless there is a good reason for such pile-ups (e.g. government actions are to be obeyed in every country, democratic or not).

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[MyLaowai](#) said

[Thursday, February 4, 2010 at 08:55](#)

Dear Huolong,

Thank you for your comments. You are always most welcome to say your piece here, but this...

“If one of your employees gets caught stealing, you can just call the police for detention and even sue him or her in the court with theft. If convicted or brought to solid eyewitness and/or evidence, there is no way for the employ to get one-year salary as compensation. As for the presence of petitioners at the door, is it because you still owe them something? If not, call the police again. If yes, repay them, and they will go. If they won’t go with the repayment, call the police yet again.”

Call the police? Sue them in court? They will go?

It seems to me you understand very little about the way things work in the Celestial Kingdom, particularly where the hated Laowai are concerned.

As for the rest of your comments, let’s just agree to disagree, shall we? I’m sure your arguments would make better sense to someone who has just stepped off the plane for the first time, but I’ve been here long enough to know better.

Thank you again for your time.

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[Huolong](#) said

[Thursday, February 4, 2010 at 12:16](#)

I meant the bone they were there to pick with you.

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[Huolong](#) said

[Thursday, February 4, 2010 at 12:29](#)

One more thing, if you want to succeed in the China market, adapt to it, don't try to change it, especially where competition is fierce.

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MyLaowai said

Thursday, February 4, 2010 at 12:55

I disagree. Whilst it is true that one must adapt one's thinking to meet the local environment, one must not adapt to the point of doing things 'the Chinese way'. Bribery and corruption are not the way to be successful in the long term, and most other countries actually have and enforce laws prohibiting it.

If someone wants to work for me, or with me, then there are some rules that they must abide by, or face the consequences.

I know who my enemies are, but just because I know how they think, doesn't mean I want to think like them myself.

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Huolong said

Thursday, February 4, 2010 at 16:57

The Chinese way is more than bribery and corruption. But, if you go everywhere in the China market against it, you do it at the risk of your own business.

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justrecently said

[Friday, February 5, 2010 at 01:11](#)

Every market is more than bribery or corruption, but the Chinese markets have a particularly high share of it. What frequently struck me is how Chinese people who only knew foreigners in China complained that most foreigners they knew were “bad people” or worse. Well, those foreigners they complained about went with the China market – not against it. You can defend your stance as you like, Huolong, and you are certainly a great debator. But even the biggest flowers, thrown onto a shithole, won’t eclipse the stench. When something about my country or its habits is wrong, I’m certainly not trying to encourage foreigners or migrants to copy such habits. But that’s an individual choice, of course.

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Huolong said

[Friday, February 5, 2010 at 09:20](#)

I wasn't saying the foreigners should copy those bad habits in China. The Chinese Way is a big phrase and part of it is common sense.

A boss who complains about his employees, his suppliers, even his banks, the labor laws of his host country, and even the expression of opinions by his employees (petitioners; freedom of speech? must be very disappointed the police did not weigh in to disperse the gathering?), an investor who complains about the judicial system of his host country, about domestic policies of wealth distribution (rightly though), his patrons (non-buying Chinese consumers), about the host country's foreign exchange, China's late and current political leaders, about China's customs.

A so whining boss and so negative investor, it's no wonder he's so irritably whining and negative. And my guess is he will remain a whining boss and negative investor for the rest of his failed venture in China, thinking everything in the China market except himself is not right. I think he should consider packing and going back home because he has every reason to do so.

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[MyLaowai](#) said

[Friday, February 5, 2010 at 10:53](#)

I was waiting for it: the old "if you don't love China, you should leave" line.

Here's something for you to consider, Huolong: "If one is in an environment that is inhospitable, culturally stagnant, or

just downright backwards, then one has the options of pretending all is well, leaving, or trying to change that environment for the better”.

This is a good rule that applies as much to you and your countrymen as it does to me. I come from a culture where the people themselves had the courage and the foresight to help each other to improve things for the common good. The West isn't great because we had great leaders and kings, the West is great because our leaders and kings were held accountable to the people, all people were held accountable to laws that applied to everyone equally, and the vast majority of people were prepared to help others. Changing the world to make it a better place for everyone else is something the Chinese never understood, and still don't, which is why you'll keep coming to blogs like mine and having knee-jerk reactions instead of seeing what you can learn from your more advanced brothers from across the sea.

I've looked at your blog, Huolong, and if truth be told it seems to me that there are two people writing it. Some of your posts seem remarkably grown up and mature, whilst others (the more recent ones) are loaded with bile. Why is that, Huolong? Have you recently got a job that pays five mao per post, or have you just lost your idealism?

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justrecently said

[Friday, February 5, 2010 at 22:25](#)

I don't think Huolong is a Fiftycent partisan. That kind of partisanship wouldn't reflect about his own country, as Huolong actually does.

But I do think that your reaction here is a knee-jerk reaction, Huolong. The accusation of "whining" about patterns of behavior in China is a big phrase, too. I can think of two blogs at once where I'd say the allegation may stick (don't ask me to mention them), but it doesn't apply here. "Don't whine" is a frequent and blanket reaction of people who hear or read something unwelcome, especially when it comes uncomfortably close to the facts. Neither you nor I can tell if Mylaowai is a *successful* businessman who is writing a polemical blog, or if he is a *frustrated* blogging businessman.

As for loving or leaving China, I'd say that a foreigner in China should only invest as much as he is prepared to lose and to walk away from, with or without trying his luck in court in the case of intractable conflicts. That's the best recipe for success everywhere, and especially there. Rule of law in China is a pretty weak thing.

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Huolong said

[Saturday, February 6, 2010 at 22:48](#)

I've decided to write a post in response to Laowai's A Word of Advice and its comments. Will keep you all posted.

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DaBizarre said

[Saturday, February 6, 2010 at 10:43](#)

“just call the police”

Thank you for the best belly laugh I have had for a long time.
Definitely Niu Bi.

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4.



justrecently said

[Thursday, February 4, 2010 at 02:18](#)

It's wrong to make fun of people who are less than 1.50 meters tall.

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MyLaowai said

Thursday, February 4, 2010 at 08:56

And it's generally even wronger to be less than 1.50 metres tall.

Unless one is a hobbit, of course.

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Huolong said

Thursday, February 4, 2010 at 12:22

Nothing wrong with her height. She is an example of a person who needs expertise from a psychiatrist.

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Huolong said

[Saturday, February 6, 2010 at 22:43](#)

Update: Luo is an online stunt organized by a company.

<http://www.google.cn/search?client=firefox-a&rls=org.mozilla%3Azh-CN%3Aofficial&channel=s&hl=zh-CN&source=hp&q=%E7%BD%97%E7%8E%89%E5%87%A4+%E6%8E%A8%E6%89%8B&lr=&btnG=Google+%E6%90%9C%E7%B4%A2>

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5.



justrecently said

[Thursday, February 4, 2010 at 14:34](#)

I agree that she needs help. Meantime, she's on the internet, and so is Mylaowai. Both of them are making us very happy. But I doubt that Mylaowai needs help from a psychiatrist. He and other investors won't even need *legal* help as a rule, because going to the courts leads to nothing for a foreign entrepreneur in China, unless he's Bill Gates, and does it for fun. Huolong, if I didn't know that you and Mylaowai are *both* in China, I'd believe you were a North American greenhorn who never set foot on the Chinese shore.

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6. 

Huolong said

[Friday, February 5, 2010 at 09:28](#)

of course, he very obviously does not need counseling from a psychiatrist, but he does need it from a soothing career consultant and from a capable communications professional.

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7. 

Cap't Rad said

[Saturday, February 6, 2010 at 19:33](#)

I only got this far... "I've heard that China is "**very development**" these days." and already knew where this was heading. Keep it up!

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