

CHAPTER 2

Trouble Is My Business

After graduating from business school in 2001, I returned to China, the place where I had already spent the majority of my career. One reason for feeling drawn back to the place was personal—I was at home in Asia—but there was also a business reason. The global economy was experiencing a tectonic shift, and China's economy was growing like no other. By being there, I felt that I was placing myself at the center of a unique, perhaps even historic, time and place.

I had studied Chinese history and language as an undergraduate, and while working towards an MBA at Wharton, I picked up an additional degree in East Asian business. It seemed natural that I would return to China. I had worked there for a number of years, and I even spoke the language. While my background should have prepared me for what was happening in export manufacturing, my first real glimpse of the sector, though, suggested that I was in uncharted territory.

Exports contributed significantly to the Chinese economic miracle, and yet, none of the courses in business school or informal discussions had been about this interesting and important part of the new economy. My classmates had gone off to pursue traditional careers in investment banking, management consulting, or private equity. Coming from a finance background, I had nearly gone down a similar road myself.

I wanted to settle in South China, where manufacturing was concentrated, and I was looking for any excuse to get involved. Lucky for me, I didn't have to look all that far.

As little as I knew about the production landscape, there were many others who knew even less. Small and medium-size American importers were streaming into the marketplace, and I was recognized as someone who could help them with their businesses.

American importers contacted me, but typically, they only did so after their projects had begun to fall apart, after they had tried and exhausted other options. One reason they waited to ask for help was hubris, but also, as I would later come to understand, Chinese manufacturers were in the habit of making things look easy.

In any event, importers who contacted me were often at the end of their rope. They were desperate, and at times I felt like Philip Marlowe from one of Raymond Chandler's detective stories. I had no office with a pebbled-glass front door, but clients made their way to me in a similarly random manner. They were looking for help navigating China's "mean streets."

China was, to borrow a phrase, a world gone wrong, and the work was easy to get; it was just lying around. I had no real job description. I took care of things that needed handling. Typically called on after everything had unraveled, I was asked to put things back on track, to smooth things out, to make things right. Clients called and kept the details to themselves. "I got a job for you," was how it usually started, and without realizing it, I was soon knee deep in it. Trouble was my business.

I didn't know how long I would work these projects, but I figured it would be a while. My plan was to take whatever work came my way, and rather than deal with one or two large companies, I would assist a larger number of small and medium-size importers. The idea of diversity held some appeal because I was trying to give myself an education.

By getting involved with smaller companies, I could gain from a broader experience involving varied industries. I would have more data points, as it were, and this would offer a better sense of what was going on in this enigmatic, but important, part of the global economy. Perhaps at the end of it all, I figured, I might even draw a few conclusions.

After the soap and shampoo project kicked off, I received a call from Howard, a businessman who dealt in home furnishings.

Howard had a project that had gone swimmingly for a number of months, but then his supplier had gone incommunicado. He had never actually been to China himself, which added to his panic, but then he had never felt the need to go there. The business had been effortless. Then, one week, when he was about to place an order, the manufacturer vanished. Howard could not get anyone to return his phone calls, or his email messages. This one was a missing persons case.

South China manufacturers, for whatever reason, had an aversion to the telephone. They were not particularly good with written forms of communication either. Given the incredible volumes of business these factories were doing with foreign importers of China-made goods, it was a particularly inexplicable quirk.

Howard thought the worst when his supplier could not be reached, but I told him not to worry, not just yet. It took a few tries, but eventually I found the owner of the company. While I had succeeded in getting Kevin to the phone, he remained apprehensive and would not offer information regarding Howard's case.

At Howard's insistence, I asked Kevin if it would be all right if I stopped by his factory.

"Be my guest."

"How about Tuesday afternoon?"

"Just call me when you're in town."

"But it's a two-hour drive. Do you mind if we say Tuesday?"

"Give me a call when you arrive."

It was another one of their endearing habits: manufacturers in South China didn't like to set appointments either. They preferred to be spontaneous. They didn't like to commit to anything. Getting pinned down to a specific time and place meant that an industrialist might miss out on a more important opportunity. It meant the possibility of regret.

I hired a car on a Tuesday and traveled to the factory, which was near the city of Chaozhou in the eastern part of Guangdong Province, just a couple of hours from the shampoo factory. My driver, who was from Henan Province, had to stop several times to ask for directions,

and each time he did, a big cloud of yellow dust caught up with us and covered the taxi.

China was home to a number of manufacturing clusters, and Chaozhou focused on the ceramics trade. It was said to have been a center for ceramics for thousands of years because of something to do with the soil in the area. As we drove into town, I noticed that many of the small shops had considerable amounts of fine-grain sand piled up in front of or off to the sides of their places of business.

Typically, factories in South China were built along major roads, but the way to Kevin's factory was down a narrow lane. His place was built like a fortress; instead of the standard accordion-style metal gate that fronted most plants, his had a high brick wall and a gigantic steel door at the entrance. I found the doorbell and rang it. Dogs started barking and kept at it until someone came along and hushed them.

Kevin was much friendlier in person than he had been on the phone, and he apologized to me for the long drive. He asked if I had any trouble finding the place. He introduced himself next, saying that he was from Los Angeles.

"You're American?"

"No. I'm a Chinese."

"You moved to the United States."

"No," he said.

He enjoyed the exchange and told me about Los Angeles with a sly grin on his face. I told him that I was confused. From what he explained next, I was able to gather that he had only been abroad for pleasure—and not on many occasions either. His accent indicated that he was local Chinese, and he confirmed that he had never actually lived in Southern California.

I asked him why he called it home, and he only offered in a dreamy tone: "I love Los Angeles." It was hard for anyone who never spent much time in China to understand the extent to which intention could be mistaken for reality there.

Kevin's factory made pottery, and the kind most commonly produced was a faux Italian style that might have been vaguely antique looking, if only it had not been so vividly colored and glazed. Pieces were just coming off the production line, and Kevin showed them

to me. One had the word "Italianate" incorporated into the design. Looking around at his factory, I gathered that this new style was suddenly popular in the United States.

We worked our way backwards through the processes at the plant, moving from the area where the pieces were finished to the section where workers were painting the dried pots by hand. The operation was paint by numbers. Girls who appeared too young to work sat at wooden benches and patiently dabbed away with long brushes. I took a closer look and could see that each piece of pottery had an outline. The workers kept paint in small bowls, or in some cases, shallow dishes similar to those used in Chinese calligraphy, working with no more than a few colors at a time.

The workers all sat on either side of a long table, one row of girls facing another. They worked quietly and at a leisurely pace, and I thought that the workroom had the feel of an art class.

Off in a corner—away from the girls at the long tables—was a skinny boy who held a scalpel in his hand. We stopped for a moment and watched as he used the instrument to carve up a block of yellow foam. Having cut away a small piece, he blew off the synthetic crumbs and tested his work by dipping the block into an ink tray. He then pressed the block against a large sheet of paper, revealing the outline of a floral decoration.

"This is the hardest job in the factory," Kevin said. "Not everyone is accurate."

The foam blocks were used as a stamp to outline the designs that would be painted on the pottery pieces, and the images had to be created in reverse. It was impressive, and I started to remove a small digital camera from my bag. I thought sending pictures back to Howard might be a good idea. "Sorry," Kevin said. "Pictures are not allowed."

Kevin was protective, as I would soon understand. He took me to his office and asked me to have a seat. On his desk were two computer screens from which he could see the entire factory floor. I took an interest in the system, and with the controls, he showed me how he could change the camera angles and zoom in or out.

He said it was important for him to stay on top of the workers, and he explained that his employees were not allowed to leave the premises. Many factories had such policies in place, but Kevin went

even further by holding the identification cards of his employees for additional protection.

“Why all the security?” I asked.

“We have many secrets,” Kevin said.

There were other things that he did to maintain control. He explained that in his factory, no more than one-fourth of the workers ever came from a single province. When too many workers came from the same place, he said, groups were more willing to conspire.

Another trick of his was to hire more workers than necessary. When there was enough work for everyone, the workers felt that they were needed and were more inclined to make demands on management. When there wasn't enough work, employees tried harder to prove their worth.

Kevin asked me to follow him to a showroom. The styles of the pottery pieces there did not match. While some of the pieces struck me as American in style, others seemed more European or possibly even Middle Eastern. The mix of styles made the factory's collection of samples look something like a rummage sale.

A delivery was in progress, and Kevin turned his attention to the arriving workers. There were three of them, and they carried in a number of samples that included vases as well as lamps. Kevin was drawn to one object, a brass-colored lamp. He inspected it immediately and then moving its tag out of the way, he took a picture of it.

I asked Kevin if the delivery workers were his employees.

He gave me a mischievous look. “No, they are my spies.” As he said this, he looked at me carefully, gauging my reaction as he had done earlier when he told me that he was from Los Angeles.

Kevin explained that he had all sorts of people combing the area for samples. There were so many factories all clustered together that it made such activities possible. I imagined that workers on the inside of some factories might have snuck out samples for a small fee, or maybe the samples were taken right off the trucks before they left for export.

New designs were valuable to Kevin. If he saw a design that he liked, he took a picture and sent it off to customers. If an order was placed, he could consider asking another factory to produce it, or he could simply copy the product and produce it himself. He was not all that interested in producing electrical items, he said, so the lamp was something he would outsource.

I had never met anyone quite like Kevin. He was charming, in a devilish way, and he was of a sharper breed. He was defensive in keeping his workers behind a high wall—because he did not want his secrets leaked out—yet he aggressively sought to acquire the secrets of his competitors.

Copying was rampant in China, and this made manufacturers behave in strange ways. One manufacturer that I ran into produced shoes with designs “borrowed” from Europe. In China, the company worried that competitors would rob them of these newly acquired designs. Factory employees were given the chance to buy a pair of the shoes they made (at a discounted rate), but they were not allowed to take the shoes out of the factory for a full year—not until that shoe’s design was more generally known to the marketplace.

In China, Kevin’s behavior was understood, and most people would have said that he was wise to be cautious. And for aggressively seeking out the original designs of others, some would have called him clever.

What did his factory sell anyway but sand and water covered with paint and glaze? Any number of factories in the area could have made the same product at the same price, if not for less.

As it turned out, the problem with Howard, my frantic client, was that he had no proprietary designs of his own. Other importers from the United States were sending over interesting new samples, and Kevin was anxious to get hold of those.

Kevin said that he would like to help Howard, but that he was in a tough spot. He could not sell proprietary designs that came from American importers to others who were also from the United States. He would not say so, but I had the feeling that some of those designs might be available for sale, if only Howard had been from another market instead.

In the end, Kevin said that he could only provide Howard with product from his warehouse. Some of the designs were out of date, but they would suit Howard’s product line. “What choice do I have?” Howard told me. “I’m running out of stock.”

I inspected the pottery on a later visit, and based on the amount of dust on the pieces, it looked as though they had been in the warehouse for two or three years. The items had all been made for other importers, and on the bottom of the pieces were bar codes

made for specific retailers. One was for TJ Maxx, a major retail chain. If these styles were no longer in fashion, I thought, then TJ Maxx might not mind that they were being sold by their China supplier, but then what was the benefit to a customer like Howard if he purchased out-of-fashion merchandise?

The worst part about the pottery that Kevin wanted to sell was that the prices listed were high. An importer like Howard should have been paying about one-fourth of retail, but he was paying closer to 50 percent. Howard was probably paying more than what he would have paid when TJ Maxx marked the product down in an end-of-season closeout sale.

Importers that provided original designs were quoted low prices by Chinese manufacturers. They were offered a bargain in part because smaller importers paid more. Watching as some of Kevin's factory workers packed up boxes for Howard, I noticed that some of the pieces were even defective, and I had an uneasy feeling about Howard's business prospects.

Howard was disappointed, but resigned. He did not have the volume to justify hiring someone to design original pieces; and therefore, he felt at the mercy of the manufacturer. Howard also reiterated that he was in a hurry, and that he needed to take whatever he could get.

We loaded Howard's product and shipped it overseas. Another few shipments later, Howard ran into trouble.

As expected, his prices were too high. An importer of ceramics couldn't purchase product for only half of its retail price and survive. Kevin knew it but pushed for the higher prices anyway.

Larger customers got discounts; smaller customers paid more. It was how business worked in China, and as I would later come to understand, this was an economically efficient business model for Chinese manufacturers. Big customers got discounts, not just because they bought in volume, but because they provided fresh designs. These were later turned out to smaller importers, who were given the squeeze on price.

CHAPTER 3

“All We Need Is Your Sample”

First-time visitors to the world of China manufacturing were often surprised by what they found. Imagining imposing, industrial structures and filth and noise, they expected to see something inspired by Charles Dickens, Charlie Chaplin's *Modern Times*, or maybe even *Charlie and the Chocolate Factory*.

In reality, the working environment was not as oppressive, and the buildings themselves were simple in their design. Missing from so many of these companies were common signs of industry; in fact, there were few smokestacks and no factory whistles. In South China, the buildings were typically multistoried boxes made of reinforced concrete, the sort of bland architecture that brought to mind housing projects.

What gave away these buildings as being industrial was that they tended to come in pairs. The factory was the plainer looking of the two, and its twin, the one with flashes of color, was the dormitory that housed the workers. Living in tight quarters, workers conserved space and kept their clothes fresh at the same time by hanging them outside their doors.

On the drive from Kevin's pottery factory near Chaozhou to Shantou where King Chemical was located, I passed a number of such building pairs. None looked particularly inviting, but I wondered what

each of them manufactured all the same. Sometimes, you could tell what a company manufactured by its name, or at least you could find some kind of clue, like the word "steel" or "plastics" on a sign by the road. With most of these factories, though, it was often a mystery what went on behind their walls.

What would happen if I randomly stopped at one of these Chinese manufacturers and just walked in? I asked my driver if he minded. He glanced at me sideways, said nothing, and then gave a delayed shrug. We were about to pass one manufacturer when I asked him to stop.

A guard who sat in a shelter box by the front gate came out to approach the car. He went to the driver's window, and I leaned down so that I could see him.

"*Shenme shi?*" he asked, wanting to know my business.

"I was just wondering. What do you make here?"

He considered me carefully and then asked whether I was a customer. It was a question that answered itself. If I were a customer, I would already know what they made. And since I did not know . . .

The guard picked up a phone and spoke to someone in a muffled voice. I noticed that on the wall in his small station hung a riot baton and a rifle. Putting the phone down, he said nothing and lit a cigarette.

I stood outside, while the taxi driver took the time to move his car away from the gate, pointing it toward the main road as though anticipating the need for a fast getaway. A few silent moments passed, and then a stout man in a brown work shirt emerged from the factory. He came walking toward the gate at a brisk pace, his arms swinging.

"*Huanying! Huanying!*" he said. "Welcome! Welcome!"

He grabbed my right hand with both of his, which were plump and calloused. He shook my hand for longer than was necessary, or comfortable, and I felt the sudden need to make excuses.

"I was just passing by your factory," I said.

"No problem," he said.

"I was just wondering . . ."

"Come in and sit for a while."

"I just wanted to ask you a question."

"Sure," he said. "We'll talk all about it."

When mixed with business, Chinese hospitality could be suffocating.

I tried to explain that I was merely passing through the area on my way back to my hotel. In other words, I was curious, but I wasn't exactly up for a major detour. Going into his office would mean having a lengthy meeting, and then he would try to serve me tea, or try to take me out to dinner, and I didn't have the time for it. Could he simply just tell me what they manufactured?

"*Aiyoooooh!*" he cried, sounding like a man stuck with a sharp stick.

The look on my face must have suggested weakness or pity, because he then seized my arm and began pulling me inside. Having worried earlier that I might be chased off the property, I now wondered whether I would ever be allowed to leave.

Because the factory was located in a remote area, it was fair to assume that this factory boss didn't receive too many random visitors. Still, he apologized for the state of the place and made excuses about why things were not in order. He appeared genuinely flustered by his lack of foresight, as though he should have presumed that foreigners would one day soon begin showing up at his factory unannounced. So many from abroad were coming to China to chase down merchandise; surely such random visits were the next, inevitable step.

He asked me to sit in his office, and I managed to convince him to start with the factory tour instead. This was no showcase factory. It was a rough-looking place, and I noted that the benches and stools had been banged together with wood scraps. Along one grimy wall, by a workbench, one of the workers had written the same Chinese character over and over.

Zheng, Zheng, Zheng, Zheng, Zheng, Zheng, Zheng...

In Chinese, it meant "correct," and it was a character that was made up of precisely five strokes. The workers had apparently been using this ancient character as a way to keep a record of how many pieces they completed. It was a counting system comparable to the American way of drawing four vertical lines followed by a diagonal mark made at the count of five—the sort of thing you saw in the movies—scratch marks made on a wall by a prisoner who was tracking the days as they passed.

Finally, I got to find out what they manufactured. The company was in the business of making small figurines out of a synthetic polyresin. Their products were for export, though their company did

not ship the items themselves, but sold them instead to a trading company, which held the contracts with buyers overseas.

In the warehouse, there were hundreds of cardboard boxes stacked along a wall. They were all marked for the same port destination: Long Beach, California.

The company was not in the middle of any production. I asked if it would be possible to open one of the boxes to see the finished product. A worker cut the tape on one of the boxes in a crude fashion using a key. The factory boss handed me a small figurine that was inside, while watching my face for a reaction. It was a nativity scene, I saw, and at the front and along the bottom were two words: *Feliz Navidad*.

I was surprised to see the Spanish lettering. "*Xibanyawen*," I said.

In Chinese, Spanish and Spain sounded similar, which was the result of some minor confusion. "*Bushi Xibanya*. Not Spain," he said. "This is an export for America." The factory owner apparently assumed that the lettering on the product was English.

On the bottom of the product, there was a country of origin label—MADE IN CHINA. This product was more than likely bound for Hispanic markets in the United States, and I wondered how it came to be produced so far away.

Surely the cost of labor in Mexico was low enough, and being so close to the destination market, there had to be savings in transportation costs. General coordination and communication would also have been easier, as well. This was a product, I thought, that should have been stamped on the bottom: HECHO EN MEXICO.

"It's for Christmas," I said. At this mention the factory man nodded in a vague way. He didn't seem to know what he was making, which I found strange, but then he was caught up in other details.

"Do you like it?" he asked.

"Yes, it's nice."

"Would you like to discuss the price?"

I thought it was obvious that I was just passing by, that I was not necessarily in the market for such merchandise. "We can make the product according to your requirements," he said.

Not only was I not involved in seasonal gifts, I explained, I was not even an importer. This did nothing to discourage my host, who promised that he would help. He had a manufacturer's agreement that

we could use, and he knew of an export company, one that could help to get the product out of the country. Also, if I needed a freight forwarder, he would introduce one. Payment would be a simple matter of putting down a deposit, and then production could begin.

"We can make anything you want," he said. "All we need is your sample."

There were many people still claiming that special connections were needed in order to get anything done in China, but there were no snobs in export manufacturing. Just as a Las Vegas pit boss was happy to explain the rules of craps to a new player, Chinese manufacturers proved willing to take the time to show a newcomer how to get started. Factory owners understood that they needed first to capture a customer if they were going to realize any long-term benefits.

Getting started in export manufacturing was not difficult. There would be challenges, to be sure, but these rarely came at the beginning. Manufacturers bent over backwards, if only to make it seem as though doing business with them was a breeze, and for many who were new to export manufacturing, the factory owner doubled as teacher.

After walking over to the window to see if my ride was still waiting by the gate (it was), I explained to the factory man that I needed to get going. He rounded up a number of samples. "They are free," he said. I tried to protest, but he insisted. "Maybe you can give them to a friend."

Chinese industrialists were nothing if not optimistic, and they gave out samples like so many messages in a bottle. Just as fate brought me to his doorstep, who knew in whose hands these samples of his might wind up.

Importers were coming to China in big numbers, and one of the questions many were asking was: *Why China?* Why weren't importers looking to other markets? The answer most often given was the low cost of labor, but that was only a part of it; factory labor in other economies was actually cheaper. Speed and convenience were two other important areas where China performed particularly well.

Chinese factories could take any product and move it quickly into production ("All we need is your sample"), and they showed an incredible willingness and enthusiasm for getting a relationship started. Many of those new importers streaming into China did not necessarily have prior experience in international trade. They were

in some cases retailers and distributors who decided to disintermediate those agents who had previously sourced merchandise for them. Others were coming from completely unrelated industries. Many were leaving professional careers to jump into the trade game.

To do business in China required no special business license or certification. China manufacturing required no tests or qualifications, and traders were arriving—and often staying—on simple tourist visas that could be extended without difficulty. Thousands of newcomers were turning up at events like the Canton Fair, China's largest trade show, just to get a feel for what was happening.

Barriers to entry were lowered, and the introduction of certain technology tools was helpful. Networked computers made it easier to find factories. Web sites like Alibaba.com were providing a boost to factories that were previously unknown. Minimum order quantities were lowered, also, so that less volume was required in order to get a project started.

Infrastructure also played a role. To many who would dip a proverbial toe in the water, it mattered that they could stay at a five-star hotel in some cities for as little as \$50 per night. These hotels were not to be compared with luxury accommodations in London or Hong Kong, but they were comfortable, certainly more than you could get back in the United States for several times the price. Economies that might have competed with China for business did not have their infrastructure situation under control; so while manufacturing in those countries was cheap, the cost of checking the place out could be exorbitant. Business travelers who came to China remarked that their trips cost much less than they imagined.

Chinese manufacturers gave importers every reason to get started. They kept the cost of tooling low and provided free assistance with production setup. One client I worked with, an inventor, was about to go to an American engineering company to have a prototype of her product made for \$60,000 when a factory in China said that they would do the same work for close to \$4,500. The lowered cost was offered as an incentive for getting started with the supplier.

Even when a product cost the same to produce in the United States on a per-unit basis, China offered significant savings in the initial phase. Start-up savings alone helped manufacturers win business, though the importers involved should have understood that such enticements

were the equivalent of a no-money-down sales pitch and other too-good-to-be-true opportunities.

Everything about China was set up to get customers in the door, and importers who arrived for the first time remarked how surprised they were by the red-carpet treatment they received. "They treated me like a king," one importer told me, explaining how sweet his supplier relationship had been at the start. While these manufacturing relationships tended to become only more difficult over time, the beginning was almost always promising.

Importers responded to fawning and flattery—even if they did not realize it—but this alone did not win business. Concerns about business risk weighed heavily in the decision-making process. What importers needed to know before they moved their business to China was whether the economy was safe. One important contributing factor was a changing perception of China as a low-risk environment.

There were still economies in the world where an importer could wire transfer funds and find that the recipient and the cash had both disappeared. Importers who came to China were reporting to others that this sort of thing did not happen. Factories delivered the goods, and outright fraud was more rare than in other corners of the world.

Compared with other economies, China came to be seen as a sanctuary. Latin America remained a place where kidnappings by professional criminals was common. In other countries, you could at least count on having your luggage stolen. Vietnam, which was just next-door to China—and which had a lower labor cost—was one of those markets where such stories of petty theft were commonplace.

Business travelers to China didn't need to worry about getting shot, mugged, or otherwise molested. China was not necessarily the safest place in the world for the Chinese, but it was for foreign business travelers, especially because locals understood that they were not to bother the country's important "foreign guests." China was on a national mission to build its economy, and it was tacitly understood that foreigners were to be treated in a manner that would encourage their return and further investment.

Mainland China, on the surface at least, seemed law-abiding in a way that other places did not. Though the city streets were full of people, there were none of the accompanying signs of social decay.

Much of it was a managed perception, perhaps, with the government doing whatever it could to make China an attractive destination.

In Shanghai, a large number of police were put on the streets to minimize such heinous public crimes as jaywalking. In Guangzhou, and in other cities, the government outlawed motorcycles—if only because their presence made the place seem more chaotic or less modern. It made a difference to first-time visitors that there was no wild graffiti on the sides of buildings or outward signs of violence. Mainland China appeared peaceful, a fact that was surprising given the stories of protests and corruption.

Working closely with a number of importers over the years, I would meet many who talked about how they were drawn to the allure of doing business in China. Importers who visited other places did not manage to get the same reputational benefits. On a return from Taiwan, for example, friends and family were more apt to ask, "How was *Thailand*?" For folks back home, so much of what went on in East Asia was vague, but there was less mistaking China. It was famous.

Importers who traveled to China were considered heroes by family and friends back home; they followed in the footsteps of historic explorers. While Marco Polo spent years making his way to the Far East, now the trip could be taken in under a day. As far as adventures went, China offered a great deal of bang for the buck.

China holds a place in the collective consciousness of the West, its reputation having been established by Marco Polo in the 14th century. The country still inspires the imagination in a way that few places do, and it really did matter to those who were in business that they could go back to the United States and declare that they had gone and found success there. Importers were human, and along with money, they wanted status. They wanted to brag about their China connection.

China was exotic, but it was not bizarre. Chinese did not dress in native costumes, they wore no headdresses or long robes, they did not go around in sandals. They did not have the habit of sitting on the floor. Chinese did not bow or require that a visitor make unfamiliar hand gestures, and the people were pleasantly irreligious. Though there were holidays, meetings were not interrupted by frequent prayer times. The Chinese were traditional, but not fanatical. They did not paint their faces or tattoo or pierce their bodies. Such colorful native

traditions made for interesting tourism, but people on business were not vacationers.

Some of this cultural flattening was a conscious attempt by the Chinese to appeal more easily to Westerners and appear more up to date. Seeming modern and sophisticated was a source of face, and many Chinese went to great lengths to appear comfortable in a rapidly globalizing world. Factory owners dressed like their foreign business partners—slacks, collared shirts and shoes—and they took English names for themselves.

Despite China's insistence on having a unique culture that stretched back for millennia, there is no other country in the world whose citizens have given themselves alternate English names in such numbers and with so much enthusiasm. In places like Japan, India, and Mexico, you were forced to learn how to pronounce the *real* names of the people with whom you were doing business.

Exoticism was all fine and well, but strangeness did not engender business confidence. Chinese writing looked different enough that it surprised some visitors, and yes the food was unusual—and yes, they did eat with chopsticks. In the end, though, these differences were not shocking. Ultimately, China was as familiar as Chinatown, or nearly so.

Importers were concerned about the political environment more than anything else. "Isn't China still Communist?" clients often asked, trying get their heads around how the environment seemed so free-wheeling, and yet so carefully controlled. They worried about a regime that was totalitarian, and what it would mean for business. Chinese government officials could do whatever they wanted, whenever they wanted. The very notion of absolute political control made outsiders nervous.

George Orwell preached about the dangers of totalitarianism, warning that in such a world, there would be no loyalty, except loyalty to the Party; there would be no laughter, except laughter that came from triumph over a defeated enemy. "If you want a picture of the future," Orwell said, "imagine a boot stamping on a human face—forever."

There was a boot in China all right, but it was being made outside of Guangzhou. It came in 96 different styles and eight colors and lead time was a mere 45 days. About 3,500 pairs fit into a 40-foot

container, and you didn't need to have a special relationship with the factory owner to get started.

It was a bit unfortunate that the author of *1984* had not lived long enough to see just how fine totalitarianism was working out in the global economy. Placing an initial order in China was easy anyway.

"All we need is your sample."