
OUTSOURCING TO A BUYING OFFICE / SOURCING COMPANY

When you're importing from China, generally there are 3 ways you can conduct the transactions/business. Either the importer (*you*) can contact a supplier directly (*who may or may not be who you think they are*), you can use a 'sourcing agent' or you can use a buying office.

Of course, different businesses have different people with different experience and skill sets. With sourcing agents there are some highly competent agents, there are also some who are incompetent or immoral (*the worst type*). There are buying offices which are amazing, as well as, buying offices that are completely awful, with no clear process and unprofessional staff.

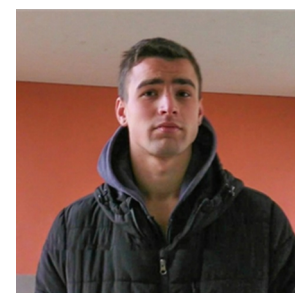
As such, it's impossible to draw any conclusion about what's going to be best for your business; this is something that only you, as an importer, can decide.

With well over a decade of experience in China, working with hundreds of importers, essentially starting off as a sourcing agent myself, building www.huaci.co.uk to become the professional buying office it is today and after saving countless importers from the risks of working with terrible agents, I have drawn this table based on 'typical scenarios'.

Again, this table is not conclusive. It doesn't mean there are no importing businesses that have the capability to successfully import from China. Likewise, it doesn't mean all agents are bad!

However, I am someone who has put their life's work into building a buying office. I have done this because it's my personal opinion that if an importer is going to bring new product ranges to market and import multiple containers per month, then they want to ensure their product, assembly, packing, instructions, carton marks and quality are all accurate, every single time. They cannot do this at any scale without a presence on the ground, in China, working to a set process like clockwork every time!

Based on my own personal observations over many years, I have drawn up what I see as a very typical scenario across all of the tasks and skill sets required to successfully import from China.



ADAM
Managing Director

THE TABLE COMPARES:

1 IMPORTING DIRECT	2 IMPORTING WITH AN AGENT	3 IMPORTING WITH A PROFESSIONAL BUYING OFFICE
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STEPS	IMPORTING DIRECT FROM CHINA	IMPORTING WITH AN AGENT	IMPORTING WITH A PROFESSIONAL BUYING OFFICE
 <p>SOURCING THE BEST OPTIONS</p>	<ul style="list-style-type: none"> • May not already have someone who has experience in sourcing. • May not have someone that has the hours it takes to do a good job of selecting the right factory. • Expensive to attend trade shows in China. • Unable to speak Chinese and have an in-depth conversation with the manufacture about the product, the challenges and how to overcome these (assuming the business is forging and does not have Chinese speakers). 	<ul style="list-style-type: none"> • Often engages few factories, selects based on relationships and isn't critical enough on if the factory is truly the right fit for the importer. • Able to attend trade shows aswell as source factories outside of websites like Alibaba, global sources • Generally, reports to no one and may not spend as much time sourcing if they feel the options are good enough. 	<ul style="list-style-type: none"> • Has an office of experienced staff with a defined process in place, has the man power & sourcing experience to ensure quality sourcing every time. • Has an IT (ERP system) to ensure staff follow a process in which a minimum number of manufactures are invited to quote and a minimum number of quotes are obtained. • Attends all industry trade shows in China. • Existing database & relationships of suitable manufactures. Many of which in some specific sectors have little to no online presence.
 <p>FACTORY AUDIT</p>	<ul style="list-style-type: none"> • May not understand the importance relevance of doing an audit. • Would need to be outsourced to a 3rd party. The audit would need interpreting by someone in the business who may not be experienced in manufacturing process and as such, cannot evaluate the results of the audit to make the correct decisions and following actions. 	<ul style="list-style-type: none"> • Agent may not do an audit report and may be biased based on which manufacture offers him/her the best incentive/kick back to place orders. 	<ul style="list-style-type: none"> • Professional audits carried out by an individual/group of employees who make up the 'Quality Team'. • Due to the scale of manufactures they are already dealing with, many audits on existing factories are already complete, so there is no additional cost to the importer. • Factory audit results carried out and concluded by a separate Quality Department, meaning total impartiality.
 <p>QUALITY ASSURANCE / SIGNING OFF SAMPLES</p>	<ul style="list-style-type: none"> • Travelling to China is expensive and time consuming to sign off samples • Airfreight/sea freight samples are either very slow or very expensive and minor changes cannot be agreed with the manufacture face to face. Generally first samples need adjustments of some sort, meaning to sign off a sample correctly can take months. 	<ul style="list-style-type: none"> • Agent may be very skilled but generally they are not experienced and/or trained in Quality Assurance. 	<ul style="list-style-type: none"> • Professional team of Quality Assurance staff who follow a set process to sign off sample/assembly/instructions & packaging for every single SKU.
 <p>PRICE NEGOTIATION</p>	<ul style="list-style-type: none"> • Able to negotiate the best deal for the company directly. • If inexperienced, may negotiate price at the expense of quality. 	<ul style="list-style-type: none"> • May or may not negotiate the best deal depending on how hard they try, relationship with factory etc. • Worst case scenario is they may end up 'negotiating with the importer' more than they negotiate with the manufacture. Often a mind set that the importer has a lot of margin and they can afford to pay more. 	<ul style="list-style-type: none"> • Follows a process from collecting multiple suppliers to quote, final specs and highly experienced managers who know as a buying office, they must be competitive vs all other options. • Buying offices are able to export under their own licence, meaning they can negotiate and purchase in the Chinese local currency (RMB) meaning manufactures don't need to factor in various charges and exchange rate fluctuations, often leading to a better price.

STEPS	IMPORTING DIRECT FROM CHINA	IMPORTING WITH AN AGENT	IMPORTING WITH A PROFESSIONAL BUYING OFFICE
 <p>PAYMENT TERMS</p>	<ul style="list-style-type: none"> Generally will get factory standard payment terms 30% deposit, 70% against BL. 	<ul style="list-style-type: none"> Generally will get factory standard payment terms 30% deposit, 70% against BL. 	<ul style="list-style-type: none"> Many buying offices have the ability to provide credit to their customers. Payment terms can then be as good as 0% deposit 100% 90 days after bill of lading.
 <p>PURCHASE</p>	<ul style="list-style-type: none"> Not able to create a contract valid under Chinese law as the company is usually a non-Chinese entity. Maybe doesn't know what should go into a contract when purchasing from a Chinese manufacture. Not able to purchase in the domestic version of the Chinese Yuan 	<ul style="list-style-type: none"> May or may not create contracts valid under Chinese Law May or may not be able to purchase in domestic Chinese Yuan 	<ul style="list-style-type: none"> Able to create a contract valid under Chinese law as a Chinese entity. Highly professional purchase contract with set clauses in to protect and enforce the importers best interests. Able to purchase in the domestic version of the Chinese Yuan.
 <p>QUALITY CONTROL</p>	<ul style="list-style-type: none"> Has to outsource quality control then collect the reports, analyse and decide for each container if stock can be sent. Potentially working with a Quality Control company who has been given an incentive by the manufacture not to show 'the real picture' 	<ul style="list-style-type: none"> Is probably not a professional in quality control. As a sole agent, they cannot travel for every order, every factory and do the hours of work professional Quality Control requires – many faulty products are shipped. 	<ul style="list-style-type: none"> Has professional, full time, Quality Control team all over China. All reporting goes to a Quality Manager to process each and every order and relevant actions Has a process and path to follow to allow/deny goods that can be shipped. Only acceptable quality levels of mass produced products are allowed to be shipped.
 <p>VENDOR MANAGEMENT</p>	<ul style="list-style-type: none"> Does not understand the landscape in China and so, communication can sometimes break down. Don't understand the 'story behind the story' and are not best positioned to work with the factory to solve. Does not understand the culture in China and so personal relationships are difficult and distant. 	<ul style="list-style-type: none"> The agent is working with the factory against the customer; as such the real position of the agent is that they do not want to 'fight' the factory on the customer's behalf. 	<ul style="list-style-type: none"> Professional & experienced team that initiate the right conversations about challenges. The team works closely with the manufacture and the importer to communicate the situation and what options are available to mitigate any problems that can arise.
 <p>CRITICAL PATH</p>	<ul style="list-style-type: none"> Importer places orders and has no answer when orders are late 	<ul style="list-style-type: none"> Agent does not even know what a critical path is. 	<ul style="list-style-type: none"> Sample development and orders all follow regular, weekly critical paths.

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