



Poorly Made in China: An Insider's Account of the Tactics Behind China's Production Game

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Praise for *Poorly Made in China* "This fast-paced travelogue through the world of Chinese manufacturing is scary, fascinating, and very funny. Midler is not only a knowledgeable guide to the invisible underbelly of the global economy, he is a sympathetic and astute observer of China, its challenges, and its people. A great read."

--Pietra Rivoli, author of *The Travels of a T-Shirt in the Global Economy*

"Paul Midler takes us for a ride through the fastest-growing economy in the world, revealing what can--and sometimes does--go wrong when U.S. companies shift production to China. Working in the heart of China's export hub, in the country's southern region, he has the advantage of a front-row seat to the no-holds-barred games played between manufacturers and importers. He introduces us to a cast of real-life characters and tells his story with a mix of affection and skepticism for what is taking place in China today. Midler delivers a revealing and often funny tale of life and commerce in a country whose exports touch nearly everyone on the planet."

--Sara Bongiorno, author of *A Year Without 'Made in China'*

Poorly Made in China: An Insider's Account of the Tactics Behind China's Production Game Details

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From Reader Review Poorly Made in China: An Insider's Account of the Tactics Behind China's Production Game for online ebook

Dan Watts says

Although I have no first-hand experience with manufacturers in China, I suspect that this book is badly biased.

The author wants to prove that manufacturing standards in China are unusually poor, so gives various examples of nothing but, most of them from the same small company.

As he mentions in passing at the end of the book, a lot of brand name goods are manufactured in China. It's fair to assume that companies like Apple and Johnson & Johnson aren't going to accept low quality manufacturing. I'm sure another author could embed with other manufacturers and write a book praising how advanced and well organized they are.

Most troubling to me is his suggestion that cheating the buyers is something ingrained in Chinese culture, supposedly due to the hard times they experienced under Mao. That's a rather insulting accusation, backed by just some anecdotes.

Karl-O says

While I enjoyed the book, I thought it gave a limited glance on the reality of Chinese companies, especially manufacturers. First of all, the book is written from the point of view of low-skill product importers in the USA. That's a valid point of view but doesn't represent everyone who manufacture in China. Besides, the book is written in 2010 and most of the experiences recounted are from the early 2000s. Between now and then, China improved substantially. For example, a reader of the book would have a hard time reconciling the fact that one of the highest quality and best selling smartphones in the world today, the Apple iPhone, is being manufactured in China.

The manufacturing companies mentioned in the book are usually opportunistic and try to manipulate the quality of products and cut corners in order to maximize their profits. There is in fact a tendency to chalk up manufacturing in China as irredeemably prone to the phenomena of cutting corners, (known as Chabuduo in Chinese). However, these perspectives ignore the gains in productivity the Chinese economy have seen, the improved infrastructure of the country in recent years and the increased skills of the Chinese labor, among other things.

The book is also vulnerable to selection bias. Namely, if you have many experiences in China and set out to write a book about poor manufacturing, you are bound to *select* from your experiences examples that confirm what you set out to write about in the first place. The book doesn't systematically analyze what percentage of whatever made in China is poorly made. This for me highlights the importance of case by case analysis when it comes to working with China, especially in light of the fact that many high quality products are being manufactured in China today.

All being said, the book is an enjoyable read and sometimes very funny. While I don't recommend it as a guide to do business in China, I do recommend it as a lighthearted read of someone's intriguing experiences

with the cunning of Chinese manufacturers!

Huong says

??c quy?n này xong l?i nh? ngày x?a ngô nghê t?ng h?i m?t th?ng TQ là sao chúng mà toàn s?n xu?t hàng kém ch?t l?ng th?. Nó th?n nhiên b?o ti?n nào c?a n?y c?. Gi?ng nh? T? phang vào m?t ông già Bernie: V?i giá các ông ?ang tr?, các ông mong ??i cái gì? :))

Son Tung says

This is an interesting read, many tactics employed by Chinese manufacturers (in this book, shampoo, healthcare products) are similar in daily life in Viet Nam. This is some real good but painfully learnt experiences of the author as a intermediaries between American companies and Chinese manufacturers.

1/ First they welcome you with open arms, sometimes with fake showrooms, previously made products for famous multinational corporations.

2/ They begin to make your products, copy the sample beautifully, the first dispatch usually looks perfect. Overtime, quality starts to fade away since there are myriad of ways to cut cost, e.g substituted with cheap ingredients, thinner and thinner plastic bottles till they collapses under their weight, cheap labor with horrible working conditions...

3/ If something bad happen (an error with packaging for example), they make process of remediation to be hell for orderers: shift the blames, unreasonable excuses, threaten to serve the contract... This can happen if those manufacturers are big, backed by local government officials, have many connections to other manufacturers and that leads to more power.

But note that the author also understands his limited experiences in manufacturing sector, this can not be counted as comprehensive view for all Chinese manufacturers.

Socraticgadfly says

Author Paul Midler, a non-Chinese U.S. native, learned Chinese as an undergrad and eventually got an MBA. Not wanting a stereotypical U.S. finance job, he became a middleman in southeast China's economic heartland -- a middleman between U.S. importers and Chinese manufacturers.

First, many American companies dealing with China are just that -- importers. Their companies never made a thing in America. They're start-up or near start-up entrepreneurs, aglow at the idea of selling cheap made-in-China stuff like health and beauty aids (and how dumb is it to ship 90 percent-water shampoo across the ocean) as house or generic brands to sell at places like Dollar General.

And, Chinese plants dealing with such importers seem to cheat in the manufacturing process every way they can, besides the obvious, exposed ones such as lead in paint and melamine in dog food. They simply refuse to pay for internal quality inspectors, then try to obstruct U.S. ones, people like the middleman author. They deliberately underbid in an intensely competitive market, then cut corners in any way they can.

Then, when they really get busted? Like the lead on Barbies last year? Did the Chinese manufacturer

apologize to Mattel?

NO. Remember what happened? Eventually, Mattel apologized to the Chinese manufacturer for bringing its integrity, its Asian "face," into doubt.

And, that's another theme of the book. Asian "face" gets mingled, and mangled, with a developing Chinese aggressiveness, and you get more and more shenanigans like this.

Meanwhile, the importers, like the "other person" in a dysfunctional relationship, afraid that if they stand tough, a competitor will get a better deal, often quail, show inopportune emotion, or otherwise lose "face." If it happened to Mattel, contrary to a couple of reviewers here, it's happening a lot in China, don't doubt it.

Meanwhile, it appears, from this book and many other things, the Chinese Potemkin economy is a 3-legged stool: Beijing, local governors, and the manufacturers themselves. The manufacturers are often playing off Beijing and local governors, probably through a mix of threats, kickbacks, etc.

So, American importers have a mix of ongoing infatuation with China, fear of leaving if a competitor stays, fear of provoking a manufacturer if a competitor doesn't, and more. It's hugely dysfunctional.

Urban Sedlar says

A shocking look into the Chinese manufacturing phenomenon. The stories described within shed light on the peculiarities of the Chinese character and culture, and at the same time reveal the true ugliness beneath: practically nonexistent business ethics.

The author lives and works in China--as an agent for the US importers; he mediates the entire process of setting up a business and intervenes whenever shit hits the fan, which seems to happen quite often. The book exposes many dirty strategies the manufacturers use, all described through author's own war stories. The deal usually starts by attracting business through terms too good to be true and setting up a facade of professionalism, high quality and cleanliness; then, after everything is set up, the manufacturer starts cutting corners. The author describes it as a "quality fade" and gives numerous examples of how manufacturers switched ingredients and changed specs on their own, without ever mentioning it, and at the same time tried to use any excuse possible to raise prices. And once the entire process is set up, switching costs are too prohibitive to change manufacturers; manufacturers are of course happy to use this fact to their advantage.

All in all, this book gives many interesting observations and analogies and makes you wonder what exactly your average everyday use product has been through.

L.A. Starks says

This book is just superb. It is so much better--more informative and more useful--than any dozen "succeed in business" books one could buy.

Midler has worked in China for years, knows Mandarin, and sees how companies rush to produce goods in China due to its lower costs. China welcomes US and other importers with red-carpet treatment and

business-friendly protocols, but once production in China is established, factory owners start engaging in "quality fade." For example, a factory owner may use thinner plastic, or unilaterally change a formulation or, as we have seen, opt to use lead paint. It becomes clear that Chinese quality issues about which we have read are not the exception but the rule.

I applaud Midler's willingness to write this book and Wiley & Sons to publish it. As important a subject as Chinese manufacturing is, there is virtually no other source that is so honest and detailed.

Recommended for all who like business books or who are contemplating doing business in China.

Lucy says

Chystáte se podnikat v ěín? anebo o tom t?eba jen p?emýšlíte, by? malinko? Tak si p?e?t?te tuto knihu. Je sice staršího dat a v??ím, že hodn? v?cí se už zm?nilo k lepšímu (alespo? sama sebe p?esv?d?uji o tom, že to opravdu není až tak zlé), každopádn? pointa z?stává stejná. Je o kultu?e byznysu v ěín?, o tom jak p?emýšlejí, jakým zp?sobem jednají a jak ?eší problémy v nejlidnat?jší zemi na sv?t?.

Hadrian says

Excellent case study of what Midler calls 'quality fade' - that is, the steady reduction in quality of a product by continual cost-saving measures such as low-quality ingredients, reducing sanitary standards, cheap packaging, etc. Foreign direct investors wondered how production could be so quick, cheap, and efficient, and if it was 'too good to be true' for manufacturing. And so it was.

Cheap prices are driven by low capital investment and squeezing hard on labor, who still flock to these jobs anyway because of the promise of higher wages than the countryside.

How would an outside investor seek to stop such a practice? A more investigative press or the threat of exposure might work. Such a 'loss of face' could be catastrophic to outside business. Then again, the press is still strongly curtailed, and few companies would be willing to risk their own products be so thoroughly debased.

Nihkita says

This book is great if you've lived in China just long enough to start to understand it and in turn hate it. Yes it's about Chinese manufacturing but any lao wai will have common experiences even if they don't work in manufacturing or business or work at all. It's got the culture of China, not the nuances, but things Chinese people do that add to the culture gap. This book had such a light tone about it too. It's not telling you what to do or think its just telling you what happened. For once when reading a book about China it felt like it was written by somebody who's actually lived in china. Paul Midler gives insight while still retaining the humanity and mundane normalcy in which these events take place. When reading books about China it's often too clinical or too emotional. Too many books rely on fear of China to peak reader interest; they paint bleak dystopian futures, or other forms of dramatics removing the reader for reality making it hard to picture Chinese people as people. Instead the author depicts his business experiences with the same fondness and

mystification of any old lao wai reminiscing. The kind of stories that have a fond "Oh, China" and cheers after. This, for me, is what makes this book a must read for any long term lao wai. This book simply states the frustrations and complaints foreigners feel but neither tells you to suck it up or give up. Kind of like a kind fatherly figure saying "That's life kid, here's what I did, here's some background information, now you figure it out."

5/5 would recommend this book to any frustrated lao wai who needs a good laugh and someone to relate to.

Kate says

I was expecting something drier, with more statistics. In fact, this is a narrative of the author's experience as a business consultant working with importers from the US and manufacturers in China. It was a pleasant surprise, fast-paced and worth reading.

The ethics (or lack of ethics, to be truthful) and self-serving and/or delusional behavior of both parties in these relationships are on display here - although there are some detours into Chinese culture as well. The author believes he is making a point about trade - that we should have thought more when we began working with China so blindly, but we've got to continue now, there's no going back, and if you're not manufacturing in China you ought to be - but often contradicts that point with incredible stories about manufacturers having importers over a barrel, quality problems that are ignored by all parties and governments, and the overwhelming sense that there is more to the moving-factories-overseas debate than just protecting American jobs.

Having rarely worked for private companies, I found myself astonished at the complete denial of any moral or political responsibility on the part of all the businesspeople involved, the author included, although he may be assuaging his conscience by writing this book. At times, it took my breath away that the author was able to explain away his scruples by remarking that he wasn't in the business of irking his customers by telling them what they refused to hear. This is not to be too critical of Midler - but it is fascinating to read what he thinks the lesson of his story is when your lesson from it is so different.

Roseb612 says

Tohle se ?te jak detektivka nebo spíš dost drastický thriller - pro Evropana naprosto nep?edstavitelné. Samoz?ejm? ?lov?k ví, že s výrobou v ?ín? jsou problémy, slýchám to opakovan? i od našich zákazník?, ale že je to až tak velký pr?švih, mi opravdu nedošlo. Pojetí vztahu se zákazníkem je naprosto dechberoucí, schopnost ošidit všechno a všechny nemá nikdy konce.

Díky této knize jsem si uv?domila, že pro spoustu firem za outsourcingem do ?íny není snaha víc vyd?lat, ale boj o holé p?ežití a do téhle pozice je dostáváme my jako zákazníci. Už léta sice koukám co a od koho nakupujeme, selektuji výrobce atd. - když to jen trochu jde, tak preferuji ?eské nebo alespo? evropské výrobce a výrobky reáln? vyrobené na kontinentu, ale subdodavatele nemá ?lov?k šanci obsáhnout a u ?ady v?cí skute?né místo výroby ani dohledat nelze. Ob?as je to únavné, kolikrát se na to do?asn? vykašlu, ale po p?e?tení téhle knihy m? to tedy ur?it? n?jakou dobu zase bude po?ádn? držet.

Naprostý MUST READ pro veškeré spot?ebitele (tudíž pro všechny) z vysp?lých stát?. Pro ty, kdo hodlají obchodovat v ?ín?, pak ještě víc. Výjime?ná kniha, která se ?te jedním dechem, nabízí ?adu v?cí k

přemýšlení a ukazuje řínu v dost odlišném úhlu pohledu než jak jsme zvyklí. Plný počet hvězdiček a už v březnu jeden z kandidátů na letošní knihu roku.

Kontext: Asi po roce se mi podařilo knížku v knihovně sehnat - pořad byla rozprodána a jak to mám do knihovny 30 km (bližší knihovny jsou nepoužitelné), tak rezervace nedělám, zvlášť kvůli jedné knížce se mi takovou dálku lítat nechce.

První věta: "V říně se vyrábí všechno na světě a spolu s tím všechny možné pachy."

Poslední věta: "V zemi, kde se nakladatelé bojí publikovat, kde se lidé bojí mluvit, nemůže dojít ke skutečnému pokroku."

Petra X says

The author of the book is an American who has lived in China for a long time and as he speaks the language is an ideal agent or go-between for American companies and Chinese manufacturers. He relates one example of Chinese cost-cutting that I believe illuminates the whole business ethos of China. A company that has a number of cheap brands of shampoo and similar toiletries that are sold by the big box stores in the States gave a contract with a Chinese company to make them.

One day one of the retailers told the company CEO that the bottles had collapsed, the plastic bottles were too thin to withstand the pressure of the liquids within and stacking etc. What had happened was that with every shipment the Chinese company had shaved off a small amount of the plastic going into each bottle. Such a small amount that it wasn't noticed, until one day the bottles were just too weak

It is obvious that the Chinese were making more profits by cost-cutting, but they said that it was the only way they could stick to the contract price. If the American wanted better company bottles they would have to pay more.

That's a different business model entirely than I learned at London uni.

"The purpose of religion is to supply multi generational groups with an explanation of where they have come from and where they are going. It also supplies a moral code of conduct. 'Religio' comes from the Latin 'to bind together' and its purpose through the ages has been to help groups to stay tight. In part by distinguishing the in group from the separate out group."

The author is saying that history replaces religion in China, certainly since the Communist era. But the book makes it clear that the reigning god (and they are quite monotheistic in this) is Profit. The commandments are as follows:

1. Profit is to be worshipped above all other gods.
2. It is unethical to tell the truth to foreigners if that would lose a contract.
3. Pricing is according to what the customer will pay and that depends on what market the customer is going to sell in.
4. Lying about having manufacturing facilities, products and machinery can be a good thing.
5. Showing a customer around a factory that is not yours or is empty but has been set up for the day in order

on a range of products. He wrote the book because he was shocked at what he saw. The book was written as a response to the string of 2007 Chinese quality scandals (yes, it even it's own Wikipedia page; and 2008, and then there's Chinese Drywall). It took him a year and a half to finish, so it sort of had a quiet launch, until The Economist picked up on it.

The book is not an overview of the 2007 quality scandals. He references them only briefly. Some interesting notes: the infamous Mattel lead paint toys case involved a Chinese factory owner who had worked for Fisher Price for 15 years and had an estimated net worth of ~900 million USD. It was a symptom of what Midler refers to as "Quality Fade."

Here's an article he wrote in 2007 (that also served as the seed for the book) about quality fade: Dealing With China's 'Quality Fade' - Forbes.com

Some of the other takeaways:

- * The reason China does so well initially attracting business is: #1 very, very low crime rate (at least for Westerners), #2 low initial price point (although subject to rises over time), #3 zero regulation (want to discharge wastes from a galvanizing operation directly into the sewer? No problem!), #4 ease of access (a business traveler can get a cheap ticket over there, then stay in very inexpensive hotels, and come back to the US for less than he budgeted; comparable trips to Mexico or Dominican Republic are extremely costly due to security constraints).

- * Chinese factories deliver low prices because they'll sell at-cost to US markets, then sell knockoffs of the same products to Latin America, Mid-East, etc. for double/triple the price they're selling it to the US (generally "borrowing" the intellectual property/design/etc. in the process).

- * Chinese factories are described as 'almost mid-evil' level of technology. The average factory is a series of long tables, with lines of stools (generally without backs, made from scrap wood) with massive amounts of human labor substituting for what machines would do in the West. I've been to a few US factories and it's amazing the level of technology you'll see; so long as it lowers the marginal cost and there's enough volume, you'll see lines of the most expensive computer-controlled CNC machines. The only machinery in Chinese factories is generally worn-out, obsolete equipment from the West.

- * China is not THE lowest cost producer. Vietnam generally beats them out on labor costs.

- * There's a bias out there that "Made in America" is too expensive, while "Made in China" guarantees you're getting a good deal (at least on price). Say you want to buy bolts. A Chinese factory quotes you 68 cents/ea.. You think you're getting a good deal. If you go to a US factory and they quote you 68 cents and "Made in America", people think they can get it cheaper elsewhere. A US manufacturer, thanks to automation, mechanization, and superior methods, might actually be the less expensive manufacturer, while a Chinese manufacturer may only meet that price point while sacrificing something (namely, quality).

- * A lot of the business-people in China, especially among the lower-to-mid-size companies are incredibly naive. Those are the best stories in the book. A Chinese factory was making 'private-label' beauty products for an un-named CVS/Walgreens/etc. and the 'CVS' buyer kept complaining they were getting 'screwed out of pH'. The pH was on the lower end tolerance range (~6 in a ~6-7.5 range). Meanwhile, the factory was doing all sorts of other substitutions behind their back that they weren't even checking. Upon being challenged, the 'CVS' buyer didn't even know what pH was, much less have the idea to test for bacterial contamination of the lots of body wash, shampoo, etc. that were coming into their store by the shipload. Because they didn't know how to make anything, they had no idea how a manufacturer could screw them over. The Chinese product had a "not tested on animals" label, primarily because there was no testing done whatsoever!

One of the things I enjoyed about the book is it's a business book, but there's very little 'business' in it; it's mostly about relationships and Chinese culture. That's also this reviewer's take. Some of the cultural nuances

were remarkably like America, in a way.

Also worth a look: Paul Midler's Blog. Especially the older entries.

Also of note: Dumping China for America - CNN Money

On a personal note: one of the reasons I've become interested in this book is I've gotten into valve procurement in a big way. The valve business is very, very competitive and a valve you bought 10-15 years ago that used to be made in the USA with a good reputation for quality is now either 'assembled in the USA' (with Chinese-made parts) or wholly-made in China due to commercial pressure. I was at a meeting when we went through valves and name after name was "made in China" (partly or completely), I asked 'is there anyone who isn't?', the older engineer looks over at me and says, "yeah, Company Z. Their valves are made in India" Me: "Um..."

Now, we try to do as much as possible to test the valves and to screen out the worst offenders, but the whole process has left me with some uneasy feelings. The valve salesman won't be around when the project starts up. I will and the operators will work next to these valves for years to come.

Note that Paul Midler ends his book with a **GUARANTEE** of further Chinese quality scandals.

<http://noladishu.blogspot.com/2012/02...>
