

Source Co. chief explains China

Doing business in China is a challenge even for old hands like Gary Livermore, CEO of Queensland based Source Co Ltd.

"Ten years this month in China and still learning," Mr Livermore quipped.

Source Co Ltd's consulting subsidiary's first project in China was to establish the engineering department of pharmaceutical giant Glaxo Wellcome's Suzhou £500million manufacturing plant.

Since then Source Co's consultants have worked with Gillette, China National Off-Shore Oil, Philips Petroleum, Flextronics, China National Coal Corp, North China Electric Power University and other major players in Chinese industry.

Mr Livermore said all this experience has taught the company one thing more than anything else, "and that is to expect the unexpected".

Mr Livermore said after several years of a 'fly in, fly out' approach the decision was made to incorporate Source Co's wholly foreign owned enterprise, Li Yi Company, located in Shanghai. Mr Livermore said with Li Yi Co operating, they were able to employ Chinese engineers, quality control, product procurement and marketing staff.

He said only with this full commitment to conducting business in China can you get an overlap of western and eastern needs, mindsets and values.

CHINA CHECKLIST

After 10 years of providing consulting services, manufacturing and sourcing a wide array of products ranging from electrical accessories through to promotional items, Mr Livermore believes the most common traps for those wanting to procure products from China are:

- The belief that the manufacturing or procurement process will run smoothly and will not need close management incorporating quality control techniques. He said so often the 'golden sample' – the sample submitted for approval and testing – can be a far cry from the products eventually supplied.
- The belief that discussions and negotiations with manufacturers and suppliers are confidential. Mr Livermore recollected an instance where, after weeks of discussions with four companies, a supplier was chosen and after several months it was discovered that all the other companies spoken with had collaborated and contributed to the manufacture of the products supplied.
- Buying on price is the biggest trap for beginners. Generally small to medium enterprises in China cannot walk away from a sale and will therefore match the price that you negotiate. The problem is that they then go away and work out how they can manufacture for the quot-



Gary Livermore, Source Co.

ed price, which invariably means cutting corners such as using recycled components, squeezing product manufacturing in with other larger production runs.

- The belief that the chosen supplier or manufacturer relationships will be sustained forever.

"Unfortunately, history has shown us that back-up supply strategies are essential as circumstances with the supplier change for one reason or another and before you realise it your product has not been manufactured within the agreed time frames," Mr Livermore said.

He said the financial rewards are definitely there for those that make the effort to import products from China, but you either have to commit to a significant long term and expensive business agreement or selectively assess and engage a qualified and proficient supply partner.

Source Co. recently absorbed the business operations of Regis IEM, an electrical products manufacturer, and asset maintenance services firm MCP AMIS.

www.sourceco.com ■

TES helps to green Shanghai

A Brisbane company specialising in energy efficiency has won a \$700,000 contract to provide energy services to a major hospital in Shanghai, China.

Total Energy Solutions (TES) won the new contract by putting forward a guaranteed plan to save the Yue Yang Hospital more than RMB\$2million (about A\$440,000) a year, which represents a reduction of more than 15 percent of the total site's energy use.

Managing director of Total Energy Solutions, Wynne Henderson, said the success with Yue Yang Hospital was recognition that the experience and expertise of TES has been valued



Shanghai.

by the tender review committee.

He said it also reflected a great team effort to develop a project which will save over 300,000 litres of diesel fuel oil per year.

"Yue Yang Hospital is a great exam-

ple where Chinese traditional medicine and Western medicine practices are combined to provide the best medical services, using all the available know how from both East and West," Mr Henderson said.

"This energy conservation project is also a great example of forward thinking Queensland companies being integrated into China's operating procedures to the benefit of both regions," Mr Henderson said.

TES is a designer and provider of efficient small scale power, heating and cooling systems which provide solutions to reduce water and energy consumption.

www.tes.com.au ■