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**AbsolutelyNew, Inc.**

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*How to Manufacture  
Your Invention in China*

### Why build products in China?

China still is the place to build and manufacture things in this day and age.

Since the formal “opening” in 1979, China has developed into the workshop for the world. Nowadays everything seems to be made in China. China is now the manufacturing leader for consumer electronics, clothing, toys, kitchen wares and sundries. Their explosive economic growth has spawned ten of thousands of factories in the south of China (Guangdong province) and near the coastal cities such as Shanghai and Qingdao. These factories now employ about 100 million workers and export hundreds of billions of dollars annually to the USA and the rest of the world. Many of the China factories hire young migrant workers from some of the poor rural Northern provinces.

It's a known fact that since the “opening,” many of these businesses and their factories have grown considerably in size and sophistication. For example, Apple Inc. builds much of their iPad® and iPhone™ products in factory complexes that employ almost one million people in the South of China. However, there are thousands of other smaller factories that employ dozens or hundreds of workers.

Another contributing aspect to the Chinese manufacturing success is their country's willingness to invest in infrastructure (ports, roads, rail lines, etc.). This has grown in parallel with the nation's university and technical schools that have turned out large numbers of engineers, technicians and business people to support this global juggernaut. Admittedly, in certain parts of the manufacturing sector, the country is struggling with overly crowded roads, environmental pollution and corruption, but great strides have been made over the recent years especially since the Great Recession started in 2008.

Yes, it's all here but finding the right partner is very challenging and nuanced with subtleties and cultural, logistical and business obstacles.

### How to Choose a Manufacturing Partner:

- **Where do you start?** If an inventor is starting from scratch and does not have an experienced team who knows how to do this, the Hong Kong Trade Development Council can be a helpful starting point. This is a Hong Kong Government funded trade promotion organization that charges the subscribing vendor Chinese companies a small fee for their participation. This group sponsors tradeshow in HKG and in other world capitals so that buyers can meet Chinese manufacturers and sellers. The organization's ulterior motive is that free trade allows the citizens of Hong Kong to enjoy a first-world standard of living and they want their agency to continue being the gateway into China.
- **Alibaba.com** is another very effective way to start looking for manufacturing partners. This website does an exemplary job of pairing manufacturing partners and products with buyers from across the world. The basic service model is free of charge but one can subscribe to add-on services that can cost thousands of dollars.
- **Word-of-mouth recommendations** are probably the most expedient way of uncovering and vetting the right supplier. Partnering with a company or person who works extensively in this part of the world will be invaluable in the quest to find the right fit. Much of the Chinese business culture is based on connections and personal relationships so one should become familiar with and extensively study how these aspects contribute to starting a successful business relationship with a manufacturer.
- Meeting and knowing your manufacturer via **face-to-face meetings** is very important. When one visits the offices and factories, it leaves an impression of someone who has serious intent of developing a relationship and is willing to spend money to make sure the deal is done the right way. Having a presence over there plus these face-to-face meetings are costly, but it can be summed up with a common Chinese phrase “seeing once is worth hearing a hundred times.”

- **The importance of language skills and US or UK degrees.** Many trade experts believe that a manufacturing partner that has an executive and administrative staff that speaks and writes fluent English will make it much easier for you to do business. Both verbal and written communications are important and many times will make or break a successful partnership. A good barometer for success will be if the staff attended schools in the US or UK. Speaking Mandarin and Cantonese is surely valued, but not necessarily a primary requirement for doing business in this part of the world. English has emerged as the language for international trade and the better manufacturing companies know this. Expect to give them your SKYPE account and be ready to exchange documents via email with PDF attachments. Having a password-protected FTP site where one can exchange sketches and drawings, design files, product specifications and business documents is very common with China in this day and age.
- **What about samples? Who pays and how is this done?** It is common practice to offer to pay for samples and shipping charges to your office while one is becoming acquainted with a prospective partner. After the first deal, it is appropriate to let the vendor pay for any future product offerings. Have ready and expect to give your UPS® or FedEx® account number and your Telex Transfer bank-account information when this issue arises during the initial meetings.
- **Trading companies versus dealing direct.** Trading companies assist with sourcing and can be helpful with navigating the hurdles of a manufacturing partner relationship. There are many well-established and trustworthy firms that are genuinely experienced at doing this. In general, they charge up to 10% of the FOB price for this service and the bigger trading companies are sometimes not easy to work with since they only want well-established businesses of sizable proportion. If one finds the right trading-company partner, they can be very helpful for the first-time transactions. A down side is that trading companies will point business only to a handful of their own hand-selected manufacturing partners who many times are not the lowest-price producers. It is best to do one's own experimentation to find out if trading-company arrangements suit your needs.
- **ISO 9000 certified factories.** This is often an indicator of a partner worth considering. Briefly, ISO 9000 (International Organization of Standards) certification means that the factory has professionally recognized processes and controls in place to make consistently good products. These factories are often of a higher caliber for consistent quality and one has a better chance of on-time delivery. Factory certification is a costly and daunting process and it typically takes two years to achieve. It requires trained management staff along with regularly scheduled compliance audits. It's typically a good indicator of a professionally run factory; one can feel better about reliable product quality and delivery performance. Big Box retailers like to hear about these factories since they usually have lot traceability if something such as a recall happens. It's wise to check how current their ISO 9000 certification is, since some factories will say they have it only to get your interest. It's sometimes only used as a marketing tool. If certification is not registered and maintained, then there may be reason to suspect that something is not quite right with the factory.
- **Social accountability surveys.** Nobody, especially US-based retail buyers, wants to be remotely associated with bad social accountability practices. In the past few years, the press has been filled with horror stories of how lead paint was used in toys. China manufacturers were accused of making toothpaste adulterated with propylene glycol (antifreeze), and melamine was discovered as a toxic additive in dog food. This went hand in hand with bad press for China's subservient labor practices, unsafe working conditions, overtime abuse and employing underage workers. Most US importers are now asking for evidence of social accountability, whether it be a full-blown SA8000 (a global social accountability standard, based on the UN's declaration of human rights) report or a supplier survey that an independent inspection company can provide. These surveys range in price between US\$1,200 to \$25,000 and the better quality, professionally run factories generally are very familiar with the social accountability questions. Another recent US Government requirement is C-TPAT (Customs & Trade Partnership Against Terrorism). This new program mandates that any importer of record is now required to audit & keep records of factory security practices regardless of the location of the factory. It is best to keep your distance from factories that are unfamiliar with C-TPAT & these important social accountability issues. Hint: It is wise to arrange your own personal factory visit and ask if an independent survey can be done.

- **Telltale signs of a good factory.** As expected, common sense prevails and here are a few of the easy ones to spot:

Obviously, if the factory is clean and well-organized, it's a very good first sign. If the management has lined pallet spots for storage on the floor or has 'Five S' posters and signage espousing Japanese factory practices, then this is better than very good. Note that "5S," is a structured program that was developed by the Japanese to achieve total organization, cleanliness and standardization in the workplace.

If you smell paint, solder fumes or VOC's (volatile organic compounds) or notice a conspicuous presence of dust in the air, then this is not a good sign. It is best to ask questions about respirators and eye protection since these factory conditions won't pass the most basic social accountability audits.

If the male workers outnumber female workers in an electronics assembly factory, then this usually means the factory is struggling with hiring qualified workers. The factory may have quality problems. It's a commonly held belief in China that female assembly workers are widely preferred since their manual dexterity is better and they're easier to motivate and control. Male assembly workers are considered not as good in this situation. Ask for the ratio and the factory's explanation for this.

If workers do not use eye or foot protection in metal stamping or printing plants, then it is best to ask the factory why and consider avoiding this factory. If workers are painting, immersing items in liquids or cleaning parts in solvents without protective equipment and ventilation, then it is best to avoid this factory.

Many times visitors will now ask to prove the date of birth of randomly selected younger looking workers. It's good practice to question this and check for this during the introductory factory tour. Visiting the factory's on-site dormitories is another insightful and revealing way to gauge how the factory management treats workers. It's important to note that in the past two years, Chinese factory worker wages have sharply increased and the workforce has become very vocal and demanding. Even many of the smaller factories have been temporarily shut down by wildcat strikes and work stoppages.

If the factory's assembly stations have standardized instruction cards posted over each individual worker's station, then that is usually a good sign for achieving good quality. It's a sign of well-trained workers and good factory process control. If the factory has rubber floor mats for workers, air conditioning and a low noise work environment, then these are all indicative of a better-than-average facility.

If there is apparent supervision (as indicated by different color smocks or hats) and obvious quality-control inspectors patrolling the factory floor, then consider this is a good indicator of a better quality factory. Ask questions about the number and percentage of QC staff for the factory. The ratio is usually between 6 and 10% of the total factory workforce.

If the factory line has a formal looking chalkboard or LCD screen with metrics on the number of parts made each hour and the number of rejects found, then that is a positive sign.

Ask frequent questions about line rejects and how they are handled. If they show you a process for handling line rejects, then it's indicative that they're looking for ways to continually improve their process quality and this is very desirable in any manufacturing partner.

Ask if the factory has a backup power generator. Even the better small-size factories have one because weekly municipal power outages are very common in China. During summer months, it is not uncommon for small factories to have brownouts two or three days every week. China's explosive growth has made this problem even more conspicuous.

Ask about recalls, returns and defective allowances. Recalls happen often. Check the CPSC (Consumer Product Safety Commission) website and you'll see thousands of instances of recalls with products that originate in China. Ask your manufacturing partner how one receives restitution for these possibilities and other field-quality failures, including oversights in manufacturing. Most USA-based retailers will insist that sellers prove you can stand behind the products as part of the deal. Many Chinese makers will be reluctant to take back returns so ask for a 2-5% defective allowance that will cover any returns. With every deal one does with a USA-based retail or cataloger, returns will always be part of the negotiations.

- **What about intellectual property issues?** Getting a USA patent is good practice but the grim reality is that it does not guarantee you 100% protection from being copied or “knocked-off” especially in China. If the product has a novel design or application, it is best to assume that it will be quickly copied in China. It is not uncommon to see a knock-off as soon as 30-45 days within the release date in the USA. Having a separate Chinese patent is helpful and requires legal help. But note that China’s patent-protection system is in its infancy and flagrant examples of copied products still abound. The penalties in China are very weak and it’s not uncommon for a rogue knock-off factory to restart production in the next few days after their government’s discovery and cessation. The basic rule of thumb is that a utility patent affords stronger protection than a design patent. The advantage is that your utility patent assures the USA buyer of the product’s unique and proprietary features. Note that you & your patent attorney must continue to pay the maintenance fees to protect and strengthen the patent by continually building and upgrading the IP protection. These are costly propositions but this is what constitutes a viable patent strategy.
- **What’s required to build tools in China? Who pays what?** Building a tool in China is now relatively cheap & easy. A simple plastic injection-molding tool can be built many times with only a napkin sketch and a product specification. It’s always better to have a professionally produced rendering via an industrial design engineer, since all Asian countries now use the same design software that is used in the USA. Such design programs as AutoCAD®, Solidworks® and Pro/Engineer® are sold worldwide. In some cases they are illegal copies of the software so beware of corrupted and virus-prone files when you exchange them with your Asia partner. A plastic injection mold for a toy will typically take 60-75 days to build. It’s a common practice to put 30% upfront and pay the 70% balance of the tooling upon receipt of the first off-tool sample. For reference, the tooling cost for a simple plastic object the size of a baseball would be between US\$15,000 and \$25,000 depending on the number of cavities and the type of surface finish (mirror finish versus EDM textured finish) and internal complexity.
- Does quality matter? Yes, one can get a wide variance of prices that are quality dependent. Ask the factory for their operating AQL (Acceptable Quality Level). If they are familiar with this term and the term “Mil Std 105D,” then that means that they have some knowledge of what your quality expectations will be. A typical starting AQL at 2.5 Major defects and 4.0 Minor defects is normal for inexpensive consumer products. A tightened or higher-quality standard is represented by asking for AQL’s of 1.0 for Majors and 2.0 for Minor defects. This stricter quality level will usually cost more.
- **How do you benchmark quality of your products?** Briefly, one would typically write a technical document called an Inspection Specification that lists all the quality aspects of the product including functional, cosmetic and packaging issues. The idea is to share this document with the manufacturing partner and have them agree with the contents and sign off on it. This will then become the document that benchmarks the quality level that one is buying. It is always wise to include any independent lab tests for dangerous chemicals and performance that many retailers demand as part of the buying agreement nowadays. Generally, the lab costs are absorbed by the seller.
- **Check quality by arranging a 3<sup>rd</sup> party quality inspection.** Most companies that import goods from Asia conduct a Final Random Inspection (FRI) of the finished order before it is shipped from the factory. This must be agreed upon up front in your negotiations with the manufacturer. There are many large and small contract inspection companies that can be readily found on the Web. On the appointed day, the contract inspection company would take random samples from the staged shipment at the factory. They compare these random samples with a standard sample and the Inspection Specification mentioned above. The inspection company will then provide a written report of the findings usually within the same day. If the shipment complies, the goods are allowed to ship from the factory. The Inspection Company will normally provide a certificate to you attesting that it has passed inspection based on your spec. If it fails inspection, one of three things happens: 1) the shipment is accepted anyway, 2) The factory must re-work the goods and arrange re-inspection on their account or 3) the goods are discarded and the deal does not consummate.

- **Are safety and reliability tests necessary?** Independent testing is the prudent thing to do. Most USA-based retail buyers are very cautious and they mandate lab testing because of the recent uproar about Chinese-made products and safety. Most retailers demand that you carry pass thru liability insurance, which exonerates them from any legal liability.
- **Who usually pays for inspections?** It's a common practice that the importer pays for the first factory inspection and the factory pays for all the subsequent orders. Here's a pricing example for the inspection costs: The cost to do a FRI in the South of China at 2.5/4.0 AQL for a 5,000 piece lot will cost about US\$1,200 including some nominal travel expenses to/from the factory for a simple plush toy.

### The Commercial Side of Buying Items in China:

- **How much do you buy? What's the MOQ?** When negotiating for information & pricing, one of the first discussion points is 'MOQ' or Minimum Order Quantity. The short answer is usually one 40-foot sea container since that is a typical benchmark on both sides of a typical transaction. One can usually negotiate trial-order quantities of less than one 40-foot container loads but expect it to cost more.
- **Check references.** Ask the manufacturer or trading company for a list of their incumbent USA-based clients. It's always appropriate to ask how many years the factory has been in business and how many workers are employed in their business. Ask if the factory is a joint venture and if they are the principals. Check their references via Dunn & Bradstreet. Word-of-mouth recommendations from seasoned importers goes a long way to getting a quality, reliable supplier who will deliver on time so one can get paid.
- **What is a 'proforma invoice' and what is it used for?** This is a key document that states all the terms of the deal that one strikes with the manufacturer. It always includes date, FOB price, payment terms, delivery date, quantity, item description, ship to and from addresses and contact information. It should have a signature and company seal called a "chop" to be an official document. This will be the basis for writing a purchase order. Many times this document acts as a sales confirmation document and you will be requested to carefully review and sign.
- **Issuing the manufacturer or trading company a purchase order.** The proforma invoice is used to issue a purchase order, which spells out your delivery terms and conditions. If your USA-based client requires special packaging and multiple delivery destinations, then it would be included on the purchase order. It is common for the purchase order to include a section with legal boilerplate that protects the USA-based buyer and includes insurance liability, cancellation privileges and defective allowances.
- **Important: letters of credit or open-account payment terms. Pay Pal and TT payments.** Everyone in China does not like to pay banking fees. The first order will many times be on LC since you are an unknown customer. Some will allow 25-50% down at time of issuing the purchase order and the balance upon shipping the goods. The payments in this case are made via Telex Transfer, which is also referred to as a Wire Transfer. "Open Account" commonly refers to paying at the time of shipment with no upfront money down. These usually happen only after a well-established relationship is created and it proves itself through 4-6 transactions where timely payments are made. If one is repeatedly late with TT payments, don't expect "open account" payment terms. For smaller transactions and sample payments, it is common to use Pay Pal.
- **What's all this about the US Government wanting the Chinese to devalue their currency?** This request has been pending for several years and is attributed to China's modernization and explosive economic growth even during the recession. For many years the Chinese Yuan or Renminbi (RMB) was pegged to the US Dollar and it remained at about 8.20 to US\$1. Then in 2005, the Renminbi exchange rate was allowed to float in a narrow margin around a fixed base rate determined with reference to a basket of world currencies. The Chinese government announced that it would gradually increase the flexibility of the exchange rate. Since 2005 it has gradually strengthened by 26% against the US Dollar. China continues to be pressured by the industrialized world to devalue its currency further as it transitions from a manufacturing to a consumer-based economy, and many pundits expect it to strengthen by another 5-6% in 2011. **Important: RMB strengthening can severely impact one's FOB pricing so currency fluctuations should always be thoroughly discussed in every pricing discussion.**

- **How do you ship products once they're made in China?** The factory will ask for the name of your freight forwarder so one must arrange this in advance. The Web has hundreds of listings for "International Freight Forwarders" who service the logistical needs of companies that import from China. Rates vary wildly and can include factory door to USA customer delivery. Customs brokerage can also be included and requires signing a power of attorney and arranging for a continuous US Customs bond. This coverage can be purchased on an as-needed basis. Some of the bigger names in logistics or freight forwarding include UPS®, Expeditors International®, Panalpina, and DHL®.
- **International freight forwarders and steamship companies.** International freight forwarders handle all aspects of transportation including airfreight, China truck transportation, freight consolidation and customs brokerage. They buy large allotments of container ship space in advance and then mark the space when it is used by customers. They are also called "NVOCC's" which means Non-Vessel Owning Common Carriers. Examples are Panalpina, and Expeditors International. Steamship companies own the container ships. Some of the more familiar names are companies such as APL, Maersk, MOL, Hanjin, and COSCO. One deals directly with them only when purchasing a large quantity of sea containers on an annual contract basis. Usually the minimum amount considered for a direct contract is 500-600 40-foot containers per year.
- **What does it cost to ship via sea?** As of June 2008, it costs about US\$3,000-\$4,000 to ship one 40-foot container of general consumer products from Yantian, China (a major south China port that is near Hong Kong) to the West Coast. Add an additional \$900-1,500 for inland delivery. Customs brokerage adds \$125. It's good practice to get a detailed quote from the freight forwarder so that all costs are known.  
**Note:** The currency fluctuations and changing costs of oil impacts the price of all forms of transportation so be aware that price adjustments happen very often.
- **What happens if you have to ship something via air?** This is a very expensive option. A good rule of thumb is to multiply the sea freight cost per unit and times it by ten. It is wise to become familiar with the airfreight costs early on, since many retailers will tell the Chinese factories that they will have to pay for air if they are late with the specified delivery to avoid PO cancellation.
- **US Customs and the Department of Homeland Security.** Before one starts importing goods into the USA, it is imperative that a relationship with a registered customs broker be established. Most major freight forwarding companies also do customs brokerage as an add-on service that is sometimes called a CHB (Customs House Broker). These brokers will prepare all the appropriate forms to allow the imported goods to be "entered into the commerce of the United States." This service is done for a fee that is volume dependent but \$125-200 is a typical range for a small importer who is importing a single container of goods. Custom House Brokers will ask many detailed questions about the factory, the item, costs and parties associated with the import transaction.
- **What documents are required for importing goods into the USA?** The three primary documents needed for any import transaction are:
  1. The Commercial Invoice, which describes the goods, the quantity and the US Dollar value defined in units, unit cost and total value. Both sea and air shipments must have this document.
  2. The Packing List with details of the weight, box dimensions and contents of the shipment. Both sea and air shipments must have this document.
  3. Bill of Lading. The document that has the transportation details, ship name and voyage, and port of origin and destination port. For air shipments this is referred to as an airway bill.

- **What happens if you don't follow the rules with Customs?** Honest information is essential since the US Customs Service is part of the Department of Homeland Security, which is rightfully no-nonsense and very enforcement-minded. Importing parties are expected to be fully cognizant of the laws governing international trade (informed compliance) and fully disclosing of all aspects of the transaction (reasonable care). Failure to abide with the rules can lead to delayed delivery of the shipment or, in the worst case, confiscation and destruction of the imported shipment. Customs has the right to sample any shipment, inspect or confiscate any box, parcel or sea container with immunity. The samples they take are not paid for and Customs can take as many as they deem necessary. One must take any US Customs issue very seriously since the penalties for misstating information to them can result in loss of importing privileges. US Customs tries to do intensive exams (customs inspections) on 15% of the import entries into the USA. Sometimes these exams are as brief and simple as double-checking the paperwork (manifest review). Sometimes the exams are a thorough inspection of every carton in a 40-foot sea container. Customs keeps extensive records of every aspect of every import transaction and they have a sophisticated algorithm for selecting which entity gets inspected. This is kept confidential from the trading community.
- **Did you pay an agent a commission?** This is one of the most common mistakes on international transactions. If the importer paid an agency fee or assist, then it is important to declare the amount of the agency fees on the transaction on the commercial invoice and fully disclose this information to US Customs. The duty rate that the importer pays must include this agency fee. Hiring a good customs broker can help one steer clear of this very common oversight.
- **HT numbers and duty rates.** All commodities entering the commerce of the USA has a HT or Harmonized Tariff number that one's custom broker will help you assign at the time the import paperwork is submitted to US Customs. This is a code number that is ten digits long and is always associated with a tariff rate, depending on the country of origin for the products being imported. Assigning the correct tariff rate is best left to professional customs brokers who know how to decipher complicated tariff manuals, which require continuous updating, based on the changing international trade landscape and a host of punitive tariffs. It is best to double-check on this prior to shipping anything from any overseas factory. Some very common items such as candles and flashlights to name a few, have had very high tariffs because of industry protection measures initiated by US-based companies that in some cases exceeded 25% of the FOB value.
- **What is a customs bond?** This bond is similar to an insurance policy that is imposed by US Customs for guaranteed payment of the duty. If for some reason, the importer does not pay the duty, or is assessed a penalty or additional duty long after the original duty amount has been paid and he is no longer in business, or unwilling/unable to pay, the Customs Bond Company has the obligation to pay US Customs. In other words, if Customs has not been paid after a certain period of time, they will demand payment from the Bond Company. US Customs requires that all formal entries (anything with a value over \$2,000) have a Customs Bond. As an example for cost reference, it can cost several hundred dollars for a typical shipment valued at \$40,000.
- **Delays of delivery.** As mentioned above, US Customs intensive exams can result in delays in delivery to the customer. There are many other factors that also contribute to delivery delays and one should be familiar with them to realize the scope of risk associated with importing items into the USA. Delays have been attributed to typhoons; earthquakes on both sides of the world; labor unrest and political protests at USA ports; longshoreman union strikes; under capacity on USA railroad lines; snowstorms; US Customs Sequestration when budgeting funding is not approved; holidays in China; container availability; annual three-week factory shutdowns for Chinese New Year. Remember that big retail buyers always have chargeback clauses for late delivery so it is best to be prepared for the possibilities of delays since they always pop up when least expected.

- **How much time does it take to ship things?** One will hear that those container ships keep getting bigger and faster every year. Sea shipments from Yantian in the south of China to Long Beach, California can make the 6,000-mile journey in less than eleven days nowadays, but allow extra time for transit from the factory to the piers. There are now new government security clearance requirements called C-TPAT (Customs-Trade Partnership Against Terrorism) at foreign ports and this approval usually takes a few extra days. Once the goods arrive, the containerized goods need to be removed from the ship, placed on a truck chassis, X-rayed & staged for clearance and then finally sent to the preferred destination. This takes a few more days depending on which steamship line and/or trucking company is used. Most times, this is very price dependent. As a general rule of thumb, it takes 25-28 days from the Chinese factory door to west-coast addresses, 30-33 days for the Midwest and 35-38 days for east-coast customer destinations. And lastly, it is an accepted practice that truckers make delivery appointments for delivery at the final destination.
- **What happens if you're late delivering to your customer?** One will be forced to pay chargebacks for any mistakes. Many of the major retailers have vendor compliance manuals online. These are usually lengthy documents that spell out the requirements for doing business with them. Instructions for box and product labeling, domestic freight-carrier information, invoice procedures, case pack information, etc. are in these manuals. There is usually a page or two with the penalties for such things as late delivery, wrong box markings and incorrect information of the shipping documents. In a word, "The Seller" is responsible for everything that can go wrong and the USA retail buyer has the right to cancel the order, so be aware of this. Consider enlisting professional brokers and logistics service providers so you can avoid these penalties. Also remember to negotiate chargeback concessions with the factory so as to minimize the impact of them.

**Conclusion: What's required to get paid for all of this?** One prepares an invoice with all the correct delivery documents to the retail buyer typically with 30-60-day payment terms.

Here's the difficult thing to grasp: Once the goods are delivered to the buyer's warehouse, you (the importer) have already paid the factory for the product. The inspection company will have been paid by you and the freight forwarder has already been paid. US Customs has received their payment for the tariff duty and processing fees. Now you have to wait for the notoriously slow-paying retail buyer to send you the check, which will many times have deductions for those nasty chargebacks.

Building and importing from China or anywhere else is definitely not a task for the faint of heart. An individual inventor who decides to develop his product on his own is guaranteed to be faced with these numerous obstacles that require not only a war chest of upfront funding, but a team of professionals who know how to work with the complicated network of foreign manufacturing and logistics concerns. That's why licensing a product and getting a simple royalty is often chosen as the most reasonable option for those that are undercapitalized.

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