



# How Did Chinese Manufacturers and Buyers Survive the COVID-19? The China's Experience

By Ben Chu

*Strict temperature test shall be carried out before entering the plant area.*



Some said the virus is transmitted from wild animals, in particular bat, during the butchering or cooking process that people consume them as meal, while others said it could be some new form of evolution of regular flu virus. Neither of them are self-proved with sufficient evidence. What could be sure of is that it is definitely a shaky start for the world in this Year of Rat. By the time I put this topic on paper, most of the factory has already managed to restore their manufacturing operation, so to speak. Global buyers are receiving their long-awaited shipment. Although it is not up to expectation, the global supply chain is once again getting back to its very function. Being a

business coach for SME, I was asked many times to give my opinion to tackle with the difficult situation (one of them is honorably from Bloomberg news). From that, I have seen that Chinese SMEs have incredible capacity to achieve superior delivery performance - a commitment to their customer.

To give a comprehensive picture of the two sides of the business, I've also interviewed a Chinese supply chain manager who works in the local buying office of multinational company, about how she manages to deal with her desperate suppliers.

Elaine Zhao is the business owner under the spotlight of this story. "It was like the hardest two months of my life.", the mother of 3 young kids said. "On the one hand, I was fighting to restart my factory production and comforting my customers. On the other hand, I had to help with my three children's online class. I went crazy". Every morning she was thirsted for news about latest policy development from at least three media: Weibo (the Chinese's twitter) for quick rumor and information, provincial government for news of policy which is usually ahead of the city, and of course, the city news for actual policy to be executed.

To make her employees back to the production line safely, she carefully planned her purchase of masks, thermometers and cleaner sprays at a reasonable price. In its worst, the price of masks is as high as a few US dollars per piece. If she cannot get this resource at a reasonable price, she would instead choose not to go into operation on that day - until new supply came in.

Workers are in very heavy demand. Less than one-third of migrant workers could return to their jobs due to travel restrictions. In that short period of time, factories competed for workers, skilled or unskilled. "That was expensive but relatively easy. I had some extra 'red pocket' for our own workers who are loyal to our factory. We make sure they won't get any better deal outside than ours", said Elaine. "Still, many of our workers were absent, and we hungered for more workers." She was innovative enough to create a new temporary form of "supply chain integration."

"One of our supplier bosses was "trapped" in Wuhan during the CNY, and so did the managers of his workshop since it is a family business. Their employees were working in the production line without a supervisor telling them what to do next. Therefore, we hired them to work for us until the travel restriction was lifted and the boss's family came back to their factory safely.

"It satisfied our need for labors and we paid those employees for him. We achieved a win-win result." During this period of time, Elaine were forced to employ a new tool to manage her crews- Alibaba's DingTalk a not-so-new product that focuses on intra-corporate communication. It did an exceptional job in adopting itself to better support SME staff management during the situation. "Working completely online from home is something new. We have to change our way of teamwork, and this

added one more new challenge." The app helps her to visualize most data for "Cloud-office." Inspired by a very reputable business coach from HK, and despite all the difficulties, Elaine still managed to have her salesgirl work on getting in new customers - which generally takes time to turn into real paying customers. "We just take sales as a regular process".

The other side of the story isn't any easier. Karen, a sourcing manager of a well-known multinational corporate with headquarter in the US, had been going through the same challenge from a different angle. "The first week right after CNY was easy. We still got raw material inventory to work on, so the impact wasn't so bad at the beginning." Karen's company is manufacturing in Fujian province, China. For strategic reason they also manufacture in other Asian countries such as Philippines. "Our long strategized risk management measure bought time for us. We keep inventory in the raw material stage and this benefits us. There was no complaint from our production line."

However, her life was becoming less and less comfortable through the whole way. In the midst of it, she had to prioritize the demand from other manufacturing site around the world and made limited delivery - just enough to keep their production line operating.

She also helped different suppliers learn from and communicate with each other. Through her, supplier A in Jiangsu could learn from a successful reworking supplier B in Zhejiang on what they have done to hire and protect workers, or to show the government their readiness for getting rework approval. Also, she need to report to the headquarters weekly on the latest situation and roadblock. "With all the effort, we are able to restore most of our capacity. Some suppliers with higher level of automation or out of major affected zone could have even achieved 100% capacity by the end of Feb."

By the time I am close to finish writing this article, many Chinese cities have reported zero new cases for consecutive days. The optimistic atmosphere slightly dominates the mainstream. However, it is hard to ignore the fact that the impact of the global spread of the virus has hit directly to the root of many businesses. Followed by shop closure and flight termination, it is quite easy to expect the coming down-turn of the global economy. The trading business will, unfortunately, face another wave of challenge. 📧