

Manufacturing your invention requires *MUCH MORE* than just locating a factory!

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What exactly is involved in getting your invention manufactured, and why is it in your best interest to work with a seasoned sourcing professional? Many inventors feel it is as easy as contacting a few overseas factories by e-mail and making a deal with them, 1-2-3. Not unless you want to gamble with safety issues, government regulations and take the chance of incurring fines from various government agencies for lack of compliance, or even risking working with a factory that may not provide you with the best possible quality product!

EGT Global Trading provides many services for the inventor and entrepreneur, above and beyond just locating a factory. My clients have a right to know where the costs for this process come from. Please let me give you an overview of what is done on your behalf to develop your invention and turn it into a safe, shelf-ready product that conforms to US regulations.

First, did you know that as of November 2008, the Consumer Product Safety Commission issued a new **LAW** – called the *Consumer Products Safety Improvement Act* (CPSIA) – which evolved over the past few years due to product recalls for lead levels, certain chemicals and so on. I am specially trained in the requirements of this CPSIA, to assist you in making sure your invention is properly evaluated and tested in order to meet the requirements of the General Conformity Certificate and tracking labels. Please go to <http://www.cpsc.gov/about/cpsia/cpsia.html> for additional information on this very important law.

So, what are the services that EGT Global Trading provides, and why does it take so much time? A simple answer would be that you cannot **afford** to attempt to side-step a proven system that has helped hundreds of inventors manufacture their product overseas, then safely and legally import it into the USA. Violation of the CPSIA, along with lack of compliance with other agencies such as Customs and Border Protection and the Federal Trade Commission can run into thousands of dollars in penalties, and can result in lawsuits, product recalls, and critical delays in launching your product. So, would you rather pay the government for penalties, or engage an experienced professional with over 35 years of experience in import/export and international trade to handle your job correctly from the start?

- 1) I arrange a Product Design Evaluation (DE) by a CPSC-accredited safety lab, to provide a detailed report which includes recommended modifications for 'red flags' or safety hazards (that only a trained eye can determine), all of the various regulations pertaining to your product, as well a list of mandatory production testing. I then arrange for translation of key issues and pertinent excerpts from the DE into Chinese, so that it is ready to submit to the various factories when we submit for quotes. I work with a university professor of Chinese who handles my translations, or you have the option of arranging the translation on your own.

- 2) Once the recommended modifications are done to your prototype (if applicable), I typically request that you provide at least 3-4 identical prototypes, along with sales sheets or brochures explaining your product, packaging samples (or mock-ups), and any specifications. If necessary, we can have these details translated into Chinese to expedite the sourcing process. (I prefer more than 1 prototype, so I can provide you with more than just one quote and counter-sample from prospective factories. If we source, for example, to only one factory, how do we know if we can't get it for cheaper, or with better quality? We need a basis for comparison. We also work together with your graphic artist to make sure your packaging mock-ups, logo, labeling and artwork all conform to government standards, in accordance with the DE.
- 3) I then send the prototype and literature on to the factories, and one prototype with literature on to US Customs for a binding ruling request (takes 30 days after Customs receives the prototype) to determine in advance how much to set aside in import duties (percentage of unit cost) when your product is imported into the USA. You do not want any surprises when it comes to import duties. When the factories receive the prototype there are always numerous e-mails back and forth asking for additional details; much of my time is spent on this as well.
- 4) Within a few weeks, we begin to receive price quotes and then counter-samples. Once again, much of my time is spent reviewing the counter-samples, and traveling to the post office (or Fedex depot) to ship you these counter-samples for your review. We then work together to determine the best factory, based on quality, workmanship and pricing.
- 5) I then prepare a very detailed purchase order (PO) for you with the China factory which includes all data, regulations, packaging and labeling information, shipping terms (air, ocean, etc.), who pays the freight, listing required production testing, what happens if the tests do not pass, a stipulation for defective merchandise, and final shipment inspection criteria, among many other details. Preparation of the purchase order can take between two – three hours or more, as my goal is to protect you, so that the factory will not be able to say, "oops, you never indicated that in your PO!"
- 6) Once the PO is signed and counter-signed by the China factory, I guide you through the steps of the international wire transfer, between your bank and the factory's overseas bank, to assist you in transferring the typical 30% down-payment so the factory can begin pre-production sampling (PPS). The PPS is usually sent with 2-4 weeks after receipt of down-payment. If your product includes government regulations, then I coordinate production testing at this point. If tests pass, then the green light is given – however if they do not pass, it is then the factory's responsibility to take care of subsequent production tests, this time covering the cost, to make sure the product ultimately passes re-testing.
- 7) Once production testing is done, the order goes into mass-production, which can take on the average of 30-60 days. A mass-production sample (MPS) is then sent to us by the factory to insure consistent quality. We review all artwork, printing, packaging, labeling and product before giving final approval to ship.
- 8) We prepare any CPSIA-related documentation at this point, based on the results of testing, for general conformity certificates and tracking labels.
- 9) When mass-production is completed, I coordinate a final shipment inspection with a well-known China inspection agency, who usually charges around \$300 and checks for functionality, packaging and appearance. I assist you in

preparing the final inspection criteria document to send to the inspection agency so the technician knows exactly what to look for. If the inspection results are acceptable, we confirm to the factory to prepare the order for shipment.

- 10) I contact the customs broker at the port into which your shipment will arrive and arrange for a Customs Power of Attorney form to be sent to you, which you will sign and which will give the customs broker permission to clear your shipment on your behalf. A copy of the Binding Ruling document (see #3 above) is sent to the customs broker so there are no surprises concerning import duties.
- 11) The factory will send you a copy of the shipping manifest or dock receipt in China, as proof of shipment, and at that point we prepare the bank wire transfer for the 70% balance due. The factory then ships your order (whether via ocean or air, as specified on the PO – see item #5) and sends the original set of shipping documents, which usually include the ocean bill of lading, commercial invoice, packing list, and special documentation such as general conformity certificates (which we would have sent to the factory in advance so they can accompany the shipment, as required by the CPSIA), certificates of origin (if applicable), non-wooden packing certificates, and so on. The customs broker at the port of entry will then clear your shipment, based on the instructions I will have previously coordinated, and advise when it has cleared, so that you can either pick it up at the port, or they can arrange a local trucking company to ship it directly to you, your customer, or your warehouse.

Please understand that all of the above takes much time. I typically send as many as 50-100 e-mails per month on your behalf to the various parties involved in getting your invention properly evaluated for safety, correctly manufactured, legally packaged and labeled; and, I must take the time to read every response to these e-mails – which sometimes can go back and forth many times until an issue is resolved.

Also please understand that the Product Design Evaluation is equivalent to a Sourcing Bible. I spend typically at least 50% of my time on your project making sure that all safety issues are addressed with you and your graphic artist for packaging, with the China factory during production; and, once the order ships, with customs brokers who will assist in legally, and safely importing your invention into the USA.

So, you can now understand why careful, cautious and correct sourcing is much more than just finding a factory! Please feel free to contact me, Edie Tolchin, at EGT Global Trading: www.egtglobaltrading.com / EGT@egtglobaltrading.com – or call 845-321-2362. You may also purchase a copy of my book, ***Sourcing Smarts: Keeping It Simple with China Sourcing and Manufacturing*** to further understand the complete process. Experience won't cost more... *IT PAYS!*

Thank you for your attention and consideration!

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