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Guest op/ed: Lack of consistency, standards holding Chinese progress down

By Kevin Meyer on September 16, 2011

I just returned from my annual trip to visit customers and attend a trade show in Shanghai, China. My thoughts on China change with each trip — perhaps just as the country is changing rapidly. You can't help but wonder about the true meaning of Communism when the state-sanctioned Shanghai Daily had a feature article discussing how many Chinese were on the list of the wealthiest in the world. Unlike in the U.S., the article, and by extension the government, praised their success.

On my trip two years ago, I was amazed with the accelerating improvements in this monster economy. I visited companies that had technology on par with the best in the U.S. and who were investing in their future growth by creating universities of their own. I noticed how discussions changed from "here's a sample of a product from our competitor in America. Can you back-engineer and build me a million?" to "Here's exactly how we'd like to improve on our competitor's product."

This time I'm not as optimistic. I talked to a lot of customers as well as several expats running the local operations for foreign companies. Times are changing, and not necessarily for the better. Wage inflation is accelerating, restrictions on foreign control of local outsourced manufacturing operations are increasing faster than the ability of local Chinese to manage such complex operations, and the disparity between the upper and lower class is growing.

Basic services are becoming very strained by growth, and one expat living in Shanghai told me that health care quality had significantly declined just in the past year. Local governments have monstrous infrastructure loans that are becoming a problem. I fear significant social upheaval in China's future, and the impact that will have on the world.

But what really struck me on this trip is the lack of consistency and adherence to standards. It is pervasive and makes me wonder if this is the goal, and then the hurdle, of great civilizations — and organizations.

I don't necessarily mean regulation-enforced standards, but simply an inherent desire to do things right, the same way, and an inner knowledge that consistency is efficient. It is also an awareness that something is wrong and needs to be changed.

ow examples to illustrate what I mean, beginning with the very basic. In our five-star hotel, light bulbs are inconsistent in the same type of location. At the breakfast bar, the coffee is in a different location each morning. rial? Perhaps. It didn't strike me as all that unusual or systemic until I came across the following other examples.

expat I talked to who is running the local operations for a large U.S. multinational told me of her frustration mentoring her Chinese leadership team and why she believes it will be a long time before the company entrusts the operations to them without an expat chief. She described how on her walks she noticed trash on the floor, every day. Her management team simply doesn't see it, let alone take action to improve it. She connected that to understanding the data required to run the operations — if they can't see trash on the floor, can they see the minor but still potentially important issues in data? Let alone do something to correct it?

Recognizing, asking why, then improving is a fundamental requirement for solid autonomous leadership.

A final example, one that will scare most people flying in and out of Shanghai's Pudong airport. A different expat was telling me about the amount of news that really is censored, especially including safety issues.

According to a good friend of hers, a commercial pilot, the actions of planes around Pudong are scarily similar to the cars on local streets — effectively a free-for-all. Instead of the highly ordered sequencing, positioning, and following commands of traffic controllers that you see in the U.S., in China commands are often ignored. Just last week a Qatar jet had declared a fuel emergency and was given a direct approach into Pudong. Still, on final approach, two local airliners dove in front of the Qatar jet to land sooner. Disaster was narrowly averted.

Understanding the value of consistency and standards — regulation-enforced but more importantly as an inner awareness of the value — appears to be a key to an efficient society.

Similarly, understanding that standards can and should be changed with appropriate review is also important. I see the U.S. as having a high level of standards and consistency, but struggling with creating the ability to improve and move forward.

Creating and adhering to standards and standardization are both a critical goal and a critical hurdle. For both societies and organizations.

• *Kevin Meyer is the president of Paso Robles-based Specialty Silicone Fabricators.*

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Very insightful. I agree the next 2-5 years will be tumultuous and those that frantically chased low cost labor to China may get burned.

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