

# Your eyes on Asia

Founded in Shenzhen in 2002, AsialInspection has grown dramatically since it launched its online platform in 2003. AsialInspection's network of over 350 experienced inspectors now perform over 50,000 inspections and audits a year, throughout Asia. Sebastien Breteau, AsialInspection founder, president and CEO, says that he originally founded AsialInspection to make on-site quality control and inspection more efficient and affordable for small and medium-sized businesses. Now, however, the company works for an increasing number of high-profile companies including Carrefour, Somerfield and Philips.

With an Engineering and Business background (ENSAM & HEC), Sebastien Breteau started his entrepreneurial career in 1996 in Hong Kong, building strong expertise in supply chain issues in Asia. "I dealt with a lot of quality control issues and noticed that the established players in the inspection and quality control space were very expensive," he says. "There basically was no affordable quality control service available in Asia for medium and small accounts. In turn the established players, who I like to refer to as the three old ladies, really can't be bothered with those medium and small accounts as they can't make a profit out of them. So I established AsialInspection with the aim of offering the exact same services as those three old ladies, but making the process more efficient by making use of online tools, and specifically targeting small and medium accounts."

He points out that smaller businesses generate a big chunk of the total volume of international trade with Asia. "Companies worldwide, from very large to rather small, import products from Asia or outsource manufacturing to Asia. And they all have quality control requirements." Which seems obvious. The thought of having a container load of non-conforming goods a half a world away from its plant of origin is enough to make many a small business reconsider whether the Asian market opportunity is worth the hassle. Especially given that

effective quality control is more difficult in some countries than in others. Breteau points out that for many companies, the decision to do business in Asia is inspired by the desire, or even need, to keep costs down. At the same time these companies realise that quality control in Asia may be more of a challenge than it is at home. In their efforts to find a balance between price and quality, having reliable quality control inspections done becomes vital. "The key to our success in China in particular is built on a strong team of loyal inspectors," adds Breteau on that subject. "Staff loyalty can be a problem in China, where the booming economy encourages people to quickly switch from one job to the next. That is why at AsialInspection, we spend a lot of money on training our team of inspectors." AsialInspection now has more than 350 experienced quality



control inspectors across southern Asia, including China, India and South Korea. To ensure quality, almost all the inspectors are direct employees of the company. Approximately 75% of the inspectors are full-time, while the remaining 25% have specialized expertise in a particular industry or working in remote regions and are called in on an as needed basis. "As we continue to grow, finding the right people to expand our team will remain a challenge," Breteau predicts. Interesting in that regard is that AsialInspection service figures show significant increases in inspections performed in China's rural inland



provinces, reflecting a shift of manufacturing operations in China to the west and north. From Q3 2010 to Q1 2011, inspections in Anhui Province had increased +175%, and +118% in Hebei Province. According to AsialInspection, many factory workers, originally from inland regions, are staying home after Chinese New Year to fill new jobs closer to home, preferring the lower inland province average wages of USD 114, but with a lower cost-of-living, to the higher average coastal city wages of USD 205, but with rampant inflation. These new jobs are a result of companies moving inland to take advantage of these lower labour costs. The trend to move inland is also underscored by what companies in China are doing. This year, iPhone manufacturer Foxconn will complete construction of a new plant in inland Henan province. Other Fortune 500's moving inland include HP to Chongqing and Intel to Chengdu, with more companies expected to follow soon (according to the Financial Times). Breteau says that China's coastal cities have begun to improve themselves in recent years as reliable suppliers that can produce to international quality standards. Meanwhile the manufacturing



sector of provinces from rural inland China have not yet fully matured, nor maintained the same quality levels as developed coastal regions. "It's vital that businesses outsourcing manufacturing to those regions ensure every product meets international quality and safety standards." Getting AsialInspection to do your Asian inspections for you seems very straightforward, through the AsialInspection web portal. A new client can set up an account, providing the manufacturing and finished product specs by uploading them through the site. The system will provide an instant quotation in response to a request for an

inspection and the client can confirm the order. Breteau says their pricing is very transparent: across Asia the cost is USD 288 per man-day anywhere in the region. As inspections and audits are ordered online directly from customer accounts, they are easy to re-order, and it's also easy to amend scheduling and modify orders right up to the day prior to the inspection date. It is also possible to consult and approve or reject the post-inspection reports, as well as to issue certificates to suppliers automatically. "It's this quality of service, combined with our fixed rates, that's helping us to attract a more high-profile clientele," Breteau points out. "We have established a high degree of credibility now, and I expect that we will continue to grow and solidify our position among the top inspection companies in Asia."



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