

## Secret Businessman – Factory Theft

It's 8am. My phone goes off as I hop into the car. I glance at the screen and it's my production manager. I reluctantly answer, knowing that no good could ever come of this call.

"The production line has stopped, boss"

"Uh huh, why?"

"The diesel. We're out of diesel."

"Didn't we just fill the tank yesterday?"

"Yeah. It got stolen last night."

It didn't take long for the cops to piece together what happened. In the middle of the night, a tanker truck pulled over on the main road. Someone cut the padlock on our diesel tank lid, dragged a hose through 30 meters of vegetation, over our factory fence and slipped it to the bottom of our tank. After some quick pumping, 20,000 liters of diesel changed hands. Wham, bam, thank you ma'am.

I thought we'd been hit by professionals until I noticed the cigarette butts on the floor. I'm fairly certain that puffing away while pumping 20,000 liters of flammable liquid is not part of the Standard Operating Procedure for Stealing Flammable Liquids. Plus, smoking is bad for your health.

I hung my head in defeat. Sensing an opportunity, the cops sprinkled salt liberally by commenting, "Don't hold your breath. We'll probably never catch these guys. Everybody knows you have to protect your tank inlet with a mesh. *Don't be so stupid next time.*"

### *Factory theft*

Our factory makes ready-to-steal metal hardware. Over the years we've found them stuffed in pockets, bags, thermal bottles, even under piles of trash being rolled out. People climb up onto the roof to throw bagfuls over the fence, and submerge them in drainage pipes to drag them out from the other side. Yet all those pale in comparison with the real threat – the loyal employee who colludes with delivery drivers and guards to steal by the truckload.

Theft is not limited to raw material and products of course. We've had sales reps embezzle money, production managers taking orders on the side, warehouse managers colluding with vendors, even construction workers stealing electric cables. One time we found that our backup generator would not work because someone hacked off a 3 meter segment of power line so they could sell the copper inside.

Sometimes the thieves display astonishing audacity. We were expanding our factory a few years ago, and had a contractor build an extension. One day during construction in broad daylight, a big truck pulled up, and someone came out and started shouting at the workers, "The boss needs these materials at another construction site. Hurry up and load them into the truck! Move it!". The problem is, he never specified technically who "the boss" was. Having lost a truckload of material, our contractor was not very happy.

*Why is theft such a problem?*

People have speculated why theft is so rampant, with reasons like poverty, inequality, education, different moral values, some even invoking cultural relativism. Let's look at it from an unusual angle: the law.

Local laws provide a window through which we can observe the minimum moral standard of the community, and China's criminal laws regarding theft are unusual indeed. Instead of a simple distinction of "petty theft" and "grand theft", it differentiates theft more finely, strictly based on the value of what was stolen. Perplexingly, if the value is under 1000 RMB, it is no longer a criminal offense but an "administrative penalty". In other words, small theft is not theft. Perhaps this had the effect of reducing the burden on the courts; yet since laws reflect a society's collective attitude, it also implicitly condones small theft, as if it were morally less offensive.

### *The cost of doing business*

It is said that possession is nine-tenths of the law. Some factory workers take that very literally. To make things worse, apparently some concepts are easily confused. In particular, "possession" is routinely confused with access, custody, proximity, and lack of supervision. Given access to something they need, many workers will exercise their inalienable right to take it. If it's not needed, they'll take it anyway because hey, they might need it later. Better safe than sorry.

Factory theft is like climate change – it's real, whether you believe it or not. It happens on all scales, from toilet paper to container loads of goods, from petty change to embezzlement in the millions. It is futile to completely eliminate all possibilities of theft; the best one can hope for is to minimize the damage. In the end, it's nothing personal – it's just theft. It's the cost of doing business.

Many overseas businessmen come to China in search of a promised land of manufacturing, naïvely thinking that trust and honesty is universal. They are soon shocked, dismayed, and eventually hardened by the rules of the jungle. They are forced to confront the unpleasant side of human nature, and compelled to think like a thief in order to stop one. Perhaps the loss of faith in goodness too, is the cost of doing business.

The reality of doing business in China is that you learn by experience. Experience is a great teacher, but also an exceptionally cruel one. Because in this classroom, the test comes first, and the lesson comes later.