A person who endures hardship, exercises great patience and works tirelessly is bound to make some contribution to the society in which he lives. A person of this type should certainly be encouraged. On the contrary, a man who is lazy, incapable and who is determined to live as society's parasite should certainly be penalized. This is an immutable law which does not change with the passage of time.

But the Communists, without differentiating between those who work and those who are parasitical, initiated during the Cultural Revolution the blanket slogan that the proletariat is to be elevated and the capitalists are to be exterminated. This to me, is against all reason, and it is also against basic human nature.

It is for this reason that I want to present the story of my struggle from a man who once started from poverty and who later achieved a state of financial security. The story contained in the following chapters would perhaps demonstrate the absurdity of the Chinese Communist line of argument.

CHAPTER V

THE SUCCESS IN ESTABLISHING WEI MING FLASHLIGHT AND BATTERY WORKS

創辦滙明廠的成功

I was born in 1903 in Wusih, in Kiangsu Province, in a small village called Hsia Chih, situated west of the Kao Ming Bridge, near Loh Sheh. Later, when I founded a primary school named after the village, I felt that the name was too colloquial, and thus changed it to Hwa Chih Primary School. As a result, the name of Hwa Chih was adopted by the villagers for their hamlet. There were 500 families in the village, and it was a slightly larger village than most villages in China in those days.

My father, Mr Ting Tsan-pei, was a descendent of a scholarly family, whose fortunes had declined. By the time of my father's generation, we had become quite poor. My father died when I was 14 years old. We were left with a small, dilapidated house and two *mow* (less than half an acre) of mulberry field. Hardship was our constant lot.

I was the only son in the family. I had a sister who was five years my senior. When she was 23, she married a member of the Yang family. But she died a year later, after giving birth to a child. I relied entirely on my mother, who nurtured me through bitter poverty. Because we were so impoverished, my mother could not send me to a school until I was nine years old. A distant uncle of mine ran a small tutorial school, and I was sent there when I was nine to learn to read and write Chinese ideographs. My mother had decided that she did not want me to work in the fields and bury my life in a small farming village. So when I was

fifteen years old, she asked a village elder, Mou Chuan, to help introduce me to an apprenticeship in Shanghai, which was, even then, already the most important metropolis in China.

I was a country boy from Wusih, and I was sent to a section in Shanghai known as Hongkew where I became an apprentice in a silk and piecegoods shop. This shop was owned by partners from Ningpo (in Chekiang province) and from my native village of Wusih. I remember that the manager of the shop was a man from Sanpei, in Ningpo, by the name of Chen Shao-ho.

After working there for a year, the shop's management was re-organised, and a new manager, Mr Yeh Wan-keng, came to head the store. In accordance with the usual custom, my apprenticeship ended after a period of three years. I was then promoted to become a member of the regular clerical staff of the shop.

But to me as a young man, I saw very little future in remaining as a clerk in a silk and piecegoods shop where the most I could earn would be a *few dollars a month. I had no security, no special instruction to help me advance in my trade, and I had no one on whom to rely. To better myself, I depended mostly on reading newspapers, including the section in the Shun Pao, the leading daily, which published articles on general knowledge and by following the columns written by the noted essayist, who wrote under the pen name of "Tien Hsu Ngo Shen ".These were the sources of inspiration and knowledge for me.

At this time, a former schoolmate of mine, a Mr Wu, who worked for a Japanese firm, Suzuki Kaisha, told me that the business of making leather handbags was quite profitable. He suggested that he and I should go into partnership together. I was much attracted by the idea. Thus I went home to discuss the matter with my mother. By borrowing from friends and relatives, I managed to raise *a few hundred dollars and returned to Shanghai.

Unexpectedly, my schoolmate decided that he would

***The value of the dollar then was about $50 an ounce of gold.**

not go through with the original deal. I was thus left all by myself to start a leather handbag factory, which actually was no more than a small workshop. My workshop specialised in making Japanese-style leather handbags which fetched quite a high price. My handbags were sold wholesale to Japanese firms. The project was not a bad one, and the profit was quite impressive. But the market was small and I was not really able to find any direct buyers. After struggling for half a year and encountering many hardships, I found that both the prospects and the actual results were limited. I decided that it would be best for me to close down the factory.

At this point I had asked some friends to help me find a place on a ship to work as a member of the crew. I was waiting to join a ship's company when a friend from Wusih told me that the owner of the Great Eastern Battery Works was a good person and that he was looking for people to join him. Thus I abandoned my plans to work on a ship and joined the Great Eastern Battery Works.

I naturally started as a lowly clerk and my salary at first was *$8 a month which was later increased to *$14 a month. I worked with great enthusiasm and devotion, and looked upon the well-being of the firm as if this were my own company. I worked hard on sales; I collected all the accounts; I handled all the details of purchasing raw materials. Working single-handedly, I was kept extremely busy. But despite the heavy work-load, I did not look upon my job as a hardship. I would often go without my meals in order to complete some job I had to do, and when the firm was short of cash, I often delayed drawing my pay until I could collect some of the outstanding accounts to replenish the company's cash resources.

Under these circumstances, I would have thought that my conscientiousness and my sense of responsibility would have won me recognition from my employer. But the owner, Mr Chang, although a good man, was unfortunately weak and indecisive. He was not a man of great perception.

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Thus, after working in the battery factory for three years, I resigned when there was some dispute involving internal personnel problems.

My ability to push the sales of batteries had become known to most people in the battery business, such as Mr Hu Kuo-kwong of the China Battery Works and Mr Pao Teh-kwei of the Chih-Shing Battery Works. They all invited me to join them in selling batteries for them at a salary four or five times the amount I was being paid by my previous employer.

However, I was afraid that if I took a sales job with another company, it would affect the business of my old employer. I thus went to discuss the matter with Mr Chang who agreed that I should continue to sell Great Eastern products, on a commission, instead of being paid a monthly salary. The customers could choose the brand that they preferred, and I would continue to service my old Great Eastern customers. The customers who in the past had dealt directly with the Great Eastern management, would be handled by the company itself. By this arrangement, my monthly income increased several times as compared with my previous salary. With the improvement of my financial circumstances, I moved my mother and my family to Shanghai to live.

By 1925, having had more than a year's experience in the battery business, I had gained quite some knowledge of the trade. At that time, some basic changes had been made in the quality of both the batteries and the flashlights.

In the early days, the flashlights and batteries sold on the market were nearly all from Japan. The flashlights were made of cardboard tubes, coated with a layer of paint, and were provided with a clear light bulb with no focusing device. The batteries used for these flashlights came in several sections and were packed together with a piece of grey-colored paper. These flashlights and batteries were inexpensive but the products damaged and deteriorated easily.

Later, Eveready and Winchester came out with a flashlight on the Shanghai market made in the United States. This was encased in a brass tube and it had a focusing reflector. The batteries used had also been improved. Instead of several sections, the batteries now came in a single unit. Not only was the quality of the batteries much improved, but the batteries could also be stored much longer than the older type. After seeing these new improved products, I realized that there was an excellent future in the business. Thus, with *$1,000 which I had earned as commission, I launched the Wei Ming Flashlight and Battery Works to manufacture the new type of batteries. This became the foundation of my life-time career in business and manufacturing.

In those days most Chinese people paid little serious attention to operating manufacturing enterprises. The prevailing inclination was for a man to become a compradore in a Western firm, and such a status was often looked upon with envy. Consumer products on the Chinese market came mostly from abroad, and the principal supplier was Japan. Large amounts of Chinese funds thus flowed abroad in an unending drain on the country's financial resources.

Some of the far-sighted people, however, began to advocate the establishment of home industries for China. For example, the noted columnist, writing under the pen name of "Tien Hsu Ngo Shen", launched his Home Industry Company which produced the "Butterfly" brand of tooth-powder which competed successfully with the "Diamond" brand imported from Japan.

There was also Mr Shen Chiu-chen who established the San Yu Industrial Company which manufactured the "Triangle" brand towels. These Chinese-made towels later stemmed the heavy flow of imported Japanese towels sold under the "Anchor" brand.

There were many others: Mr Fang Yih-shien started the China Chemical Works which produced the "Three Star"

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brand of mosquito incense; Mr Jen Shih-kang started the Wu Hou Weaving Factory, making "Swan" brand underwear; Mr Hang Sung-mou of the International Dispensary pioneered the "Koo-Peng" brand of laundry soap; and Mr King Chun-chen helped to establish the "555" Clock Factory. All these new enterprises achieved noteworthy success in their various fields.

In addition, there were the Commercial Press, the Chung Hwa Book Company, the Nanyang Brothers Tobacco Company, the Mayar Silk Mill, the China Can Company, the Hwa Shen Electric Appliances Factory, the Opal Electric Bulb Manufacturing Company, and Tien Chu Condiment Company and many others.

In those days, these factories were representative of China's new industrial efforts. But most Chinese factories lacked technical know-how. The key technical staff members were trained mostly by the Chung Hwa Vocational School. From every point of view, China's manufacturing enterprises those days could not possibly be measured with the yardstick of modern industry.

Yet the pioneers who ran these early factories plowed on with their projects with single-minded determination despite the lack of public awareness of the importance of industrial production. Their leadership and inspiration in stimulating an ever-increasing following wrote a page in Chinese industrial history which should not be forgotten.

Some of these far-sighted people deserve a special mention. These included the columnist "Tien Hsu Ngo Shen", Mr Chen Chiu-chen, Mr Yih Yu-tsai, Mr Hu Shi-yuan and Mr Hou Shou-hwa, who were able to see, even in those days, the importance of industrial development for China and who were dedicated enough to advocate their belief with conviction and resounding insistence.

At the same time, the leading Chinese bankers of the day, men such as Mr Chang Kia-ngau, Mr K.P. Chen, Mr Li Ming and Mr King Chung-chen also helped to nurture the young Chinese industrial undertakings with their financial

assistance. The Bank of China, for instance, named Mr Wang Cheng-fang to be manager of their Hongkew branch, with Mr Fu Chih-feng as an officer specifically in charge of handling all matters relating to industrial loans. These people all had contributed immensely to the development of Chinese industry in its early days.

Though these banks, in order to safeguard their asset and liquidity, could not possibly grant loans to all manufacturing enterprises which needed financial assistance, there were other avenues from which factories could get loans. These were the old-fashioned native banks, with unlimited liabilities. These native banks were of two classes: the smaller ones, whose operations were confined to a single locality and the larger ones, which were also known as "remittance banks", with facilities to issue the so-called "native bank money orders". These money orders could be cashed at the bank's own branches or through the correspondent banks. In Shanghai in those days, the larger native banks held an eminent position in the city's and the nation's financial structure. Their money orders, payable at sight, usually after 10 days of date of issue, circulated freely as cash in the business community.

The native banks had their own guild, and it took substantial financial resources and an impeccable credit standing to enable a bank to qualify as a "remittance bank". Before a bank's application for membership in the guild was approved, all members must cast a ballot in the form of either a white or a black ball to determine the number of members in favour of or against the admission of the applicant. This was not unlike the modern practice of secret ballot and it was quite democratic.

At that time, loans were granted entirely on credit without the need for any collateral. A transaction of *$2,000 or *$3,000 or a personal guarantee could all be handled without any written instrument. Yet, all loans, on maturity, were repaid, and this undoubtedly reflected the traditional good faith of the Chinese businessmen.

***The value of the dollar then was about $110 an ounce of gold.**

The native banks, however, were either solely owned or were formed by partners. This type of ownership, together with the unlimited liability provision, soon made native banks unsuitable for modern business practices. Thus, Mr K.P. Chen soon pioneered a new type of modern Chinese-owned banks when he raised some *$100,000 to form the Shanghai Commercial and Savings Bank, which adopted up-to-date management techniques. This was the beginning of the popularity of modern banks in China's financial activities.

Speaking of the Shanghai Commercial and Savings Bank made me remember its sister organization, the China Travel Service which was also founded by Mr K.P. Chen. I once had a personal experience of its excellent service. In the spring of 1931, I went from Tsingtao to Tsinan to promote the sale of my Great Dreadnaught batteries. On the way I decided to stop at Hsuchow and Pengpu to do some selling in these two cities.

After arriving in Hsuchow by train from Tsinan, I went to stay at the Garden Hotel. This was the time when a civil war had just ended between the Christian General, Feng Yu-hsiang, and the Shansi leader, Marshal Yen Hsi-shan. Large hordes of soldiers were roaming around in Hsuchow and along the railway lines. Even the Garden Hotel was crowded with soldiers and officers. After spending a day in the city and getting myself acquainted with the market conditions there, I decided that I would leave the next day for Pengpu by the 5 p.m. train.

I rode a rickshaw to the railway station. On the way I happened to pass the office of the China Travel Service. I went in to find out the exact departure time of the train. A Mr Wang, who was on duty, told me that railway schedules were disrupted, and the train which I was to take at 5 p.m. might not actually leave until 2 or 3 a.m. the next morning. He said it was quite possible that the actual departure time for the train could be as late as 9 or 10 a.m. the next morning.

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He told me that if I was to go to the railway station with my luggage to wait for my train, I would find that the station would be crowded and that there would be no electric light, no accommodations and that the station would be in a state of great confusion with the possibility of a disturbance. He said that the weather was cold and suggested that it would be wise for me to stay at the China Travel Service office until I was notified of the train's actual time of departure. He was kind enough to offer me the use of a canvas cot so that I could get a little sleep.

I was happy to accept his kind suggestion, and I slept until the next morning when I went to the station at 9 o'clock to board the train for Pengpu. If Mr Wang had not helped me, I would have gone to the station and waited all night by myself. I could hardly imagine what would have happened to me. During the Sino-Japanese War, the China Travel Service rendered even more important services to travellers. Today, the China Travel Service is still in existence but it has been taken over by the Chinese Communists, and, of course, it is no longer the same organisation.

When I first founded the Wei Ming Flashlight and Battery Works, we had only eight workers. (At the time when I left Shanghai in 1949, five of these original eight workers were still employed by the factory.) I had rented a house in a lane, with the front portion used as the plant and my living quarters were located in the back of the house. I had *$1,000 as my starting capital, but more than half of the amount was already exhausted after I had paid the rent, installed the utilities services, such as light and water, and invested in manufacturing equipment and accessories.

Although this was a family-type factory with a small amount of capital, it was the custom then for us to give 30-day credit to dealers. I had an extremely difficult time. I not only had to look after the manufacturing end of the business, but I also had to handle the factory's finances.

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There were then some 20 factories engaged in the same business, all with capital 20 or 30 times larger than the capital I had. I was in no position to compete with any one of them.

But I was by no means discouraged. I persisted in seeking improvement of my products, I continued to compare my products with those made by my competitors. I sought to better my batteries so that they would have a greater durability. I tried to work out ways to maintain my credit standing.

I was propelled by a dauntless determination to succeed. After a period of bitter struggle, I was at last able to establish a stable foothold on the market for my Great Dreadnaught brand of batteries. This was despite the fact that the Great Dreadnaught brand batteries were the last ones to come on the market. Our batteries were priced higher than other locally-made brands, but slightly lower than American-made batteries.

Our products won acceptance and were welcomed by consumers, and those who sold our Great Dreadnaught brand of batteries were all able to make a profit. Thus before long, we had penetrated into the battery markets in East China, North China and Central China. I was convinced then that I was beginning to realize my objective of promoting Chinese-manufactured goods, thereby minimising the drain on Chinese funds in the purchase of imported products.

The expansion in the sales of Great Dreadnaught batteries even began to threaten the leading position of the American-made "Eveready" batteries which then dominated the market. This prompted the "Eveready" people to market a subsidiary brand of batteries. These were actually the same type of batteries as they had originally produced, but they were packaged differently and sold at a lower price to meet the competitive onslaught of the Great Dreadnaught batteries.

When I started Wei Ming, I was convinced that the

Chinese people would certainly prefer to use Chinese-made products. I thought that if the Chinese people established their own factories to manufacture goods which were then being imported, the locally produced articles would be able to compete successfully with the imported merchandise and thus eventually dominate the market.

But I soon found out that I was wrong when I began to operate my own factory. I found that there was a psychological preference among the Chinese for imported goods because of their better quality and greater durability. Also I found that many of the factory owners were short-sighted in not following the Western practice of giving sound protection to their dealers. A dealer in a certain district, for instance, would devote a great deal of effort in opening up a market for a certain brand of Chinese-made products. Having started the business rolling, the dealer could well find in the next year that another competing dealer had offered better terms and was on the verge of taking away the dealership from him. The original dealer, for example, had been selling a hundred units of an article per month. The new dealer, bent on capturing the dealership, would promise to sell 120 or 150 units monthly. He might also offer to reduce the time of settling accounts from the original three or four months to one or two months as a means of competition. This was not the practice among dealers who handled imported goods. They had the assurance that their dealership would be protected. Consequently, many of the Chinese firms throughout the country preferred working as dealers for Western companies, instead of handling products made by Chinese manufacturers. This certainly was one of the reasons why the sale of Chinese goods suffered in the early days.

Consequently after I had started the Wei Ming Flashlight and Battery Works, I not only had to improve the quality of my products, but also had to concentrate on devising a system of distribution in order to push my sales.

I recall that at about this time I had taken up cigarette

smoking. I realized that it was a bad habit, but in social and business contacts a cigarette could often strengthen the relationship among people, and in a relaxed moment of smoking a cigarette, an opportunity might often arise for people to start a discussion on sales and business.

During my trips to North China, my newly acquired cigarette-smoking habit led me to observe that while Garrick and Capstan were the popular brands of cigarettes in Shanghai, the people in the Northern part of China preferred the Three Castles and Chienmen brands, although all these brands were produced by the British-American Tobacco Company and there was not really much difference in the taste and prices of the various brands.

After a careful study I found that the system of distributorship was the important factor which caused some brands to be popular in Shanghai and other brands to dominate the market in North China. I found that in North China a market had been developed for Three Castles and Chienmen, thus causing the smokers there to prefer these two brands which had a large volume of sales. For the same reasons, the Shanghai market went to Garrick and Capstan.

My observation on cigarette brand preference in various areas in China led me to realize the importance in the technique of sales distribution. I could say that my subsequent sales technique was in a way developed as a result of my smoking habit. For my "Great Dreadnaught" brand of batteries, I devised a system which gave each dealer in a given area a specific sales quota. I also made sure that the dealer in the area was given the exclusive rights as a distributor. This was a distribution system quite different from the arrangements then being used by others.

Under my dealership system, the distributors were guaranteed with their exclusive rights in the area. If they fulfilled their assigned monthly and annual quotas, they could continue to enjoy their exclusive distributorship rights. Furthermore, if my distributors were able to exceed their assigned quotas, they were awarded with an

appropriate bonus calculated in accordance with the amount of their sales in excess of the quotas. Distributors who sold a larger volume in excess of their quota were given a higher percentage of bonus.

I had also observed that the Western firms, in setting up this exclusive distribution system, also stipulated that the dealers could not sell competitive products made by other manufacturers. This provision, while assuring the dealers of their exclusive distributorship, also tended to tie down the merchants. I realized that a system, while good in certain respects, could also have its disadvantages.

The system which I put into operation only required that the dealers fulfil their designated sales quotas. They were not prohibited from handling competitive products made by other manufacturers. As a result, my dealers could develop their businesses freely without a feeling of restraint. At the same time it gave me the advantage of being in a position to find out the market situation in a given locality of competitive products made by other manufacturers. This market information enabled me to gather the facts I wanted to know, and thus helped me to have the reference material I needed in my sales competition. I found that the system was an improvement and it was far more effective than those then in practice. It was widely welcomed by the dealers, and it certainly did not result in any losses to me. I found that all my dealers were spurred to putting in their greatest effort in expanding the sales of the Great Dreadnaught brand of batteries.

In advertising, I discovered that the greatest demand for batteries came from the vast interior regions of China – in the smaller cities, in the villages and on the farms. I found that if advertising was concentrated primarily in the large newspapers in the big cities, the result would not be impressive.

With this in mind, I decided that I would not follow the practice of other manufacturers who aimlessly ran large advertisements in newspapers published in Shanghai.

Instead, I spent my advertising money in printing letter papers and envelopes, folding fans and round paper fans, all inscribed with the Great Dreadnaught brand name, which we gave away to our customers for their use.

Also, I ordered a large number of multi-colored advertising signs which we sent to our distributors throughout the country for installation at strategic and eye-catching spots. These advertising signs attracted attention and created a wide recognition for the Great Dreadnaught brand. Sales boomed significantly as a result. On the eve of the Sino-Japanese War, Great Dreadnaught batteries had successfully penetrated the vast rural markets in Shantung, Shansi, Hopei provinces as well as the northern sections of Kiangsu province. This was a sales breakthrough which no other manufacturer could duplicate.

My reminiscence on sales and distribution problems leads me to recall the curious state of affairs which existed in those days involving the shipment of Shanghai-made merchandise to the interior of China. In force at that time was a ten per cent ad valorem duty on imported goods. Theoretically, consignment of locally made products from Shanghai should not be subject to the 10 per cent customs levy. But in practice, if we shipped goods by sea, for instance, from Shanghai to Tsinan – an inland city in Shantung – via the port city of Tsingtao, we would have to pay duty on the cargo.

This somewhat curious situation came about because Shanghai was a treaty port, and when goods were shipped from there to an interior point they would have to pass through customs. A ten per cent duty would then be levied, although the products were actually manufactured in Shanghai. The customs levy also applied to shipment made by parcel post. One could avoid the duty by entrusting the cargo to a forwarding company. But when the consignment was small, the cumbersome procedure was too formidable to make the effort worthwhile.

To help merchants save on this customs duty, various

outfits set themselves up as "parcel post agencies". These agencies had their head offices in Shanghai where they collected parcels from merchants and manufacturers. They then had the parcels taken to cities such as Chenju and Nanziang, just outside of Shanghai, where packages were then posted. These consignments, limited by weight to 22 pounds per parcel, would go through duty-free. For a while these "parcel post agencies" thrived because manufacturers and merchants, anxious to avoid the duty levy, were happy to patronise them.

Some years later, when train services began to improve, manufacturers began to ship direct by rail. This also enabled them to send their products duty-free. The 22-pound weight limit on parcel post packages was too small to satisfy the needs of large shippers. Shipping by rail, a single crate could weigh up to 220 pounds. These 220-pound packets were known as "express cargo". When a large shipment had to be made, manufacturers could hire one or two freight cars. This new system proved far more economical and efficient than the old round-about practice, which had existed only because the administrative structure of the Chinese Government in those days was in such a chaotic state.

Wei Ming's business proved successful from the very outset. But in personnel management, we did not get on the right track until sometime much later. I remember that when we had a total of eight employees, we all worked in harmonious co-operation. We were propelled by our common interest in making our business a success. There were many occasions when we had a great deal of work to do, and I would stay after closing time. My other employees would offer to help and join me in working after hours.

We all worked happily together. No barrier divided the employer and the employees. It was because of this close team-work that I pioneered the plan of setting aside a one-fifteenth portion of the total profit as a bonus

for the labour force. Before I initiated this profit-sharing plan, the workmen never had a bonus arrangement. In those days, only the managers, and the administrative and clerical staff enjoyed the privilege of getting a share of the profit at the end of the year. But then, the proprietors also served as managers. They kept no proper accounts, and no one, except the proprietors, really knew whether the firm was making money or the amount of the actual profit. There was never any formal arrangement for the staff to receive a bonus. And more often than not, the amount of the bonus for an employee depended upon the uncertain whim and the pleasure of the proprietor.

As the number of workers increased, I began to run into personnel management problems. Some of the workers were delinquent in their behaviour, and their attitude was not always fair. It was a strenuous task for me to convince them and to guide them. There is an old Chinese adage which I used as a principle of my personal conduct: "It is not always possible to satisfy everybody, but seek, without fail, to satisfy your own conscience." Although I sought to be true to my conscience in handling the affairs of my company, I nevertheless faced many annoying and unexpected problems.

In analysing the predictment I encountered, I came to realise that in any organisation, including my own, 30 per cent of people could be classified as the "good elements". Another 30 per cent would be numbered among the "bad elements". The balance of the other 40 per cent would be the ordinary people – those who seldom held a strong opinion.

In such an organisation, if the good and hard-working members of the staff achieved leadership, they would succeed in winning over both the errant workers as well as the 40 per cent who vacillated in the middle. There would be, perhaps, a few recalcitrants. But once you got rid of the few remaining trouble-makers, you could successfully build

a strong and efficient organisation. However, if the mischievous group gained an upper hand in an organisation, then inevitably everyone would, sooner or later, be led astray.

In my effort to provide leadership and direction for my employees, I always felt that earnest persuasion was an effective instrument of communication. I would talk several hours at a stretch to a single employee, hoping that I would be able to guide him and rectify a mistaken notion. But my efforts would prove of no avail when the man was unduly stubborn.

I remember that on one particular occasion, when it became apparent that the bad elements among the workers were on the verge of perverting the hard-working members of the labour force, I was forced to discharge an entire group of workers in order to bring about an effective solution. This experience made me realize that it was easy to launch a business, but it was far more difficult to find the right people to run it.

During the first four or five years after I launched Wei Ming Flashlight and Battery Works, I devoted myself painstakingly to streamlining its management and organisation. By 1931, the factory had begun to run on the right track. At that time, several of the larger flashlight and battery factories in Shanghai were all able to make a profit. But Wei Ming out-distanced all of them in its profitability.

I recall clearly now that during the six years from 1931 to 1937, Wei Ming's volume of business and profit doubled each year – from *$30,000 to *$60,000 the first two years; to *$120,000 the third year; to *$480,000 the fourth year; to *$960,000 the next year, as the progression rolled on.

This doubling of volume and profit year after year was a difficult record to achieve for any industrial establishment. It was – and is – a growth pattern which seldom happened. If the Sino-Japanese War had not broken out in 1937, when patriotism and my strong distaste to

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work with the Japanese had prompted me to curtail my business voluntarily, Wei Ming's expansion could have continued for at least several more years.

With the high growth rate of my business during the six years from 1931 to 1937, when the War broke out, my personal worth had reached *several million dollars in terms of the Chinese national currency then in circulation. For my employees I had instituted a profit-sharing plan. From the time when I first founded my business, I had strongly held the belief that my employees must do their jobs with diligence and devotion. At the same time, I also believed that the employer should not be niggardly and he should always pay his workers fair wages.

Although during the early years at Wei Ming, the regular wages of my employees, in line with the pay scale of the day, were not particularly high, I had worked out a programme to enable them to bolster their income by having a share in the annual profit of the company.

The profit-sharing programme involved the division of the annual profit, at first into thirteen equal parts, and later, into fifteen equal parts.

This meant that the shareholders received a 10/15ths portion of the total net profit of the year. A portion equalling to 1/15th of the total net annual profit was allocated for reserve. Another 1/15th share of the net profit was alloted to the manager every year. The office staff of the firm received a 2/15ths share of the net profit, while the workers, in addition to their regular wages, shared an annual bonus amounting to 1/15th of the total net profit.

This system which enabled the office staff as well as the workers to participate in the profit of the firm was pioneering, and indeed novel, in Shanghai in those days. As I mentioned earlier, proprietors, who owned their firms outright, almost always concurrently occupied the positions of managers. Invariably they seldom kept any unified accounts, and the actual profit made by the firms at the

end of each financial year was known only to the proprietor/managers themselves. Customarily, neither the office staff nor the workers were given an opportunity to participate in the profit in the form of a bonus.

But at Wei Ming, not only the office staff, but the workers as well were paid a bonus out of the year's profit according to the employee's respective work record. A system was devised to reward hard work, enterprise, and efficiency. By putting such a incentive system into effect, I was able to stimulate enthusiasm and job-interest in each individual employee.

During those early years when Wei Ming's profitability was particularly high, each individual employee with his bonus, was getting a note-worthy annual income, despite the fact that his regularly monthly wage might not be especially high.

It was gratifying to me that I was able to achieve this. I had always wanted, even in the earliest and the most difficult days of my career as an industrialist, to enable my employees to feel that if the company does well, everybody would be doing well. To run a firm wherein all the employees would be able to say, "what's good for the company is good for all of us ", had always been my hope and ideal.

At that time, I could possibly consider myself a wealthy man, with a solid foundation for my business. I had planned to set aside a portion of my earnings to employ experts in their fields to establish an industrial research institute to do research and development work for my own plant and other related industries.

I had always wanted to put into practice a personal and deeply held belief: To return the money I earned, in the form of social welfare projects, to the society in which I lived and worked, and which had given me the opportunity to reap my financial reward.

However, war with Japan soon devastated my hope and my plans. And as I look back now I am always seized by

remorse and regret, not because of the financial setback which I suffered as a result of the war, but for the lost opportunity of developing my plans for aiding those who were in dire need for better education, medical facilities and a chance for a more abundant and meaningful life.

CHAPTER VI

THE STORY OF THE PAO CHIU FLASHLIGHT BULB FACTORY

挽回利權設立保久小燈泡廠

AFTER Wei Ming's flashlights began to show success on the market, I launched other manufacturing enterprises, making complementary items that helped to broaden and strengthen my product range.

These included a carbon rod factory and a plant which made small flashlight bulbs. The flashlight bulb factory's success was especially phenomenal. Within a short time after its establishment, our bulbs gained wide market acceptance, and sales boomed.

This was a field which had been dominated by imports. I was happy that Pao Chiu bulbs had overwhelmed the hitherto unchallenged eminence of imported bulbs in consumer preference. I was especially happy because the quick and sweeping success of the factory had helped to fulfil my desire of establishing Chinese home industries to dam the torrential outflow of foreign exchange.

In the past there had been other Chinese-operated flashlight bulb factories. But their manufacturing process was technologically crude, and the quality of their products was vastly inferior compared with foreign-made bulbs. Chinese-made bulbs were not only low in brilliance, but their durability was poor.

GE-Edison had a flashlight bulb factory in Shanghai at that time. Its products out-sold Chinese-made bulbs in both price and quantity. I remembered that bulbs made by