

# Fan Li

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Fan Li

**Fan Li** (范蠡) was an ancient Chinese advisor in the state of Yue in the Spring and Autumn Period. He had been to the state of Wu as hostage with King Goujian of Yue. Three years later they came back and he helped Goujian to carry on a reform. At last Yue was able to defeat the state of Wu. After the victory he resigned and renamed himself **Tao Zhu Gong** (Chinese: 陶朱公; pinyin: *Táo Zhūgōng*; literally "Lord Tao Zhu"). He became a successful businessman in his later years and was famous as a rich person.

In the legend, after the fall of Wu, Fan Li retired from his ministerial post and lived with Xi Shi on a fishing boat, roaming like fairies in the misty wilderness of Tai He Lake, and no one has seen them ever since.

Fan Li managed a pharmacy selling traditional Chinese medicine. The pharmacy originally included only two elderly employees, He Bo (Chinese: 何伯; pinyin: *Hé Bó*) and De Shu (Chinese: 德叔; pinyin: *Dé Shū* in

*Mainland China, Dé Shū in Taiwan*). The business began to expand only when Tao Zhugong hired He Bo's youngest son, Xiao Wen (Chinese: 小文; pinyin: *Xiǎo Wén*).

He wrote a book known in English as "Golden Rules of Business Success" (simplified Chinese: 经商宝典; traditional Chinese: 經商寶典; pinyin: *Jīng Shāng Bǎo Diǎn*; literally "Manage Business Jade Advice"). This book remains popular today as its advice is sometimes considered timeless. It includes Twelve Business Principles and Twelve Business Pitfalls describing the art of successful business management.

Tao Zhugong/Fan Li was unusual among tycoons for his view of money. He believed that one who understood money would be willing to abandon it if it became a burden. It is only a means to an end and should not be taken too seriously. Nonetheless, it must be handled and acquired according to principles. Fan Li also urged a somewhat loose construction of these principles, encouraging broad and flexible utilization in various situations.

The Twelve Golden Rules are as follows:

- Ability to know people's character. You must perceive evidence of characteristics from experience.
- Ability to handle people. Never prejudge a prospect.
- Ability to stay focused on the business. Have a definite focus in life and business and avoid jumping around.
- Ability to be organized. A disorganized presentation is unappealing.
- Ability to be adaptable. Make sure you are organized enough to respond quickly.
- Ability to control credit. Do not allow nonpayment. Make sure you collect what is owed.
- Ability to use and deploy people. Use employees in ways which bring out their potential(s).
- Ability to articulate and market. You must be able to educate customers on the value of goods.
- Ability to excel in purchasing. Use your best judgement in acquiring stock.
- Ability to analyze market opportunities and threats. Know what is selling according to areas and trends.
- Ability to lead by example. Have definite rules and standards. Make sure they are followed to ensure good relations.
- Ability to have business foresight. Know market trends and cycles.

The Twelve Golden Safeguards are:

- Don't be stingy. Never confuse efficiency with inhumanity.
  - Don't be wishy-washy. Be confident in pursuing opportunities. Time is of the essence.
  - Don't be ostentatious. Do not overspend in order to make an impression.
  - Don't be dishonest. Truth is the only basis for business. Without it someone will get hurt.
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- Don't be slow in debt collection. Without collections, liquidity is affected.
- Don't slash prices arbitrarily. This will only trigger a price war in which everyone will lose.
- Don't give in to herd instinct. Make sure the opportunities are real and not part of a craze.
- Don't work against the business cycle. When things fall in price, they will then rise and vice versa.
- Don't be a stick-in-the-mud. Keep up with things and make progress. Examine new things objectively.
- Don't overbuy on credit. Credit is not license to spend wildly.
- Don't under-save (keep reserve funds strong). When business is slow, one with money can expand while others close.
- Don't blindly endorse a product. Make sure your vendors are still following standard operating procedure.

Cartoon versions of this book are widely available in Singapore, both in Mandarin Chinese and in English. The Mandarin version includes Hanyu Pinyin and an English translation for each of the original business principles.

## References

Xu, Hui. *Jīng Shāng Bǎo Diǎn: Táo Zhūgōng Shāngxùn*. 2nd ed. Singapore: Asiapac Books Pte. Ltd., August 2002. English translation: Xu Hui, *Golden Rules, Tao Zhugong's art of business*, illustrated by Fu Chunjiang ISBN 978-981-229-483-8]

## External links

- Fan Li-Founder of the Chinese Business School of Thought <sup>[1]</sup>

## References

[1] <http://moddingideas.com/?p=568>

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