Managing Projects in China: Experience Sharing

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BTM/BEM Alumni – My Journey

- BTM graduation
- Site training from Planning Assistant to Sub-Agent
- Developer Project Management & set up Hotel Project Team
- Started Hotel Project Assessment in 1988 & completed 1st hotel in 1995
- Working on hotel facilities management & several hotel development projects concurrently in China and overseas
Managing Projects in China

- Rapid Economic Growth
- Challenges to Human Resources
- Government & Political Influence
- China Practitioners
- Protectionism
- China Qualification Classification System
- Local Rules and Regulations
- Opportunities and Contributions of HK Professional
- Better Future for Mainland & HK
China Project Development

- Started in early 80’s after the Reform & Opening Policy
- Many HK and overseas investors were invited to participate in the urbanization projects
- Good incentives and favorable terms
- Professionals were attracted to work in China with good hardship allowance and much higher pay, working condition was tough during that time
China Project Development

Golden time of doing projects at our wish (contractual arrangement, HK ways of project management and regulations etc). Fully utilized the cheap labour.

There were frustrations because the available labour skills could not support the quality expectations, lack of resources and long delivery lead time.
Project Developed During 80-90’s

- Beijing apm (Sun Dong An) by SHK
- Beijing Capital Times Square
- Sheraton Great Wall
- Beijing Henderson Centre
- White Swan Hotel
- Guangzhou Garden Hotel
- Beijing Fragrant Hill Hotel
- Shanghai Jinmou Centre
- Portman Shanghai
- Shanghai Times Square
- Henderson Centre
- Shanghai Times Square
- Shanghai Jingmou Centre
- Beijing Fragrant Hill Hotel
- Sheraton Great Wall
- Beijing Capital Times Square
- Beijing apm (Sun Dong An) by SHK
Rapid Economic Growth

- Massive Demand of Housing and Infrastructure Improvement
  - Commercial
  - Residential
  - Hospitality
  - Infrastructure
  - Community Services

- Acceleration of Urbanization
  - Between 1978 and 2004, the number of urban dwellers in China rose from 170 million to 540 million, i.e. from 17.9 percent of the total population to 41.8 percent. By 2020 this proportion of urban dwellers is set to reach 55 percent (Yan Song & Chengri Ding (eds), Urbanization in China: Critical Issues in an Era of Rapid Growth CP2008/4)

- Reduction of Poverty
  - Over 4 millions people in China have changed their financial situation

- Ageing Population
  - Ageing population is the fast growth in the world, not just China. Posing enormous demand for everything

- Military & Defense Expenditure
  - One of the largest capital expenditure in China. Few years ago, I was told that the tax paid by the entire China Tobacco equivalent to the total amount of the military expense.
Challenges to Human Resources

Supply < Demand

• Annual University supplies approx 6 million graduates
• Supplies from overseas & HK are limited due to language constraints

Inexperienced People Taking Up Roles & Responsibilities Beyond Their Capacity

• People in their respective field are not ready to take up current position resulting in lower quality performance
• Inappropriate decision made
• Conflicts with other professionals in particular from overseas
• Difficult to cooperate with others probably due to experience and lack of confidence

Inadequate Training

• Because of strong demand for labour force, people get their jobs easily even without proper experience and skill training
• Tertiary and industry training are mostly limited to traditional old practice which are believed to be correct without international exposure and knowledge. Guo Qing is usually clicked in when arguments arise
• A lot of past experience was gained from low end residential projects where quality expectations are generally low
• “Wrong” practice is often seen as “Correct”

Growing Sense of Nationalism

• Ego
• Hong Kong is part of China, therefore HK opinion is secondary
• Disagreement to demonstrate power and seniority

Lack of Loyalty

• Short Term job rotation in order to move up their ranking fast
• Avoid any mistakes made by them to be exposed

Make Fast Money from Job Rotation

• 10-15% higher pay is enough to get them irrespective of the benefit and career opportunities
Government & Political Influence

Local Consultants & contractors are often protected by the Government

Government procedures are complicated, duplicated & lengthy to create job opportunities but unfortunately, they can be easily abused

Project Consultants and Local project team members do not like to argue/confront with local authority/fire department; easy for them to follow codes and books. Fundamental principles are often ignored
China Qualification Classification System

- Consultants
- Contractors

Methods adopted in pre-qualification

Is it reliable?

Qualification Classification System
Protectionism

Not willing to get materials and services out of their comfort zones; dialects, culture and connection

Local team has limited experience to work with others except those from their neighbourhood

= Protectionism
China Practitioners

- Weak contractual knowledge and less respect to the contract spirit
- Work on their own and not used to coordinate with other disciplines
- Local contractors tend to make quick money, cost cutting is their weapon irrespective of the quality outcome. Complicated coordination will increase their overheads and therefore ignore
- Fake materials in the markets are difficult to detect, they are used intentionally or beyond control
- Low bids approach to secure projects and recover loss through stop works, unreasonable argument for compensation
- Local consultants are aggressive in taking more responsibilities but not necessarily performing their full duties as expected by the developers in particular the HK and overseas
- Supervising Engineer – are they doing their job?
- Social Responsibility – Is it their concern?
Problems in China Projects

- Appearance
- Attention to Details
- Use of Proper Materials
- Price
- Weak maintenance concept
- Window Dressing “Sustainability”
- Hygiene Standards
- Malpractices
- Reliability
- Rules and Codes
- Protectionism
- Certification System
Development by HK Investors

- Low Bid
- Localized Supervision
- Complicated Local Regulations and Guanxi

Pain & Inferior Outcome
What Can We Do
as a HK Construction Professional – Opportunities and Contributions

Construction Professional

- Don’t take the job as an earning device, develop it as a true career
- Uphold our integrity and do not fall into the traps of malpractice
- Think positively & long term outcome, consider life cycle and sustainability
- Work hard with passion, be objective & try to understand what you need to achieve the goal
- Make sure we learn the basic principles right and do our things right
- Understand our job position, project objective and then play the respective role accordingly
- Must acquaint ourselves to what we are asked to do, fully understand the fundamentals and not cut the specification unnecessarily to save cost
- Educate local team and consultants by explaining the basic despite frustrations, hope to see +ve improvement one day

BRE Dialogue with BRE Alumni
Are China Ready for Such High Speed Growth?

Financially “May Be” but Full of Challenges

20,000 to 50,000 Mega Towers will be Built in the Next 2 Decades……

Great Opportunity to Everyone

Human and Financial Resources Support

Roles and Contribution of Hong Kong

The Importance of Our Position
Our Value

- Professional Integrity
- Thinking of Long Term Objective
- Good Project Management Concept & Clear Definition of professional Disciplines
- Good Understanding of Fundamental Principles

BRE Dialogue with BRE Alumni
Celebration to become a Construction Professional