



# Wang Hongjie:

## *Back to CEIBS*

■ By Darren Yue

**T**ired of “a routine and predictable life”, Wang Hongjie (EMBA 2006/HEMBA 2018) left his job at the Shandong Provincial Department of Construction in 2000 to start his own company, Shandong H&C Property Management Co, Ltd (H&C).

Following a round of rapid recruitment, he began training his first batch of 34 employees. Inspired by Chinese real estate developer Vanke Service General Manager Chen Zhiping’s well known philosophy, Wang told his employees during training, “We should treat homeowners as God.”

But most of his employees were undereducated. Many of them were illiterate and some didn’t even know how to write their own name. Moreover, it was clear to Wang then that they didn’t know what God was. He tried to explain.

“God is an immortal being,” Wang told his new employees. “Doesn’t the story, from Chinese mythology, of the Eight Immortals crossing the sea take place here in Yantai? God is just like one of the Eight Immortals.”

“Manager, despite going to university, you’re no better than the rest of us who

haven’t been to school. We all know the Immortals don’t really exist,” was the reply.

As Wang looked at the room full of staff members in front of him, he couldn’t help but laugh, knowing it was impossible to go on with the training session he had planned. But one thing he knew for sure, he was determined to make H&C a success

### “Family Culture”

Wang first had the idea of starting his own business in 1997 when he graduated from the Department of

Chinese Literature and Language at Shandong University. Not knowing where to start, he decided to work for the Shandong Provincial Department of Construction.

There he was put in charge of property management. Back then, the industry had just started in Shandong province. Through a process of learning and exploring, Wang gradually came to the conclusion that it was a promising industry and critical to people's lives.

With that in mind, he made property management the focus of his start-up. The company's first project was a property management service project for Xingfu Community in Yantai.

Wang faced many challenges during H&C's initial start-up phase. Being forced to halt training the first batch of employees because they couldn't understand the philosophy of "treating homeowners as God" was just the first obstacle.

Once, when Wang instructed an employee to clean the floor, the employee countered angrily, "Manager, why would you make me clean the floor when it's cleaner than the bed at my own house? You're looking for faults where there aren't any."

Another example came when a homeowner reported that their lights didn't work and needed to be repaired. "No hurry," Wang's employee argued. "There's still a lot of time before night falls and there's no need to turn the

lights on during the day."

On occasion, Wang even discovered employees missing, only to learn that they had left work to help out with their relatives.

"I began to wonder why they didn't take my words or the homeowners' feedback seriously, but were willing to set aside everything to fulfil their relatives every request," Wang recalls. "It was clear that they cared more about their relatives and took it as given that they would help them without being paid."

Wang saw this as a starting point to have a second employee training session, so he got his employees together and asked them, "Where does your salary come from?"

The employees answered, "It's from you."

"No. It's from the homeowner, not me," Wang replied. "The homeowners are your bread and butter. They're your family. You're all adults and your parents won't give you money, but the homeowners will. You should take responsibility for the homeowners and put them first."

H&C has since developed a "family culture", one where employees treat homeowners and other employees as if they were part of their own family.

In order to foster this culture, H&C has enacted numerous measures, including intensifying trainings and holding

morning meetings and oath-taking sessions every day. The "family culture" has increased employee awareness of how to serve homeowners and has even brought them closer together.

Promoting the "family culture" has, to some extent, solved a problem that had been troubling Wang.

After starting H&C, he had a strong feeling that despite a promising outlook for the property management industry, people didn't care about – let alone respect – property management staff. How, then, Wang asked himself, could he find dignity for his employees and transform property management into a respectable industry?

"Family culture" offered a valuable solution. For H&C's employees, serving homeowners is treated in the same way as helping relatives, an approach which has empowered them to find value and dignity in work. At the same time, equipped with a good service attitude, employees have earned greater respect from homeowners.

### Hit by Crisis

Throughout its first five years of operations, H&C experienced a steady increase in both number of service projects and people it employed. In 2005, however, the company ran into its biggest crisis since its inception.

As part of their foray into Shandong, the property management arms of a number of large real estate developers

began heavily subsidising the cost of property management fees, a move which put a huge amount of pressure on H&C and other third-party property management companies. At the time, for some low-end properties, H&C charged property management fees as low as RMB15 (US\$2.20) per household per month.

“In this type of situation, it’s very difficult to maintain high standards of service,” Wang says. “We realised that it couldn’t continue and we needed to change.”

To make matters worse, many H&C employees were being poached by the competition. Thanks to H&C’s sound training system and “family culture”, its employees provided a high level of service, making them highly sought after by larger property management firms. Some property management companies even promised “a doubling of wages for former H&C employees”.

Ultimately, H&C pushed for strategic transformation during difficult times by moving away from low- to mid-range properties and focusing on larger mid- to high-end residential areas, office buildings, and other commercial properties.

Wang was not always certain about the transformation, however. “What if, even though I considered the transformation necessary, I had been wrong?” he says. “At that time, I was very upset.” And it was also at that time that he decided to go back to school.

After participating in trial classes with several business schools, Wang opted to enrol in the Executive MBA at the China Europe International Business School (CEIBS). “At CEIBS, the professors had practical experience and the lectures were more applicable,” he says. “CEIBS professors were very good at providing inspiration and guidance.

After every lecture, I could apply what I’d learned to our company’s transformation. It was very helpful.”

### Going Global

Following its successful transformation, H&C again entered a period of rapid development. By 2010, the company had a sizeable impact on the industry and benefited from good word-of-mouth among homeowners.

On the company’s 10th anniversary, it organised a strategic retreat to discuss next steps for the coming decade.

In Wang’s opinion, although property management was a promising industry, his company needed to pursue a path of differentiated development, instead of going head-to-head with big domestic firms against whom it would struggle due to large gaps in areas such as brand, capital, and talent.

By doing systematic research and studying the top five global property management firms – the Commercial Real Estate Services Group (CBRE), Cushman & Wakefield, Colliers International, Jones Lang LaSalle (JLL), and Savills – Wang found that their success largely boiled down to two things: mergers & acquisitions and global expansion.

As part of its own global expansion, H&C made Hong Kong the first stop. “Hong Kong’s property management market is a very mature one and, as a result, is very difficult to enter directly,” Wang explains, “so we acquired a local property management firm and used it as a platform for expansion.”

Following its move into Hong Kong, H&C continued by expanding into countries like Malaysia, Cambodia, Spain, the UK, the US, Canada, and Papua New Guinea. As of 2018, the company has engaged in service projects across 21 countries and regions, served more than 1 million homeowners, and employs over 20,000 employees worldwide, making it China’s first home-grown international property management company.

Certainly, H&C’s global expansion hasn’t always been smooth sailing and it has faced its share of problems along the way. For example, by 2015, Wang believed the biggest challenge the company faced was that its service projects were unlikely to be managed uniformly due to their global distribution, which in turn made it difficult to maintain high standards of service.

To overcome this hurdle, H&C proposed a “professional, standardised, smart, international, branding” development strategy. “Despite differences in culture, customs, and laws in different countries and regions, people share the same humanity, so we always need to keep pushing for standardisation,” Wang says.

In addition to standardising management, H&C has also pursued a more diversified range of services. For example, Wang has learned through communicating with overseas homeowners that many of them do not understand China. Keeping in mind the idea of “spreading traditional Chinese culture”, H&C has offered a range of special services for overseas homeowners, including free martial arts training and Chinese cuisine cooking classes.

“Some overseas homeowners live in single houses and do not need property management services, but after seeing our events, they have asked to use our services in order to participate in such events,” Wang says. “In other words, we have connected with the hearts of overseas homeowners and we hope H&C can become a leading representative of Chinese companies internationally.”

#### **Back to CEIBS**

Looking back, Wang has experienced a lot during his 18-year entrepreneurial journey. “From the outset, I wanted the business to succeed so I could live a better life,” he says. “But over time,

I’ve realised that I could have higher aspirations, including changing people’s inherent understanding of property management, helping more people live happily, and making property management a respectable industry.”

He still remembers when, during his CEIBS EMBA, he listened to Prof Zhou Haihong’s lecture on “understanding music” – part of the business school’s efforts at exposing students to the arts and culture. “Growing up in village, I’ve always been tone deaf when it comes to singing,” Wang says. “The lecture led me on a journey of art appreciation. I now believe that career success is just part of living happily and that there are many other worthwhile goals in life.”

This May, CEIBS launched China’s first Hospitality EMBA (HEMBA) Programme, and Wang is among the participants. When asked why he decided to return to CEIBS to study 12 years after his EMBA, Wang explains, “It’s never too late to learn. Lifelong learning can greatly help improve quality of life and increase personal value. I believe that by joining this programme, I can explore more ways to improve our services and management.”

Twelve years ago, H&C was a local property management company struggling to decide on the direction of its strategic transformation. Since then, it has grown into the first international property management company in China. For both himself and his company, Wang says he now has only one ambition: “To go further”.