

PMI[®] Case Study

HUAWEI TECHNOLOGIES:

Chinese Telecom Giant Establishes Competitive Edge

How can an organization already experiencing exponential growth gain an even larger competitive advantage as it works to diversify its business offerings and navigate a diverse cultural landscape?

Huawei Technologies, a Chinese telecommunications company, turned to project management for the techniques and tools to ensure that each of its strategies proved to be effective, efficient and ultimately, profitable.

Background

China's economy has developed rapidly over the last two decades, and the telecommunications industry has grown even faster. By November 2004, fixed-line subscribers and mobile users in China reached 313 million and 330 million, respectively.

Huawei Technologies, which has grown in tandem with China's market since its founding in 1988, has more than 24,000 employees working on information and communication products, technologies and solutions. Huawei's product portfolio includes fixed-line communications, mobile communications, optical transmission, data communications and mobile terminals and handsets.

In 2002, Huawei launched a comprehensive project management development program to bolster its core competencies and meet the challenges of an increasingly competitive international marketplace.

Huawei is poised to become a leading international corporation, with 2004 revenues of \$5.58 billion (US) and a year-on-year increase of 45 percent; 40 percent of this increase was generated through international markets, including Latin America, North Africa, the U.S. and Europe. For the first time, overseas business accounted for more than 50 percent of Huawei's total revenues in 2004.

Challenges

Although Huawei recognized that project management was critical to sustainable development, the sheer number of projects and employees assigned directly to projects (14,000-plus) presented acute planning and logistical challenges.

Such challenges were more crucial to Huawei as its overseas business had expanded to five continents and was a key revenue and profit driver, making cross-country and cross-cultural project management a new challenge. The Huawei management team began to search for a uniform and standardized project management system to fit these new

situations.

As the company's business scale was expanding, Huawei also experienced a transition period from that of a manufacturer to a comprehensive telecommunications solution provider. This new service-focused business required more sophisticated project management.

Huawei was also faced with internal challenges. The company initiated changes to its management structure by creating the position of project manager. It further utilized the incorporation of project management as an organizational development tool to establish a service-based culture.

In addition, customers were requiring effective and explicit end-to-end project management and requesting project managers with professional certification. Specifically, these customers requested that project managers receive PMI's Project Management Professional (PMP®) certification, which Huawei's key international competitors had already adopted.

Solutions

In 2002, Huawei established an integrated mechanism to train and develop project managers and strengthen project management practices and processes. The main objectives of the program were to:

1. set-up consistent project management competency, qualification standards and procedures, and a training platform to help project managers improve their project management knowledge and performance;
2. develop organically 100 Huawei project managers with PMP certification; and
3. establish channels for external cooperation to improve project management knowledge and performance at an organizational level.

To accomplish these objectives, Huawei set up a Business Re-engineering Project Management Office — made up of more than 20 staff members with extensive experience in project application and management — to develop and direct the program.

To ensure each facet of the business was considered and employee

interests did not conflict, staff was chosen from each of Huawei's departments: marketing and sales, research and development, customer service, and information technology. After evaluating the major project management standards and certification programs, Huawei finally decided *A Guide to the Project Management Body of Knowledge (PMBOK® Guide)* and PMP certification would form the basis of its project management development program.

As a PMI Corporate Council Partner, Huawei sought international cooperation in project management. By actively participating in project management seminars and activities in China and overseas, Huawei exchanged project management knowledge, practices and experiences with other PMI partners and obtained a large amount of advanced management skills.

Results

Huawei established consistent and effective competency and qualification standards and procedures, and set up cooperation channels with outside parties, resulting in great success. Through its commitment to training, Huawei has to date granted PMP certification to more than 200 project managers, doubling its original already high goal.

Huawei remains dedicated to continuous improvement in its project management standards. In addition to ongoing project management certification training and testing, it began to organize coaching sessions to advance the competency level of all project managers. Huawei also intends to continue its international cooperation in project management via PMI and other channels. With this comprehensive project management system, Huawei is expecting, at the project level, improved on-time delivery and productivity, increased customer satisfaction and employee retention, and reduced risk and operation cost, and at business level a better performance with integration of project management results.