

Understanding the Project Management Process in China ----- Study #04-9369

Research conducted by:

Dr. Carl Briggs

Phil Dodyk

In his latest book entitled, “Winning,” world-renowned former GE CEO Jack Welch writes, "At speaking engagements, I am often asked what industries I would recommend to college grads and MBAs today. I tell them to look into companies doing business at the intersection of biology and information technology. And I suggest they learn everything they can about China because it will permeate every aspect of business in their lifetimes."

It goes without saying that Jack Welch and GE know a thing or two about running a successful corporation, especially when it comes to finding exciting new opportunities in the global marketplace, focusing highly sought after resources (some of the best and brightest people in the world) on lucrative projects and turning challenging new ventures into prosperous growth businesses. In the early 90's, Jack Welch and the GE Executive Management team saw the potential in China and sent one of their best, Jim McNerney, to spearhead GE's China initiatives. Today, only two decades later, GE China is a \$4 billion business and Jim McNerney has since moved from GE to 3M where he has helped grow 3M's \$520 million Greater China business into a \$1.3 billion powerhouse in only three years.¹

The question to Dr. Briggs, myself, and all of you then is – “how did Jim McNerney succeed in China?” And more broadly put, “how do project managers at GE, 3M, and other U.S. multinationals successfully manage projects in China?” That is what this research is all about.

In response to our curiosity and the lack of information currently available to answer these questions, Dr. Briggs and I published a survey through PMI last fall. The results were both disappointing and exciting at the same time. On the one hand, they were disappointing because we only had 29 valid responses. On the other hand, many of those 29 responses were incredibly intriguing, which encouraged us to want to modify our research (medium of communication, questions being asked, etc.) and continue our pursuit for valuable answers.

Below, is a short summary of the research results, followed by a brief paragraph describing our recommendations for future research.

SUMMARY OF RESEARCH

We received responses from a wide range of industries including Education, Computers & Software, Human Resources, Management Consulting, Telecommunications, and Energy. Those industries were represented by a wide range of well-known corporations

¹ Welch, Jack, and Suzy Welch. Winning. New York. Harper Business, 2005.

including Emerson, HP China, Owens Corning, Bloomberg, Dell, and BP. And finally, those corporations were represented by a variety of occupations including Analysts, General Managers, Presidents, Senior Project Consultants, Assistant Professors, and Project Managers. Within our survey pool:

- 57% of represented companies are headquartered in the United States
- 83% of those companies adhere to a project management methodology based on western management theory
- 82% of those companies currently have operations in China
- Nearly 90% have managed or are currently managing a project in China.

When asked, “For which reason(s) did you have to modify western project management methods?” respondents selected:

- Language Differences
- Cultural Differences
- Financial Institutions
- Government Intervention
- Logistical Infrastructure
- Intellectual Property Protection

When asked to explain their selections for the above question, respondents wrote:

- Execution plans based on Western templates do not work, this applies to a broad range of tasks: from engineering to contract management
- Transferring risk to Chinese entities is not possible and does not work even, if such clauses were included in contracts
- Heavy application of Risk Management by people who has experience in China arena is a must
- Meeting times were longer than usual due to the cultural differences.
- Formal acceptance was hard to obtain
- Project management methods in China relied primarily on "backward planning." The end date was set in stone and inflexible. The tasks leading up the end date would change in duration and effort to meet the end date. I had to change estimates for end dates to accommodate their techniques. These changes helped to create flexibility in the project staff's thinking regarding project deadlines.
- English was a second or third language for the Mandarin speaking natives. Time was significantly added to whatever communication media I used. I would have to use multiple formats to communicate my message (written, spoken, and diagrams). These changes aided in problem-solving and maintaining trust and dialogue with the team members.
- The team was mostly young, recent IT grads from Chinese colleges, with at most two to three years experience as designers and programmer/analysts. It was not clear at first that the team comprehended what they were being told, as they would not admit to not understanding. Language was less an obstacle to technical understanding than a grasp of cost-accounting in a manufacturing company, and to understanding the business practices implied in the design of same. Eventually presented the near-equivalent of a class in Western business methods to the entire

team. Confronting team members directly was less successful than encouraging other team members to influence the behavior of their peers. Even with team lead assigned, decisions were made as a group, and then implemented as a group. Individuals often were reluctant to take ownership. Cost management was not practiced and was left to me. The WBS was a novelty also, but the team became interested when tasks were assigned and estimates made. The team sacrificed a great deal trying to make their initial estimates. Only after we had some experience and modified the estimates was the team able to make it home for dinner on time most nights. Peer reviews were less successful when I participated. After the technique became more familiar, and the team conducted their reviews on their own, they warmed to the idea. Frequent, formal communication and status reporting also took a while to catch on. Toward the end of the project, most of the team seemed to willingly communicate more effectively. It was not certain, however, that these techniques would be adhered to after this project was complete.

RECOMMENDATIONS FOR FUTURE RESEARCH

As mentioned before – overall, Dr. Briggs and I found the survey results interesting, but unfulfilling. The question we asked appealed to over 100 survey respondents, but the way our survey was structured, the number of open-ended questions we were asking, the broadness of our scope, or many other factors all could have potentially played into the small number of viable responses we received. From this initial study, it is still difficult to tell how Jim McNerney and managers from GE, 3M, HP, BP, Dell, and the like successfully manage projects in China, but undoubtedly, the curiosity remains. In light of this, Dr. Briggs and I compiled a short list of modifications we, or others, could make to our research approach to further define the question, appeal to a larger audience, and gather a greater volume of meaningful responses:

- Publish the survey in Mandarin
 - Going through the translation process will help the non-Chinese speaking researcher(s) better understand the question being asked and the result being ultimately sought because by putting the survey in Mandarin, the importance of relationships (guanxi) and Chinese culture (zhongguo wenhua) will take a rightful priority.
 - Using the native language will appeal fondly to the local business community and will open doors to strengthen collaborative efforts with local Chinese Project Management organizations
- Advertise the survey in popular business publications in major cities throughout China
 - These journals are read by native Chinese and non-native Chinese project managers and businessmen and women who better understand the business climate in China as they live and breathe it on a daily basis.
 - These journals typically sustain a vast network of business professionals who read and contribute to their content regularly. By utilizing this medium of communication, the researcher(s) can begin tapping into those

networks to create a mutually beneficial perspective on digging deeply into this issue.

- Being there
 - Absolutely, without a doubt, the most important part about understanding China is being in China.
 - Additionally, I believe you have to speak Mandarin Chinese to converse candidly with the local people and fully understand their meanings and intentions when they open up and share their wonderful insight and experience on controversial issues. So much can be lost in translation and the topic of western project management methodologies succeeding in China is no exception.

With that being said, we will bring closure to this portion of our research. Dr. Briggs will continue his teaching regimen this summer including three online MBA classes, some executive education training, and a two-month commitment with a local healthcare company focused on improving their current program management processes. As for me, from now until the end of August, I will complete a one year project with a lumber company in southern Michigan replacing their paper-based material tracking method with a real-time data collection system and migrating their disparate office applications into a completely integrated SAP Business One platform. In September, I will continue my professional career as a Business Analyst with McKinsey & Company in Chicago, Illinois.

Dr. Briggs and I thank you kindly for your interest in our research and encourage your feedback at any time. Please feel free to contact either of us at the below information.

Warm Regards,

Dr. Carl Briggs
briggsc@indiana.edu

Phil Dodyk
pdodyk@alumni.indiana.edu