

Business Development Strategies in Real Estate of China

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Abstract—China has 8 seats of top 10 cities which own the most retails projects of the world. Retail projects supply is over the demand temporarily. Developers will start new projects carefully in the future, which means we will face more difficulty to sign new projects. With more competition, design fee will be lower than before. More competition job will be attended (Interior & Masterplan projects as well).

Index Terms—Renovation, branding, task, strategies, management, development, investment, focus, economy, clients, government, sectors, actions, situation, recommendations.

I. INTRODUCTION

China GDP growth will keep 6.5% or lower in next 5 years after 30 years+ high speed increase according to Primer's report. CBRE latest research shows new retail projects construction finished in 2015 was 10,6M Sqm, which is 12% decrease from 2014.

Interior projects will be major projects in market with projects construction finished in coming 2-3 years. With old cities or area reconstruction, more opportunities will have government projects competition [1].

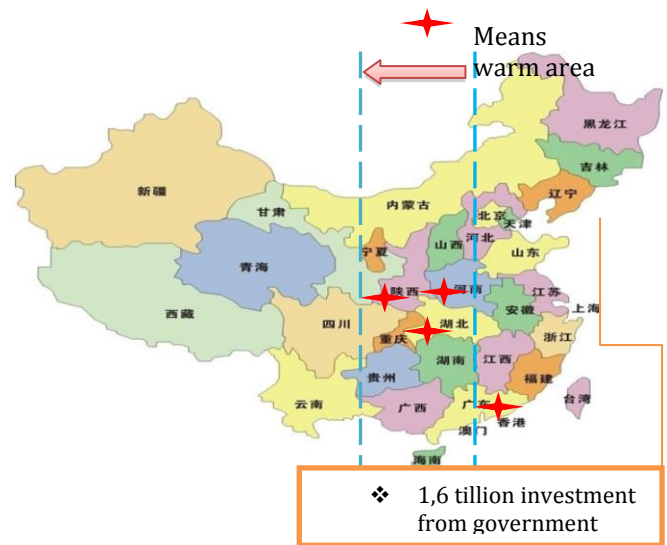


Fig. 1. China GDP growth rate.

II. LOCATION

Projects slow down from the cities in east of China, but market is still there. Cities in middle China still have strong

drive to develop. Guangdong province is another warm market. The government will invest 1,6 billion RMB to re-form northeast China.



III. CURRENT MARKET STATUS IN CHINA

- 1) Economy is going through a correction as it changes focus to a more domestic focus.
- 2) SOE's are privatizing to be more efficient, market focused and profitable.
- 3) Economy needs to grow inline with the national plan.
- 4) Government is investing in infrastructure and relaxing property policies.
- 5) 2016 GDP could fall below 6%
- 6) Several recognized analysts are predicting a property collapse.
- 7) China's slowing growth into 2016 likely to lead to slowed growth globally.
- 8) Global real gross domestic product growth slowing to 2 per cent or below by the middle of 2016 before recovering in late 2017. This is still less than the anticipated 6% growth in China.
- 9) Some analyst predicts a 30% chance of China slipping into recession, however, this would have global implications.
- 10) China's government is said to have the ability to avoid a recession through financial reforms.
- 11) China remains likely to be the world's second strongest economy behind the US.
- 12) General economy and market went down
- 13) GDP from 7.5% to under 7%
- 14) Property market to be compressed by government
- 15) Retail development shows overbuilt sign, specially in 2 tier cities

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16) Investment slows down and developers hesitate

h. Client would like architects can find out the solution to make the market more activity or some innovation (idea)

IV. BUSINESS PLATFORM

A. Current Situation

- 1) BD currently reactive NOT pro-active
- 2) Business Sectors need to be equally sold
- 3) BD Strategy Plan yet to be developed
- 4) Business Management, Operations and Marketing Meetings not mandatory attendance for senior staff.
- 5) Significant changes have been made in business structure:
- 6) More integrated
- 7) Down-sized to align with 2014/15 revenue collapse
- 8) Director Roles and Responsibilities Defined
- 9) Sectors and Disciplines Defined
- 10) New BDM is in place
- 11) New Employment Contract Implemented
- 12) Financially weak
- 13) Market driven not client driven
- 14) Market uniqueness ill defined
- 15) (Pipeline work to be assessed.)
- 16) Back-log fee's fuelling business
- 17) Existing status quo needing to change
- 18) Roles and Responsibilities need to be better reinforced
- 19) First tier market still have space of development by large population
- 20) Third tier market will be a hot spot, because the retail is underdeveloped

BD, Marketing and PR are understood as separate business concerns and have separate budgets.

B. Masterplan and Entertainment Theme Park Plan

Soft Targets

- **Promote our knowledge and capabilities in the sector**
 - a. Still active
 - b. More demand for entertainment, we must take the opportunity to takeover in bending turn
 - c. Government needs more good and new ideas before moving forward
 - d. Market is in 3rd or 4th tier
 - e. West China and South China Market still active, need more follow up

C. Mixed Use Market

Soft Targets

- **Promote our experience and recent completed projects in the sector**
- **Improve efficiency / profitability of this sector**
 - a. slow down, clients are very hesitated
 - b. fee level went down and competition is very cruel
 - c. same to the masterplan
 - d. Hope is at 3er and 4th tier
 - e. Retail and interior not much change.
 - f. Working space to be seeing
 - g. Global harbor is as label of our mixed-use

D. Retail and Interior not Much Change

Soft Targets

- **Consolidate our position and strength in sector**
- **Prevent new entrants into the sector**
- **Improve operationalis "cash cow" sector**
 - a. Similar demand as usual but also slow down
 - b. Renovation retail project hope to be a big market
 - c. More faade design projects and Refurbishment projects activate in market
 - d. West China and South China Market still active, need more follow up

E. Working Space

Soft Targets

- **Promote our experience and recent completed projects in the sector**
 - a. Start to have more opportunity as a new sector
 - b. Market is very different from retail, must be a different method
 - c. Need to integrate all recourse and test the market
 - d. Still positive market in R&D
 - e. Try to get potential projects in Shanghai Bund-side basing on master planning if any

F. Leisure and Entertainment

Soft Targets

- **Promote our knowledge and capabilities in the sector**
 - a. A new market in China for all sectors
 - b. Big demand, but only large developers are doing it now
 - c. Need international brand involvement to put up as a strong force to go to market

G. Hospitality

- a. A new sector and marketing for CT
- b. Resort hotel still be positive in tourism city or surrounding Shanghai
- c. Slow down as Airbnb is popular recently

H. Business Direction

- a. Defined by the following Sectors:
 - i. Retail
 - ii. Leisure & Entertainment
 - iii. Workplace
- b. Defined by the following Disciplines:
 - i. Interiors
 - ii. MP / Feasibility
 - iii. Architecture
- c. Highly likely to become more competitive.
 - i. Expect Lower Fees.
 - ii. Need to do more with less.
 - iii. Efficient use of resources will be a priority.

Interior and MP work potentially get more opportunities.

I. Client Strategy

Messaging

- a. We don't only do retail!
- b. How to we offer greater value than our competitors?
- c. How are we unique?

Communications

- a. Client Interviews – “right” people in attendance
- b. Collateral – Supports Tailored Proposals
- c. Events & Conferences – Support Sectors

Client Assessment

- a. Client assessment more critical than before.
- b. BDM to complete Go/No Go Questionnaire
- c. Desktop Search
- d. Evaluate Effort and Expense to Win
- e. Budget Pursuit Cost's (Time & Expenses)

Client interviews to be improved:

- a. Have the “right” people in attendance.
- b. Speak simply and articulately
- c. Avoid long generic project ppt's
- d. Rehearsed before hand
- e. Arrive early

Implement Standard Contract Templates

- i. Localised CT Client Architect Agreement
 1. Made more consumable for the local market.
 2. Preferred Contract
- ii. Local Client Architect Agreement
 1. Payment Terms Strengthened, etc.
 2. Fall-back Contract
- iii. Sub-consultant Agreement
- iv. Non-disclosure Agreement
- v. Co-operation Agreement

Update Clients Database and Third Party's Database & figure out with 5 questions:

1. Who are they?
2. What did they do?
3. What are they doing now?
4. What are they planning to do?
5. What we can do for them?

J. Improve First Impression

- a. Office Reception & Meeting Rooms
 - i. Refresh images
 - ii. Straighten picture frames
 - iii. Picture frames same colour
 - iv. New white paint (remove screw)
 - v. Replace stained white silicon
 - vi. More architectural plants
 - vii. Fix front door
 - viii. Fix carpet
 - ix. Sofa
- b. Office
 - i. Cleanup and straighten-up workstations.
 - ii. Redundant samples to be thrown out.
- c. Sample Area
 - i. Re-organized and Tidy

K. Role of Business Development Management

- a. More Pro-active & Assertive
- b. Setup and drive fortnightly BD Meetings
- c. Prepare a BD Strategy Plan for the year
- d. Prospect new leads through a Networking Plan
- e. Pre-assess new client's before cost and effort is put into a pursuit
 - i. Go/No Go Questionnaire

Review assess and report is back on event and conference value.

L. Public Relations

- a. Events & Conferences should to be Planned and Budgeted for 2017.
- b. Relevant “Thought Intelligence Papers” to be translated and published within China in sector relevant journals.
- c. Press Releases within China to be pursued.
- d. Emphasis for high quality presentation images to be created for projects.

M. Project Resources

- i. Projects are to be resourced according to the project plan and fee capacity.
- ii. Team efficiency must be improved through thoughtful project programming.
- iii. All project resourcing will be reviewed at monthly Board Meetings.
- iv. Staff that are under utilized are to reviewed at Board Meetings.

N. Resource Management

- a. Role and Responsibility Statements to be written for all staff positions.
- b. Salary Banding to be agreed and implemented for all new staff.
- c. Reduced salaries to be returned as soon as financial capacity allows.
- d. Office to be re-gearred to suit 2016 market conditions, and revenue.

O. Suggestions/ Recommendations

- 1) Stop using generic collateral.
- 2) Do not send out poor conceived and un-checked documents that will potentially block future hopes with a client.
- 3) Must be tailor designed and written using a standard template.
- 4) Attractive with only best images & diagrams.
- 5) Short and to the point.
- 6) Address client project specific concerns.
- 7) Retail with entertainment and theme park is the trend, have to catch it
- 8) Community mall is a big demand, if possible should develop it.
- 9) Branding
- 10) All staff involvement

- 11) Cross-sell services, separate designer for different sectors
- 12) Improve information management and analysis
- 13) Set up plan, follow the plan, monitor and review the plan
- 14) Focusing and consolidate what we are strong and extend what we are new
- 15) To be champion in sectors and Play 'expert' role as a senior strategy consultant to the client
- 16) Keep publicity
- 17) Development of new sectors
- 18) Keep using agents and market consultant to introduce new client
- 19) Coordinate with marketing
- 20) Build up a BD team
- 21) Improve Database and use it
- 22) Brochures and pamphlet for all purposes and all tools
- 23) Involve all project manager into BD development
- 24) Carry on all conference and speech
- 25) Extend social network
- 26) Publishing articles
- 27) Study of the cost and result by advertising and internet ranking
- 28) Refresh all existing and potential clients

P. Main Opportunities

- Consolidate existing client base
- Cross-sell services, separate designer for different function
- Increase exposure, Master planning and Entertainment sectors
- Promote asset enhancement knowledge / experience in all sectors
- Play 'expert' role as a senior strategy consultant to the client

V. S.W.O.T

A. Strength

- Focus at retail and masterplan
- Entertainment and Workspace as new territory which has potential for increasing

B. Threaten

- Competing with many & strong competitors
- Market is lack of confident

C. Weakness

- Design force needs to be improved
- China physically is very big to cover
- BD team is not well built

D. Managing Weaknesses & 'Threats'

- Improve design quality to enhance competitive
- Increase BD work in 3rd and 4th tier market
- Enhance communication with client
- Differentiated offer / sales message / sales story [15].

VI. SECTOR-WISE ACTION

A. Masterplan and Entertainment Theme Park Plan

- Action

Participate in Master plan project in Shanghai (maybe Shenzhen, Guangdong also) , in order to get more potential projects (office building, retail or mixed-use) after planning. good competition fee, and also good for company promotion.

B. Mixed Use Market

- Action

Look for 3rd tier city opportunity

If it is possible, have 1 or 2 mixed-use projects in the 1st or provincial capital for popularity, such Beijing, Shanghai, Shenzhen, Guangzhou, Chengdu.....

Even some facade re-design projects in hot cities.

C. Retail and Interior

- Action

Look for more refurbishment of mall, department and old buildings.

If possible to try some little interior projects as brand shop design, it is good for cash flow.

Attending retail forum, it is good opportunity to know the problem client urgently need solve, and also let client know that we are the expert to solve their problems.

D. Workshop

- Action

Participation design competition of office buildings in Shanghai, Shenzhen, Beijing.

Need build up new office team

R&D Center Project need to follow up

E. Hospitality

- Action

Maintain good relationship with Hotel Operators

Integrate with Master Plan in tourism for resort hotel

Integrate with mixed-use project for urban hotel

F. General Action

- Company PPT update (add project date, select top 10 projects at the front of PPT)
- Director CV profile need to be updated, with basic projects information
- Wechat, Weibo need to update and speed up promotion, not only China Projects, need support from UK
- also attend more speech for potential projects

VII. BUSINESS DEVELOPMENT STRATEGIES

- 1) Keep growing Interior projects.
- 2) Work hard to get Architectural projects.
- 3) To create government relationship to attend Masterplan competition.
- 4) Retail & Mixed use project are major sectors CTS focus on.
- 5) Thinking about to develop new sectors when Retail & Mixed use market demand decrease
- 6) To create long cooperation relationship with other design companies (Joint venture office for example)

to develop hospitality and leisure & entertainment market [2], [3].

- 7) Strongly focus on market of Shanghai and east China
- 8) Positively attend middle China development
- 9) Carefully monitor northeast China re-form and other areas [4], [5].
- 10) Carefully deal with all the projects on hand right now
- 11) Update Clients Database and divide the clients into 3 levels
- 12) Research and Analysis all the clients and make a plan to chase them [6].
- 13) Prepare Advertising documents(virtual and physical) for clients [7].
- 14) Update our “Marketing” Brochure and Capability Statement
- 15) Have to reflect really fast and professional.
- 16) Ensure all sector’s are equally communicated.
- 17) Directors need to reinforce and drive the goals and direction of the BD effort.
- 18) The BDM is not a deal closer. BDM must position the firm and put the “right” senior staff in the right position to convince a client through personal and technical skills.
- 19) Have built up the brand and professional reputation in retail and masterplan
- 20) Have to build projects in China

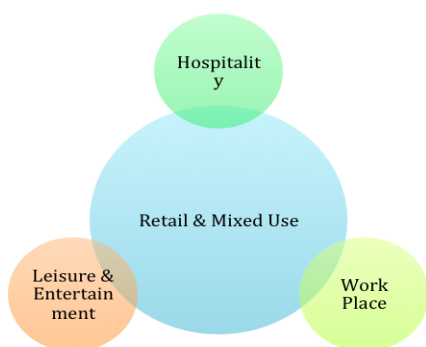


Fig. 2. Major concentration.

VIII. MARKETING

Marketing is a method to increase intangible asset - company brand, we don’t expect to get new jobs from it directly, which means we need to think about how much to invest in [8], [9].

Online

- 1) Maintain wechat news (company & industry) updating weekly
- 2) Keep updating website project information

Offline

- 1) Publish soft article in magazines
- 2) Keep getting prize as previous years

All information created in offline could be put to online channel. Offline actives are basic jobs [10], [11].

- Maintain relationship with current clients and old clients, and serve them well to let them introduce more projects and more friends to us [12]-[14].

Prior Task: Key cities, Key clients, Potential Clients → Do not push, But easily establish a connection and relationship with them.

Branding→ Do not be ignored any more, since its important.

IX. FINANCIAL MANAGEMENT

A project running at a loss need to be recognised and supported by key senior managers and Director as a project deemed of business value. The financial loss of such a project is to be limited as agreed and captured within the Marketing Budget [21].

Projects with invoices not paid:

- i. After 60 days to use only minimal resources, and warn client of stop work.
- ii. After 90 days stop work unless agreed by relevant senior management otherwise.
- iii. After 120 days formal letter to be sent advising of legal action.Travel
- iv. Travel is to be factored into fee proposals, or contractually set as a repayable disbursement.
- v. BD Travel is to be budgeted for, and based on only strong project opportunities that align with the Business Direction.
 - First draft budget to be prepared in previous years.
 - Exclude and cull past debt from all future planning.
 - Write-off unpaid fees in excess of 12 months.
 - Determine how long backlog fees will last.
 - Office size, and operation to be reviewed based on budget assessment.

X. CONCLUSION

Although the overall profitability is the ultimate gauge of success/failure of the business in a given economic cycle/environment, soft targets must inevitably be converted into hard results, otherwise the business is unprofitable and ultimately does not survive [16]-[18].

Organisations which concentrate on hard targets also have corresponding hard reward systems in place. However, instilling a culture with a strict motivation and reward system based on hard targets may in cases cause employees to not act in the overall best interests of the business, eg. sacrificing existing / long term client relationships by focussing solely on new business opportunities, (by which their performance is measured) [19], [20].

Arguably, maintaining good (existing) client relationships and building a long term / repeat client base is just as valuable as securing new clients. Hence there needs to be a balance between the setting and measurement of achieving of hard targets and the task of maintaining and building upon existing client relationships, where there is no “hard” measure other than business profitability.

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