

# Advancing Project And Premise

By Lowell Bennett

## — Case Study in China’s Headquarters Economy



One of ABP’s many integrated garden settings.



“While the governments and corporations of fully developed countries have the luxury of focusing on the bottom line, we must also educate our people in the ways of a new economy and better their lives... To become the equal of more advanced nations, it may take us five, ten, a hundred, or a hundred and fifty years, but we will eventually succeed.”  
 —Xu Weiping, CEO / Developer  
 Advanced Business Park

### A World Away —

*The second largest and the best-known dam in the United States is the massive Hoover Dam. On the Colorado River, at the border between Arizona and Nevada, the concrete structure extends in height to 221 meters (726 feet) and its maximum thickness is 200 meters (656 feet). In length it is 379 meters (1,244 feet) and about 3.33 million cubic meters (4.36 million cubic yards) of concrete forms the structure.*

*That is enough concrete to wrap a four-foot-wide sidewalk around the Earth at the equator.*

*What has this got to do with business in China? The writer will use the Hoover Dam as a western point of reference and comparison for a sometimes hard-to-grasp scope of development — and to introduce one representative story of progress, entrepreneurship and new economy in a changing nation.*



Shape of things to come — 303 units of the 500-building development were fully completed within the first two years of construction. by Lowell Bennett



One corner of the 65-hectare, 500-building ABP development.

To meet the accelerating demands of ambitious public projects, expanding domestic enterprise and on-the-march multinational operations, China's builders formed out 963 million metric tons of cement in 2004. That's equivalent to constructing about 120 Hoover Dams in a single year. A fair share of that concrete went into a project that typifies the speed, scale and human ambition driving China's astounding development, Advanced Business Park (ABP), a 500-building project conceived by a man who just 15 years ago arrived in Beijing with total venture capital of 2,000 yuan — about \$250.

**Material, Mass and Manpower**

If it were a national goal to consume China's output of concrete, ABP's principal creator, Xu Weiping, and his development team would have done their part. The single largest commercial development in the Zhongguancun area of Beijing, known as "China's Silicon Valley," the project's total mass comprises 1.4 million cubic meters — 92,000 metric tons of concrete.

By the standards of most US-based business parks, ABP's other stats are also impressive. On a campus-like setting, with 55 percent of the land reserved for green grass, gardens, trees, winding paths, plazas and exterior artwork, the total site spans 65 hectares (160 acres), enough expanse to accommodate more than 120 NFL-scale football fields.

Intended primarily to house corporate headquarters, total usable interior space is 1.3

million square meters (13,993,000 square feet). That's well more than three times the interior space of America's tallest building, the 110-story Sears Tower, which in the US is second in office area only to the Pentagon, officially the largest office building in the world, with 3.8 million square feet of usable space.

To provide a perhaps more graspable concept of the scale: ABP encompasses more office space than the downtown areas of many US cities. The single project well surpasses San Diego at 9.2 million square feet of central downtown space, Miami at 9 million, Orlando at 8.1 million, Fort Lauderdale at 7 million, Tampa at 8 million, Kansas City at 10.5 million, St. Louis at 12.5 million, Oakland at 12.8 million, and it edges out California's capital, Sacramento, at 13.1 million square feet (according to a 2004 study by Colliers International).

But it is the speed of construction that would serve the fantasy life of hard-charging US-based developers. In less than two years, 303 ultramodern, eco-friendly, energy-efficient mid-rise office buildings rose from the earth. Employed to make it happen, more than 10,000 workers were on site at one time. More than 7,000 today remain on the job, erecting the other 200 buildings that are set for completion by 2008.

**Portfolio and Potential**

At a combined investment of 6 billion yuan (\$725.5 million), and with the support of the Beijing municipal government, the project was realized by the British Dauphin

International Group, Beijing Fengtai Science Park Construction and Development Co., Ltd., Beijing Dauphin Digital Park Construction & Development Co., Ltd., and the prin-



Integration of form, function and nature.



Material of the present — wood, cylinder and cube.



Pathways to progress.



Upon completion in 2008, the 65-hectare ABP development will be virtually a city unto itself. by Lowell Bennett

icipal executive common to those firms, Xu Weiping.

Each year the businesses housed at ABP are projected to yield 1.5 billion yuan (\$181 million) in taxes, with industrial and trade volume expected to cap 50 billion yuan (\$6 billion).

Today ABP accommodates the headquarters of top Chinese concerns and international corps. These include Samsung, the Long March Launch Vehicle Technology Co., Ltd., China Aerospace Times Electronics Company, Jianlong Steel Holding Co., Ltd., China

Material Storage & Transport Corporation, China Automotive Technology & Research Center and other high-profile state, private and multinational firms.

Besides the sale and lease of buildings to house the headquarters of domestic and multinational firms, the ABP complex will comprise general offices, R&D facilities, light manufacturing, apartments, condominiums, IT service centers, health clubs, auditoriums, banks, an international clinic, a post office, supermarket, entertainment venues, a full range of international dining

houses, various other service providers and a five-star hotel.

**From \$250 to 500 Buildings**

The ABP project was envisioned and conceived by Xu Weiping, CEO of Dauphin (UK) International Group, and chairman and general manager of Dauphin High-tech Business Park Development Ltd.

Born in 1960 in Haining, Zhejiang Province, after graduating university with a degree in automation processes, Xu first worked as a manager and director with state industries, in journalism and in government. He realized rapid advancement and promotions, but after a few years he gave up the safe career harbor of a state assignment. This move was due in part to his drive to participate more directly in China's market reforms and opening up to the outside world.

In 1990, now a free agent, Xu relocated to Beijing's Zhongguancun district. Although now in "China's Silicon Valley," his first entrepreneurial venture would be somewhat less than hi-tech and a bit shy of high-powered.

Xu arrived in Zhongguancun with 2,000 yuan (now about \$250). In the course of scouting-out opportunities, he happened to establish contact with a Guangdong appliance manufacturer holding a surplus of thousands of new but unremarkable room fans. It was midwinter and the units were stored, predictably so, considering there was approximately zero demand for non-heated air movers. But while most would have seen the fans as a storage liability, he saw an opportunity.

Xu structured a deferred-payment purchase on the fans and proceeded to use his available capital to print up thousands of discount coupons. Using his knowledge of government procurement policies, he distributed the coupons to the administrative heads of government offices. The concept was that the coupons would serve as productivity awards and gifts for thousands of state employees. Upon presentation, the employee received a free fan, the state offices paid a much discounted price.

Before the fan game was over, Xu managed to convert his 2,000 yuan startup capital into 200,000 yuan. That sum in turn went into establishing what would prove a highly successful (and actually hi-tech) plant manufacturing electronic components. Based on an OEM model, the single operation was soon realizing annual volume of 10 million yuan. Xu launched into other ventures and



On a tour of ABP, CEO Xu and Nobel Prize-winning economist, Robert Mundell, considered the "Father of the Euro," pause to pose with a forefather financier, Andrew Carnegie.

by the mid 1990s he was one of the top tax payers in China.

It was in early 1996 that Xu took an extended sabbatical to live in the UK as a visiting scholar and to further explore the ways of western industry and culture. In late 1997, he returned to China, now heading up the Asia-Pacific Division of Dauphin (UK) International Group, also to serve as chairman and general manager of Dauphin High-tech Business Park Development Ltd.

The Headquarters Economy

Within the next few years, Xu conceived of Advanced Business Park, his most ambitious venture to date. He sees the park as accommodating the expanding demand for headquarters facilities befitting a new breed of domestic enterprise and the China ambitions of established multinationals. This, Xu says, is part of China's evolving "headquarters economy," a fiscally dynamic reaction sourcing from the collectively beneficial centralizing of lasting enterprise and progressive ventures. This self-generating effect will create a tangible driving power within China's



CEO Xu presides over an ABP business forum.



CEO Xu confers with a team of German engineers.

new economy, according to Xu.

According to Zhao Hong, deputy chief of the Economic Research Institute, Beijing Academy of Social Science, the term is relevant and broadly applicable. "The headquarters economy concept envisions an assembly of multinational companies, creating attractive conditions and forming a rational division of labor."

Xu puts the theory in perspective relative to ABP: "We are creating a master environment favorable to domestic and multinational headquarter operations in virtually every respect."

Goodwill and Greater Good

According to Xu, the entire ABP project represents a particularly productive collaboration between industry and government. Metaphorically, he explains, "It is something like a courtship. We are the suitor pursuing our bride (government). We explain to her the good that we can offer to a family, and we express our honesty and our sincerely faithful nature. Then we bring flowers in the form of increased tax revenues, more jobs, and added vitality in the community."

In less metaphorical terms he explains the fundamental reason why such cooperation must work. "Ultimately, we and the government are working to a single goal... the greater good, to use a western expression. While the governments and corporations of

fully developed countries have the luxury of focusing on the bottom line, we must also educate our people in the ways of a new economy and better their lives. Only by taking these first fundamental steps and working together can we bring China to a par with now greater powers. To become the equal of more advanced nations, it may take us five, ten, a hundred, or a hundred and fifty years, but we will eventually succeed."

Xu Weiping has guest lectured at Harvard University in the United States and he has been invited to direct an MBA program at the prestigious Tsinghua University, Beijing. The ABP business model will soon be part of the MBA curriculum at Tsinghua and Peking universities.

ABP Corporate Residents—

Today the Advanced Business Park accommodates top Chinese concerns and international corps. Among these are Samsung, Long March Launch Vehicle Technology Co., Ltd., China Aerospace Times Electronics Company, Jianlong Steel Holding Co., Ltd., China Material Storage & Transport Corporation, China Automotive Technology & Research Center, China Chengtong Holding Company, China Quality Certification Center, ChinaComm System Co., Ltd., Zhongcheng Import & Export Co., Ltd., China Animal Husbandry Industry Co., Ltd., China Metal Technology Co., Ltd., China Container Holding Corporation, CHINT Appliance Co., Ltd., Great Wall Auto Co., Ltd., Tebian Electric Apparatus Stock Co., Ltd, and more.

The ABP skyline begins to take shape.



CEO Xu (third from right) escorts guests during Phase 2 groundbreaking.



CEO Xu (center) and ABP host the ABP Cup Super Model Contest.



CEO Xu at a press conference upon return from lecturing at Harvard University in the US.

