

Hebei Normal University & Hui Feng Yuan Group Project
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February 23, 2015

Introduction

The project team is assigned to work on a trans-organization systems project with Hebei Normal University and Hui Feng Yuan Group in Shijiazhuang, China. The project consists of the team negotiating a contract with the client(s), while having awareness and practice of Chinese business etiquette and norms. After the contract is negotiated, the team is responsible for preparing objectives and an agenda of the intervention prior to our arrival at the client site. In preparation for this project, the project team has summarized the project in the following order: company overview, contracting process, contract agreement, intervention objectives, intervention agenda, intervention preparation, and methods used for evaluation.

Company Overview

Hui Feng Yuan Group (Group) was established in 2005. Hui Feng Yuan Group has a total employee population of 189 employees with approximately sixty (60) employees based at its corporate headquarters. Each branch location has approximately ten to twelve employees.

The Group has three service divisions which include a small loan company and two pawnbroker divisions. The two pawnbroker divisions include a total of eighteen (18) branches located in Hebei Province. With multiple branches throughout the province, eleven (11) out of

the eighteen (18) branches are located in the city of Shijiazhuang. The other seven (7) branches are located outside of Shijiazhuang in surrounding cities within the Hebei province. The small loan company is located in Shijiazhuang.

Currently, Hui Feng Yuan Group's target market are owners of individually-owned businesses and micro & small businesses. In the near future, the company plans to offer peer-to-peer business similar to the Lending Club service model. The Hui Feng Yuan Group is currently preparing their website to add peer-to-peer business.

With the Group's current service model, the company cannot absorb public deposits, due to government regulations. Each city location within the province of Hebei has different government regulations, but it is not a major constraint per Hui Feng Yuan Group. Second, the small loan company is only allowed to conduct the small loan business within the city of Shijiazhuang. The two pawn-broker divisions are only allowed to conduct business within the Hebei Province. Hui Feng Yuan Group believes both the small loan business and the pawn-broker business are growing businesses in China.

While Hui Feng Yuan Group believes the services they offer are a growing business in China, the company is not clear on future development prospects, since the company has no microfinance industry experience or standards to serve as comparables. As of today, Hui Feng Yuan Group has not established a management system to manage the seven branch locations

outside the city of Shijiazhuang. The company has grown quickly since 2005 without a lot of infrastructure and controls put in place between the corporate headquarters and branch offices. The corporate office is unable to identify problems (managerial or operational) on time since the seven branch locations opened over the past two years. The corporate headquarters is currently not receiving information in timely manner from the branch offices, which impacts their service delivery model. Meanwhile, corporate management is very dependent on the branch managers to manage the branch offices effectively. Today, communication and information between the headquarters and branch offices is by conference call, emails, and onsite visits.

Contracting Process

The project team agreed to have one point of contact to take the lead and negotiate a contract with the client. The team determined that having one point of contact would eliminate confusion and help streamline communications between Hebei Normal University, Hui Feng Yuan Group, and the project team. Meanwhile, the project team, first, needed to identify the relationship between Hebei Normal University and Hui Feng Yuan Group, and how the project related to both organizations.

The first step in the contracting process was for the lead to contact Paul Wang to schedule a conference call. Prior to the call, the team prepared a set of questions, so we could get a better

understanding of the project and stakeholders. Our main goal was to identify the relationship between the University and Hui Feng Yuan Group. Second, the project team wanted to identify the client contacts and stakeholders. During the discussion, we learned that Boyang, will be our key contact at Hui Feng Yuan Group, is also proficient in English. He will be available to help with language translation between the project team and the key decision makers at Hui Feng Yuan Group, which include the CEO and HR Director. Third, the project team wanted to identify what types of services the company offered and what problems they are experiencing.

After the conference call with Paul, the contract lead contacted Zhao Guo Hua, Director of the Department of International Economy and Trade, School of Business, Hebei Normal University and Dr. Zhang Han, Professor – School of Business. During this discussion, the project team learned that the client will actually be Hui Feng Yuan Group; however, the University will partner with the project team by having two or three professors observe our intervention process while in Shijiazhuang. Prior to our arrival, Dr. Zhang Han and additional professors will be available to participate in the project by helping the project team with phone interviews, survey questions, and translation when needed. Finally, we learned that Dr. Julie Chesney will be teaching a course on organizational development for the School of Business at Hebei Normal University.

Once the project team was able to narrow down who the client is, and what the client needed help with during discussions with Paul Wang and the University, the team was able to prepare preliminary questions before contacting the client, Hui Feng Yuan Group. During the first initial meeting with the client, the contract lead first introduced himself with a summary bio. In addition, the contract lead introduced the project team members, which included a two-page PowerPoint of the team bios and photos. Overall, the first meeting was mainly an introduction meeting, and not an official contract meeting. The contract lead understood quickly that the Chinese focus on building relationships, first, before discussing contract details. Therefore, the contract lead kept the discussion light during the first meeting and discussed the company's mission, vision, and objectives at Hui Feng Yuan Group.

After the introductory meeting, the contract lead scheduled a follow-up conference call with Hui Feng Yuan Group. Prior to the conference call, the contract lead sent a meeting agenda to Boyang, Lead Project Coordinator, and Ms. Yu, HR Director, so they could prepare prior to the meeting. During the call, the contract lead identified the client's needs and how the project team can help. There were times during the call where the project lead had to rephrase a question, so the client could understand what specifically was being asked. The client lead had to be careful to use simple English and no jargon. A majority of the questions were answered, but some questions could not be answered since Boyang had to review and get approval from

managers not present at the meeting. After the conference call, the contract lead sent a summary of the meeting, in addition to questions not answered, but awaiting management discussion and approval at Hui Feng Yuan Group.

After Boyang replied to the contract lead with answers to the pending questions, the contract lead summarized a draft of the contract and presented to the project team for review. During the project team discussion, the team brainstormed additional questions necessary to ask the client before moving forward with the contract. The project team agreed to move forward with the contract after answering the additional questions.

To finalize the contract agreement, the contract lead scheduled a follow-up conference call with Hui Feng Yuan Group, and invited two project team members to attend the meeting. In addition, the contract lead invited Paul Wang to the meeting to help with translation if needed. Prior to the conference call, the contract lead sent a draft summary of the contract via email for the client to review. During the conference call, the contract lead introduced the two additional team members on the project, while the two team members asked the additional questions discussed by the project team prior to the meeting. After the questions were answered, the contract lead reviewed a summary of the contract with the client and received confirmation from the client that the contract was correct. During the contract discussion, Paul Wang helped with translation to ensure both parties understood the contract language and agreed to move forward.

With Paul Wang present during the meeting, the team felt comfortable that there was no misinterpretation of the contract agreement. The project team and the client agreed to move forward with the contract and begin pre-work prior to our arrival at the client site. The client agreed that the project team can distribute a survey to employees at the corporate headquarters and branch offices during the first week of March. The client also agreed that the project team can schedule phone interviews with each of the seven branch managers prior to our arrival at the client site. Finally, the client agreed that we can interview employees at the corporate office during our visit at the client site.

After the finalizing the contract agreement, Boyang followed up with the project team by sending a copy of the company's organizational chart. The project team is still waiting for a copy of their business model (pawn-broker services) and copies of job descriptions to review roles and responsibilities at the company.

Contract Agreement

After several phone calls, a contract was agreed to by the Hui Feng Yuan Group and the project team. The team summarized the contract with the client, and confirmed if the contract language was correct.

There are two key problems Hui Feng Yuan Group would like help with:

1. Help company streamline management of operations efficiently across seven branch offices outside the city of Shijiazhuang.

- The seven branches are located in seven different cities within the Hebei Province, which provide pawn-broker services: Hengshui, Baoding, Handan, Qinhuangdao, Cangzhou, Langfang, Xingtai.
- The seven branch offices recently opened through organic growth over the last two years.
- Branch Managers may have their own ideas, which is not always in the best interest of the corporate headquarters.
- The company would like us to focus on operations and people management.
- Identify problems managing operations

2. Identify if there is an overlap of roles and responsibilities across departments at the corporate headquarters. Are there any problems with Hui Feng Yuan Group's current organizational structure?

- Present Org Structure: Functional
- The company has grown quickly the last few years.
- Review role clarity

The key decision makers of the project will be Mr. Sun Wanjun, CEO, Hui Feng Yuan Group, and Mrs. Yu Xiaohua, Human Resources Director, Hui Feng Yuan Group. Both decision makers would consider the project a success, if the company receives the following deliverables:

1. Identify management problems within Hui Feng Yuan Group and solve parts or all of them.
2. Management are able make progress with critical management thinking (sustainability).

Intervention Objectives

- Identify common themes of engagement at corporate headquarters and seven branch offices outside the city of Shijiazhuang.
- Present survey results with common themes to the client management team for review and open discussion.
- Help management understand the concepts of organizational development and the intervention process for future sustainability of company growth.
- Finalize next steps for streamlining management of operations across seven branch offices.

Intervention Agenda

The intervention agenda is a tentative agenda, which may change based on the data we collect from the survey and scheduled interviews. Several intervention methods will be considered on arrival based on uncertainty, ambiguity, and time allowed.

| | Tuesday (3.24) | Wednesday (3.25) | Thursday (3.26) | Friday (3.27) | Saturday (3.28) |
|---------|------------------------|--|--|---|------------------------|
| Morning | Travel to Shijiazhuang | <p>Introduction: Setting the stage and expectations with client.</p> <p>On-site Interviews: Conduct Interviews with VPs and Directors (corporate office)</p> | <p>Client Meeting: >Present results of survey and interviews to management team.</p> <p>>Facilitate open discussion regarding findings, common themes; client feedback/ brainstorming (e.g. STAR model)</p> <p>>Categorize common themes (post dots/sticky pads)</p> | <p>Action Steps: >Facilitate discussion with client regarding next steps.</p> <p>>Commitment & agreement on next steps</p> <p>>Creating a vision statement (if time permits)</p> <p>Summary/Closing: What we learned and action steps moving forward</p> <p>Final Evaluation of Project w/ Client</p> | Group debrief feedback |

| | | | | | |
|------------------|--|---|---|-----------------------|-------------------|
| Afternoon | <p>Tour Client Site: Hui Feng Yuan Group</p> <p>Meet & Greet w/ Client: Project team: Pepperdine MSOD Team & Hebei Normal University Professors, Grad Students</p> | <p>On-site Interviews: Continue - w/ Branch Managers</p> <p>Debrief: Ms. Yu (HR Director)</p> <p>Dry Run: Dry run/Prep/ Planning of findings and facilitation to client.</p> | <p>Check-in w/ Team: Project progress assessment</p> <p>>Overview of morning discussion</p> <p>>Recommendations</p> <p>>Prepare Friday Agenda: Action Steps</p> | Cultural Visit | Travel to Beijing |
| | <p>Prep/Planning/ Dry Run/ Review Survey Data</p> <p>>Develop Interview Questions for VP/Directors after review of survey data (corporate office)</p> | <p>Check-in w/ Team: Project progress assessment</p> | <p>Scheduled Lecture – Hebei Normal University Professors (2:00 p.m. – 4:00 p.m.) Dr. Julie Chesley</p> | Cultural Visit | Travel to Beijing |
| Evening | Banquet | TBD: Banquet | TBD: Banquet | | |

Success Criteria: Client's Expectations

- Identify management system problems within Hui Feng Yuan Group and give both short term and long term, actionable recommendations.
- Management make progress with critical management thinking.(sustainability).

Preparation Prior to Intervention

- Completing a five level change management survey (company analysis) the first week of March with all employees at the corporate headquarters and seven branch offices.
- Scheduling and completing phone interviews with branch managers prior to our arrival at the client site.
- Collect organizational chart and job descriptions to identify hierarchy structure, roles and responsibilities.

Survey

We utilized a two pronged approach to collect data prior to our arrival in China. First, we created a survey to gather baseline data that we sent to the client and requested that they forward to branch office employees. The anonymous survey was designed to bring to light areas within the organization that might require mitigation. We used a Likert scale to make the survey easy to use for the respondents. Additionally, we had the survey translated in advance. Each survey

question addresses one of the seven key elements of successful change and measurements we felt would best provide insights. The survey will provide us with a broader picture of what is happening in the company as a whole as well as within each branch, and will inform dialogue and final recommendations. It also gives the client a tool that they can employ again in the future to provide them ongoing insight into their organization. The assessment itself is a modified aggregate of questions and methodology found among Big 5 consulting firms in the area of Change Management. It is traditionally used to measure organizational health before, during, and after organizational change. It has been customized to meet the immediate needs of this intervention, and will be administered by this team before recommended change. The original survey was created in English, which features and measures areas of clear direction, planning, leadership, communication, engagement, competency development, and measurement processes -- all components of a well-rounded operational plan. In total, the survey features 41 questions and a five-point Likert scale. Hannah from Hebei Normal University translated the survey into Mandarin. The university is assisting us with distributing the survey to employees of Hui Feng Yuan Group across the branch locations and corporate office. A link was given to Boyang and Ms. Yu on March 4. The desired completion date of the survey is March 13.

7 Elements and Measurements for survey question design:

| Element | Measurement |
|---|---|
| 1.) Clear Direction | - People understand their role & know how it benefit's the success of the business |
| 2.) Planning & Modifications | - Business plans have strong support by all stakeholders |
| 3.) Leadership | <ul style="list-style-type: none"> - Leaders words and actions demonstrate strong personal commitment to the business. - Leaders influence stakeholders to remove barriers. - Leaders regularly provide valuable feedback. |
| 4.) Communication | <ul style="list-style-type: none"> - A communication plan is in place followed. - Employees receive information by more than one vehicle. |
| 5.) Engagement | -Activities to engage employees at each level of the company and promote ownership |
| 6.) Competency Development & Reinforcement | <ul style="list-style-type: none"> - Reinforcement plans are ready to address any large shifts in behavior. - Education and training plans are targeted to specifically develop the areas of competence needed to be successful |
| 7.) Measurement | <ul style="list-style-type: none"> - Measurement tracks progress, addresses results, process and behavior. - Performance targets are established for all key measures. - There is access to resources to collect, monitor and analyze the measure. |

In addition to the survey, we created a 1:1 interview script to be used with the branch managers. We originally intended to conduct these interviews before we leave, but based on schedules now they will have to happen once we are in China. The questions are designed to help us better understand individual roles and responsibilities, performance management, organizational structure, culture and values, strategic plan and communication. We feel this data will give us a unique perspective into each individual branch manager's relationships with staff as well as with the leadership team. It will also show if there are large gaps between the branch managers and staff's point of views. This will help us identify where the biggest blind spots and opportunities lie. We wanted this to be an information sharing method and based on the data we receive it will help us with navigating whichever model we feel is best suited for this project (e.g. star model).

Branch Manager Interview questions:

1. Tell me about your role and what you are responsible for at the branch office?
2. How is your role evaluated? Are there specific goals you have to meet?
3. If there is one thing you would change at work, what would that be? Why?
4. Are you actively involved in decisions that impact your branch office? How?

5. Does your branch office have to comply with local government regulations that may differ from other branch offices?
6. What do employees value the most while employed at Hui Feng Yuan Group? Why?
7. Do you have a formal growth plan/strategy for your branch?
8. What would you like to receive from the corporate office that you are not currently receiving?
9. How connected is your branch to the other 6 branches located outside of the City of Shijiazhuang? The home office?
10. How is information exchanged between the branches and the corporate office? Among branches?
11. What sort of training programs do you offer? Is training company or branch specific?
12. Describe the office culture/atmosphere?
13. How do you evaluate individual performance? Branch performance?
14. What's working well? What isn't?

We also requested that Hui Feng Yuan Group provide us with an organizational chart and a list of leadership positions at both the corporate office and the individual branches. We received job descriptions translated into English for both corporate and store level positions which has been very telling in regards to the scope of responsibilities and what each role entails. Using these tools we will go into the client situation with a stronger understanding of the reporting structure. It will also help us be clear on the specific roles and responsibilities as well as decision making power.

Methods for Evaluation

To understand our success regarding this intervention, the contract lead will lead a closing conversation with the client following the formal presentation of the recommendation. The project team feels it is important to demonstrate respect for the process and client by closing the intervention in a similar way to how it opened. During the closing conversation the contracting lead will determine team success by gaining the answers to the following questions, which related directly to project goals and objectives:

- Was the project team successful at enabling greater awareness and clarity of common themes as a result of the survey, interviews, dialogue and/or consultation?

- Are the recommendations related to design to help streamline management operations in the areas of operations and people feasible and actionable?
- Has the team been able to identify scope creep as it relates to roles and responsibilities at the corporate headquarters?
- Has the project team been able to successfully build grow knowledge and appreciation for the role and field of Organizational Development with the client as a result of this intervention? (a similar question can be asked of our University partners)

Throughout the intervention, the project team will regroup to evaluate the process and redesign next steps as believed to be needed. Following the closing conversation with the client, the team will debrief on the entire process to understand and identify ways the quality of the intervention can be approved upon in future interventions.