

# Trans-cultural Practices: American Architects in Hong Kong

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## INTRODUCTION

The return of Hong Kong's sovereignty to China in 1997 marked the end of the British colonial era. It was widely believed that following the lowering of the Union Jack, Great Britain's long influence in Hong Kong would recede, making room for a greater presence of another western power, the United States. Some assumed that hundreds of American companies that had been looking for opportunities in Asia would use Hong Kong as an operations base for the larger China market. However, if the expectation of greater success has materialized to some degree in other sectors of business such as finance, banking or insurance, it certainly has not happened in the architectural services companies. During the last twelve months most American architectural practices have down-sized their Hong Kong offices, either sending staff home or laying them off. Some offices have in effect been closed down, leaving behind only a small representative staff. This is an opportune time to examine how American architectural firms react to the market and how successful have they been in Hong Kong. A study was carried out recently and interviews were conducted on a small group of companies knowledgeable about the works done by the American architectural firms in Hong Kong. (Note: The term American architectural firms refers to US based architectural firms, since there are other architectural firms set up locally by architects trained in the US, and generally regarded as local architectural firms.)

## THE ARRIVAL OF AMERICAN FIRMS

The presence of foreign architects in Hong Kong dated back to the colonial and pre-World War II years, as evidenced by the firms such as Palmer & Turner (recently changed to P & T Architects and Engineers Ltd.) and Leigh & Orange Ltd. Firms with strong British and Commonwealth influence also proved to be very successful during the post war years, securing commissions for major projects from the government, large hongts (foreign companies operating mainly in Hong Kong), banks and institutions. This tradition persisted to the end of and beyond the colonial era with the arrival of

a new generation of prominent British architects, notably Sir Norman Foster and Terry Farrell.

Large American architectural firms like Skidmore, Owings & Merrill, International Ltd. (SOM) arrived in the late 1970s and early 1980s to work on large commercial projects. Unlike their British counterparts, they were first brought in by local developers, who recognized their expertise in designing commercial buildings. Since then, more American architectural firms have come to Hong Kong to practice. In an interview, Hongkong Land Limited, a prominent local developer, points out that during the few years running up to 1997, when the economy was booming, the number of large American architectural firms working on Hong Kong projects actually increased. These included internationally renowned firms like SOM; Kohn Pederson Fox Associates PC; HOK International (Asia/Pacific) Ltd.; Callison Architecture Inc.; RTKL International Ltd.; Cesar Pelli and Associates Inc.; Leo A Daly Pacific Ltd.; and Arquitectonica. Joining forces with local associates, they work on a variety of mostly commercial projects, including office buildings, private clubs, hotel and office interiors, shopping malls, and, to a lesser extent, special buildings such as convention centers, stadiums, and other institutional buildings.

## THE AMERICAN EXPERTISE

When local developers are asked about why they hire American architects, most respond that the single most important factor is American expertise. This is partly due to the globalizing trends in everyday life, but it also stems from the international nature of Hong Kong, which has become a major financial center.

Learned from experience, Hongkong Land Ltd. finds out that prospective tenants often demand commercial offices that match top American standards. American architects with abundant experience from working on similar developments in other parts of the world can give better assurance in achieving such standards. Besides, leasing decisions by many international corporations are no longer made in their Hong Kong offices but by facilities managers in their head offices located in the U.S., home to the American architects.

It is therefore natural that American firms would be considered favorably in the selection process for the project. Another prominent local developer, Hang Lung Group, cites the Hong Kong shopping public's sophistication and desire for stimulating shopping environments and state-of-the-art shopping mall designs. Again, the American architects' experience has been crucial to their success in getting these kinds of shopping mall design projects.

It seems that regardless of project sizes, a key to the success enjoyed by American architects in getting these jobs has been largely due to their expertise. The principals of Gensler International (HK) Ltd. said during the interview that their office has done many interior design projects for lawyers. They admitted having an edge over local interior design firms since they could show their prospective clients the interior design and space allocation of hundreds of lawyers' offices all over the world, done by Gensler's branch offices. Based on the experience from such a large portfolio of projects, they can give their clients the kind of expert advice that no local interior designer can match.

### **PRACTICE IN HONG KONG**

During the interviews, many similar success stories were told. It would be interesting to find out how successful after all, the American architects have become in Hong Kong. One of the common ways to measure the success rate of a business sector is to look at its market share. With such a strong background in expertise, the local market share of major American architectural firms has been surprisingly small. Based on the feed-backs during the interviews, there is a consensus among developers as well as local and American architects, that the total market share taken by all foreign architectural firms (Americans included) is less than 10 percent of the total architectural services workload. This is an indication that although American architectural firms have been more successful in breaking into the higher end commercial markets, as foreign consultants, generally they have not been as successful in accessing other sectors of local developments which provide the bulk of the local architectural services work.

For example, more than 50 percent of the local development volume consists of residential buildings. Some American architects interviewed admit that they are not totally comfortable with handling local residential projects, since they are still not familiar with local market trends and complicated code requirements. On the other hand, the local developer, Hang Lung Group, who has used a number of American architects on commercial projects also thinks that designing residential buildings for the local market is not an area of strength for American architects. Compared with local architects, American architects' services usually entail higher consultants' fees. In residential building design, Hang Lung Group finds higher fees may not necessarily bring added value to the end product, since American architects are generally not as flexible and responsive to design changes

to cope with the ever-changing market needs as their local counterparts.

Yet another American architect, who has recently left the Hong Kong office of a prominent American firm, attributed the reluctance of his former company from entering the local market to the marketing strategies set down by the U.S. head office. The concern to uphold an up-scale international image of the firm has brought about decisions against the pursuit of any less-than-prestigious project in Hong Kong. As a result, for more than ten years' operation in Hong Kong, the number of local projects handled by this firm has remained relatively small.

Due to relatively high operation costs, it has not been easy for any American firm to maintain an office in Hong Kong. To justify a local office, it has been common to use the Hong Kong office as a regional center to service not only Hong Kong, but also China and the South East Asian countries, handling a variety of activities ranging from business development, liaison and coordination to project design and production. When asked about the reasons for choosing Hong Kong as its operation base over other Asian locations, the principal of Skidmore, Owings & Merrill, International Ltd., an American firm with long standing in Hong Kong pointed to the reliable and convenient communication systems (both electronic and physical); ready access to the international banking and legal services; a high quality, experienced and sophisticated local work force to support its activities and the ease of reaching any part of China. In recent years, there has been an increasing number of American firms getting involved in projects in China, such as the Jin Mao Building, the Shanghai World Financial Center, South Pacific Plaza, Union Square, Shanghai Space City and the Grand Gateway. All of these are very substantial projects involving multi-millions of dollars for development.

### **CULTURAL DIFFERENCES**

Among the design of different building types, none is affected more by the local culture than the design of residential buildings. Hong Kong's high-density development and high land cost contribute to a need for high rise residential buildings of high efficiency layouts for multiples of small living units. An understanding of the local culture is essential, since many design criteria derive directly from the everyday lives of Hong Kong families who may have a set of values quite different from U.S. families. For example, the idea of adequate space for living, the sense of privacy, the function and flexibility of interior space, design for extended family living, requirements for live-in house maids, furniture layout, kitchen layout and cooking habits have to be designed to suit the local requirements.

Some understanding of common 'fung shui' principles is also helpful in the design of residential buildings, so that they could become more acceptable to the potential buyers. The common concerns are about the orientations of the buildings, the main entrance design, the views and the

opposite objects facing the windows, the location of sharp corners and their treatments, the color schemes and the shapes of the interior and exterior spaces.

To overcome the cultural barrier may not be easy for many American architects with a limited exposure to Asian and particularly Hong Kong culture. A prominent Chinese American architect, who has practiced in Hong Kong for a long time points out that many American architects still prefer open kitchens. They do not see the importance of separate and closed kitchens to Chinese families because they do not understand that Chinese cooking is quite different from American cooking. Design issues such as this although seem straightforward in finding acceptable solutions for local architects may become serious hindrances to foreign architects unfamiliar with the living habits and culture of the local community.

### **COLLABORATION WITH LOCAL ARCHITECTS**

When it comes to the mode of collaboration between the American firms and their local architectural associates, some local development companies hold different opinions. Hongkong Land Ltd., which is in the high class office development business in Hong Kong, would prefer to see both parties working as a team throughout the entire development process, from the inception stage through design and construction to project completion, believing that this is the only way to ensure the realization of high quality design on the completed building. This company takes the view that the local office of an American architect has to play a key part in the delivery of the professional services so as to be effective. A local office only acting as a representative office, like a courier for the main office in the U.S., would not be acceptable.

Another developer, the Hang Lung group, tends to involve the American architectural firms only during the early stages of schematic design since this would be crucial to the generation of new and creative design concepts. After this stage of work, the project would be taken over by local architects who would be responsible for design development, the preparation of production drawings, submissions and building contract administration duties. This separation of duties between the American and local architects has been adopted in this company for the purpose of ensuring a smooth and expedient design and development process, an important factor to keep the development cost and timing under control.

The difference in opinion seems to stem from the different nature of the projects involved by American firms. In the former case, the buildings involved are mostly high-class office buildings intended for the international market whereas in the latter case, the building types involved are mostly residential and shopping centers.

Irrespective to the building types, the mode of practice undertaken by most American architectural firms in Hong Kong tend to rely heavily on their local associate architects

to handle the code requirements and the submission/approval process. Although similar arrangements are common in the U.S. for out-of-state architects to team up with local architectural firms, the adoption of this mode to practice would not facilitate the localization of American firms in Hong Kong. The interview has found out that at least one major American firm, Gensler International (HK) Ltd., intends to expand their local professional staff to handle the building codes requirements and make submissions on its own.

### **MARKET PRESENCE**

Since their arrival in Hong Kong in the late 1970's, American architectural firms' presence in Hong Kong has only been intermittent. With years' of experience working with American architectural firms, the Hongkong Land Ltd. noted that the American architects' interest in the Hong Kong market fluctuates with the U.S. economy. When the economy in the U.S. is down, more American architectural firms tend to come to Hong Kong, but when the American economy is thriving, they tend to leave. Therefore, it is perhaps not surprising to see major American firms withdrawing from Hong Kong, when the American economy is doing well, whereas Hong Kong is undergoing a major economic adjustment.

This development company continues to point out that the single most important factor it uses in choosing an American versus some other architectural firm depends on whether that American firm has a local office. This view is shared by many Hong Kong developers, who particularly treasure long term working relationships with their architects. In particular, they appreciate prompt, responsive, direct and dependable services at any time they need them. The architectural firms that show a strong commitment to the market by staying in business and continue servicing their clients during lean years seem to reap the harvest of steady and repetitive projects later on when the economy recovers.

A major American firm with long standing in Hong Kong pulled out from the market years ago now regrets for that decision. It realizes the importance to persist in the market, and now pledges to keep its Hong Kong office open in the long term despite the currently uneventful Asian economy.

### **KEYS TO SUCCESS**

From the above observations, the three main keys to success for American architectural firms in Hong Kong are:

#### **1. The need for a long-term vision**

The commitment to Hong Kong is regarded highly by the industry, and is gauged by the continuous presence in Hong Kong during better and worse times, servicing the needs of the industry and the community. Leaving Hong Kong when the economy is slow is not a good idea because it is a strong negative sign showing the lack of commitment. The effects will be long-lasting, for it will not be easy to re-establish the

business connections and the confidence in any particular company, making it difficult for this company to re-enter the market again when the economy improves.

## **2. The advantages from localizing the practice to some extent.**

One of the ways to sustain in a market is to become part of it. This can help to expand into other business sectors such as developments of other building types, increase the market share, diversify the sources of clientele and stabilize the business. Although the barriers to the local market seem to be formidable to many American firms, there have been numerous examples in the past where foreign firms have become localized and have then emerged as strong local players.

## **3. The need to be prepared for dynamic new challenges in the Hong Kong and broader Asian market.**

Hong Kong is an extremely dynamic city and a major commercial center. Its long exposure to the international environment has strongly influenced the flavor of the consumers and their desire for good quality living. Business decisions by the real estate industry will be made in response to market demands. American firms operating in such an environment will gain the most benefit if they could be so flexible to play a variety of roles, as required by individual projects in collaboration with their local counterparts. With a strong expertise background, they are well positioned to capture new business opportunities and open up new arena in Hong Kong and Asia.

The remarkable successes enjoyed by the American banking, finance and insurance companies in Hong Kong are good examples for the American architectural firms interested in setting up practices in Hong Kong. The Bank of America (Asia) Ltd., Citibank N.A. and Chase Manhattan Bank, have all become household names, while Morgan Stanley Asia Ltd., Goldman Sachs (Asia) Ltd.'s names appear almost everyday in the finance sections of most Hong Kong newspapers. All these companies are successful in Hong Kong because they have adopted the above strategies in ways most beneficial to the operations and nature of their businesses.

## **VIEWS FOR FUTURE**

The developers interviewed are happy to cite the recent stabilization of property prices as a sign of economic recovery in Hong Kong. The Hongkong Land Ltd. points to the persistence of a long term and continuous growth pattern despite short-term instability. As a measure of this confidence, this company has recently commenced a multimillion dollar, high-class office redevelopment project in Hong Kong's Central District, despite the current over-supply of

office space. Some local architects also think the worst is already over and the light at the proverbial end of the tunnel is now visible.

The same up-beat tones are detected during the interviews with a number of American architects. Some American firms are prepared to stay on to ride through the economic storm despite the current uncertainty. Some are prepared to become localized to some extent by bringing in local professionals to handle local issues like code requirements and market trends. These decisions have been based on their strong confidence in Hong Kong's long term economy and the companies' staying power in the local market.

After some re-structuring, these companies seem to be prepared to take on new challenges. The fact that their market share has been very limited implies that they have a lot of room to grow. New opportunities are already on the horizon such as the Disney Corporation coming to Hong Kong, and major tourist and commercial developments planned for the old Kai Tak Airport site. On a wider horizon, when China eventually becomes a member of the World Trade Organization, the amount of business between China and the U.S. and other western countries would grow bringing along further business opportunities for the American architectural firms.

Hong Kong has always been thought to be a place of fortune. After a period of economic slow-down, the question of when fortune will return is very much in the minds of many people. According to an old Chinese saying, 'ying' and 'yang' are two opposite and inseparable phenomena of the same entity and will continue to alternate forever.

## **NOTES**

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