

Mr. Spear Builds His Dream House

RENOVATING A HOUSE BY THE GREAT WALL LEADS AN AMERICAN BUSINESSMAN TO DISCOVER HIS TRUE CALLING by MARK GRAHAM

Little did Jim Spear realize that when he bought a postcard from a hawker at the Great Wall it would set off a chain of events that ultimately led to him becoming a local property developer, restaurateur and hotelier, with hundreds of local villagers dependent upon him for employment.

Spear had taken a pal on a tourist visit to The Wall, along a section close to Mutianyu village, and on the climb back down from the ramparts, the Chinese speaker bought a postcard from a local hawker. A Beijing resident at that time, Spear mentioned casually that he would love to have a house in such a gloriously scenic area, and politely handed the hawker a name card. He thought little more of the encounter until, some weeks later, his wife, Tang Liang, was puzzled by a phone call from someone claiming to offer information about a Great Wall village house for lease. Spear was intrigued and after further investigation and much negotiation, agreed to rent a dilapidated property in Mutianyu village, with plans to convert the place for use as a weekend retreat.

It was the catalyst for a total change of career — and life — for Spear. The house renovation proved so successful that friends asked for similar properties — done at a price — and now, some 15 years later, Spear has converted some 30 properties, runs several village restaurants, has recently opened a small, eco-friendly boutique hotel

and stages all kinds of peripheral tourism and corporate events. In effect he is a kind of honorary CEO of the village, hiring plumbers, painters, gardeners, chefs, dish-washers and waiters, ordering vast quantities of food and fruit from peasant farmers and helping draw up complex contracts with city dwellers who want to lease their houses.

It is a world away from his former life as a China-based senior vice president with Chindex International, a Nasdaq-listed healthcare company. Before that, entrepreneur Spear had been a co-founder of ASC Fine Wines, and worked as vice-president of Unison International, a pioneer joint venture investment consulting and trading company focused exclusively on China.

Spear is an affable character with the air of a man who can't



Image courtesy of Jim Spear



Image by Mark Graham

FROM BOTTOM RIGHT: Jim Spear and wife Tang Liang, and some of the houses they have helped renovate at The Great Wall

quite believe his luck in life, but beneath the avuncular, country-farmer appearance of t-shirt, shorts and

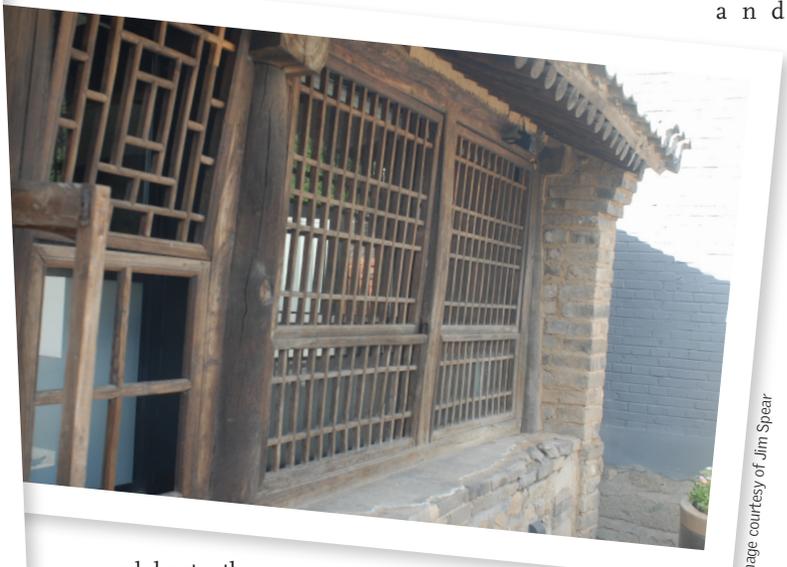


Image courtesy of Jim Spear

work-boots, the keen corporate brain still functions efficiently. He may have stumbled into this venture, but long-term success has come about through shrewd deals, astute management and careful book-balancing; it has meant acquiring an ability to deal with residents looking for an easy kuai from expatriate urbanites and to smooth over cultural clashes and face-losing scenarios.

“Most of it is not just foreigner and Chinese, it is outsider and local peasant,” explains Spear. “Rural communities in lots of places share the same characteristics as here. Every tree has an owner. We built our house 15 years ago and the day that we moved in there was a really really loud banging at the door so we went out and here was this little wizened old man.

“It turned out the pear tree outside the door we thought was ours was his. We had a Cherokee jeep parked outside our gate and he said it was compressing the roots of his pear tree. It turned out that if we gave him RMB 100 a year, it wasn't such an issue. My Chinese wife was very suspicious, she went into histrionics; she said if she rolled over too easily it would happen again.

“It did, of course. The next time, with another house, it turned out the stones were pressing on a chestnut tree. Every time we laid the stones the neighbor would tear them down. Finally we had to have that case adjudicated in the village hall, it was urban meets rural, foreigner meets Chinese. Blood is thicker than water and they are all related. My wife wasn't allowed to speak as in the village the men are the bosses – at least in public.

“We eventually got a settlement that was fair. I originally thought it was just ripping people off, but these people are stewards of the trees. Eventually we took the whole orchard. When you live out here you can see the other side of the story. People here are suspicious of city folk, as they come out and steal fruit from the orchard, it's a lack of respect. I have seen people come out and bang on doors and demand that the peasants cook them lunch.”

Since those incidents, Spear has garnered immense respect by galvanizing the village economy in a major way. The core business

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of the entrepreneur's portfolio is taking long-term leases on crumbling village houses — ideally for 30 years or more — and renovating them to dream-home standards of luxury, outfitted with imported kitchen appliances, custom-made furniture, rainforest showers and proper heating. Some are converted with the aim of renting out to Beijing city dwellers and overseas tourists, others are acquired and built for individual owners who, if they decide to lease the place out as a holiday home, generally go through Spear.

There is little to worry about in the way of competition, given that the foreigner-in-chief has built up more than 15 years of the all-important *guanxi* with the officials who can make or break a business, sorted out the best tradesmen and suppliers and, just as importantly, tapped into a network of wealthy and influential Beijing-based expats who buy, or rent, the houses and hire the restaurants for social get-togethers, talkfests and corporate team-bonding jollies. The Great Wall itself, of course, is the main lure.

“Five years ago I had a mid-life crisis at the age of 50. I decided to cash in my chips and decided I wanted to come and live in the village in the house that we had earlier renovated as a weekend retreat. We got a lease on the next door place and made it really special, with proper heating, plumbing and so on. When friends came and saw the wonderful views of the Great Wall they said, ‘Jim we want one’ and that is how the whole thing started.

“The mayor of the village also sat me down and said the village was having a hard time, there were not enough good jobs for the next generation. He said ‘you are a rich American, we think you should make an investment in our village’.

“When I converted the first house many years ago, I didn't know much, so I kind of got ripped off. In general, the underlying driver is what it costs for a long-term lease of the property. Around 15 years ago it was a few thousand dollars, five years ago it was several tens of thousands, and now, in this village, it has come up to about USD\$100,000 to lease one of the houses as-is, without any improvements.

“People are sitting on assets that were worth almost nothing and now they are worth something. People like us! It is a nice wind-fall. It helps them unleash the sale of assets they are sitting on. We have done more than 30 house leases and people have taken that money and done something with it. The families get the money, they educate their kids, take care of their old folks, improve their own homes. It is a big impact. The prices in other nearby villages with good infrastructure and Great Wall views are also increasing rapidly.

“I have had people who are now spending in the range of USD 500,000 or more on their houses, so when you put that money at risk you make sure it will not go away, they go through due diligence. We have written leases with extended leases and quite complicated terms to 30 and 40 years, rather than the standard 20 years. We tell people not to put a significant portion of their assets here, nobody needs a house by the Great Wall, it is an extra.”



Images courtesy of Jim Spear

An even more ambitious conversion, of a former tile factory into an eco-friendly boutique hotel, the Brickyard Inn and Retreat Center, is now up and running. Every room in the compound has uninterrupted views of the Great Wall, a feature Spear is hoping will draw plenty of custom from weekendening Beijingers and conference organizers looking for a unique destination.

“It is more expensive to retain an existing building than to start from scratch, that is the reason it is not done more often. The Brickyard is a wonderful old building with a tiled roof that looks like a temple. We took a building that was a dormitory and turned into a conference center. We built new rooms and used all the salvaged materials, brick by brick.

“I think the guests will be like the people who rent the houses, people who are accustomed to the five-star hotel experience who want to do something different for a change, closer to the earth. You can be in your beautiful private house with a wonderful Great Wall view but once you step outside you are immersed in village life; if you leave your window open at night you can hear the donkeys braying. One of our guests said you have to do something about the donkeys but we said ‘sorry that is part of the experience’.

Spear's business partners, Shanghainese Wang Peiming and his American wife Julie Upton-Wang, also have a Spear-designed home, a cozy split-level hillside property, underneath an enormous pine tree, that acts as a weekend getaway.

The venture is certainly a one-off, successful because Spear and his partners are so hands on. A golden rule for operating any business in China — even 30 years after it opened up to the world — is to have detailed local knowledge, and the right connections, assiduously cultivated. But Spear, knowledgeable though he is of the often-opaque methods involved in the so-called “Chinese way”, insists he adheres to a strict ethical code.

“From the beginning the locals were simpatico, they know that the houses contribute to the village community. One of the things that is nice is that when people get more money they are rebuilding their own homes, with some of the technology and design elements that I have used. In the village next door the mayor took the old village hall that had been abandoned and turned it into a co-operative restaurant — they used one of my contractors and used a lot of cool design that they would never have done before.

“I have lived in Beijing for the past 24 years and right after I moved here was the first time I came to this section of the Great Wall I fell in love with it. It was blue skies and friendly people and close enough to town without taking all day to get there. And it all started when a hawker wanted me to buy a T-shirt and I ended up buying a house instead. The best stories are the true ones like that.” ■