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PHAM THI LOAN AND HER AMBITION TO CREATE A FAMOUS VIETNAMESE TRADEMARK FOR VIET A

I do not doubt for one minute that the reputation for excellence of Vietnamese products will come to be recognized worldwide... said Pham thi Loan. Eight years later, Pham thi Loan fulfilled her dream by establishing a company of her own, Viet A, which had established its reputation as a leading manufacturer of electrical equipment.

The company was established in the middle of the 1990s when Viet Nam launched a new period of renovation. The Asian economies faced a financial crisis, and competition increased everywhere. Viet A decided to emphasize “Quality and Reputation” as its foundation for the future. Bringing all her drive and enthusiasm to the company, Pham thi Loan was determined that her company, Viet A, would become a big corporation with a universally recognized name.

Loan had begun her career as an English teacher in the Security Service College in Hanoi in 1985. Becoming bored with her teaching, she moved to Packexim, a state-owned packaging company in 1989. Three years in that company had provided her the experience of working in the state owned sector; it had also given her the opportunity to attend a training course in India that exposed her for the first time to the outside world. In the early 1990s, foreign companies were rushing to Viet Nam and as the market opened up, there was huge demand for English speakers. In late 1991, Loan left Packexim to work with the large Korean conglomerate, Hyundai.

Hyundai was one of the most successful Korean corporations and Loan was immediately impressed by its management system and working style. Working in a foreign company for the first time, Loan relished the open and stimulating atmosphere and enjoyed her work. “People were encouraged to develop their intelligence, and I liked that!” Hyundai’s experience in human resource development had resulted in a

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system that encouraged the staff to work efficiently and contribute their talents to the company. Loan's dream was to become the "chief representative" or manager of the office. Her hope was that Viet Nam would soon develop a similar open and efficient system for staff development. Loan was very straightforward and very frank. Being a woman, she did not want to rely on after hours socializing to establish relationships, which was often the way of her male counterparts.

In Hyundai, Loan had her first experience in general trading, specially of electrical equipment. Was it suitable for a woman? She liked the job and worked very hard, sometimes returning home at 1 a.m. or 2 a.m. She was fortunate that her family never complained. Hyundai sent her to Korea for technical training, and this provided the seed from which she was to develop her own company later. In Korea, Loan observed that many products on the market were made in Korea; cars produced by Hyundai, Daewoo, KIA, and SsangYong far outnumbered imported vehicles. The Korean Government had protected domestic production very well. She hoped that one day, Viet Nam would do the same-manufacturing excellent products domestically and introducing efficient working systems. .

Hyundai was a well-managed Asian corporation but changes at head office led to some problems in personnel policy. In 1995, at the age of 33, Loan moved to the Hanoi office of ABB, the European electrical equipment giant.

Viet A was established in the same year, managed initially by one of Loan's brothers. The initial capital of 200,000,000 VND, (US\$ 17,000) was shared by Loan (65%) and a friend (35%). Being the eldest in a family of five brothers and sisters, she had simply intended to set up a small trading company to help her brother and family. "I have been a very good daughter, and I will be more than happy if in the future, my children do as I did", she insisted. They rented an office in Lang Ha Street and started the business by trading a number of electrical devices and components. Loan's job at ABB kept her busy all the time so she did not run the company but she supported her brother and acted as a consultant.

ABB's management style reflected European courtesy and politeness and that pleased the employees. Industrial relations in European companies were somewhat smoother and more stable than in Asian companies. ABB treated the staff with real consideration. Again, Loan was able to observe the diverse types of management and to compare the character of various global corporations. ABB had been established in 1883 and had acquired a worldwide reputation with more than 120 years of technological leadership. Loan's two years with ABB were particularly beneficial enabling her to gain a great deal of skill and knowledge of the electrical industry, especially automation and power technology in which ABB was very active.

In 1997, ABB sent Loan to Germany for training on electrical technology. Going to other countries, seeing famous brand names and trademarks, she wondered "why does Viet Nam not have its own trademarks and brand names? If only Viet Nam could manufacture something to publicize the name of Vietnamese products throughout the world!" That was Loan's innocent wish, because at that time she had no experience in technology or manufacturing. It was just a very strong desire of a Vietnamese woman, having a deep love for her country. " I love the Vietnamese

people and I have a healthy sense of nationalism. I want to make Vietnamese product known everywhere!”

Loan’s first idea was to go into the manufacture of switchboxes that were similar to the simple ones she had seen in Germany. She contacted a young Vietnamese friend in Germany and asked her friend to “study the technology in making such a switchbox, bring it back to Viet Nam, and let us produce it in the future!” Actually, at that point in time, the prospect of manufacturing was a prospect too distant and too complicated for Loan to contemplate, and it was very difficult to imagine the process through which it might actually take place.

Loan knew that advising her brother on Viet A was not easy, because she did not have enough training in the field of electrical industry so she decided to study management and production. “I participated in many training courses and gained a lot of new knowledge and technical skill. It had been invaluable in enabling me to manage Viet A now.”

One lesson she learned at ABB was that large corporations risked developing a cumbersome management system. In ABB, everything had its own process; a new employee had to follow company policy, and of course it was impossible to change the company’s work style and culture. The work culture at ABB was appropriate for big companies but would not work efficiently in the smaller companies that predominated in Viet Nam. Loan therefore decided to leave ABB in 1998. Reflecting on her situation at that time Loan commented, “I was very fortunate, I had been given the opportunity to observe how some large Asian and European companies manage their businesses. I learned a lot from them.”

She had decided to give up work for a while and had intended to go abroad to take an MBA, still with the same ambition to be the chief representative for a foreign firm or the manager of a Vietnamese office. Unfortunately, a motorbike accident kept her bed ridden for more than six months; she was to remain constantly afflicted with headaches thereafter.

Turning Point

The year 1998 was a very unlucky year for Pham thi Loan. She was 37 years old, the age of bad luck according to Asian tradition. She had given up working, suffered from the motorbike accident, and worst of all, faced a bitter divorce from her first husband. To escape from all these, she started to go to Viet A more often, helping her brother with the day to day work. It was at this point that Loan took the brave decision to enter the manufacturing world, and to set up her first factory.

While advising her brother from 1995 to 1997, she only wanted to stay in the background, reluctant to become trapped in the economic system of Viet Nam. It was so difficult to predict the future of a private company. Likewise, Loan also hesitated because to be “a woman entrepreneur, is so hard in Asian society.”

Fortunately, Viet A had a very good start. Loan understood that a sound power sector was essential for economic development so the company focused on trading in electrical components, appliances and devices. Viet A ordered and imported

various electrical components, spare parts, cables, testing equipment, switchboards, and then from foreign firms. From the outset, the company had identified a good market segment and found reliable clients. Starting in a small way, it had focused on quality of production and reputation. Foreign suppliers and domestic clients had gradually come to trust the name of Viet A and considered it a reliable trader. The business had developed quite well.

The Viet A Electrical Equipment factory, VAELEC, was officially set up in 1998, as an affiliate of Viet A trading. Loan described her feelings when she had gone abroad for training

I saw nearly all Korean cars only in Korea, and German products dominated the German market, why could we not make something ourselves in Viet Nam? Why are foreign people so talented? When will the Vietnamese people be able to emulate them? We should make the name of Viet Nam a symbol of excellence, and show it to the world! .

Loan's parents did not know what she was doing, and her friends tried to dissuade her "Loan, why don't you just stick to trading? That should be enough for you! Do you really think a woman can manage a factory? No way, it is so hard!" But Loan just smiled, "Don't worry", she said, "just wait and see."

Loan and her brother rented a place in Pho Noi, Hung Yen province where they started their factory operations. At the beginning, they recruited only a few dozen workers. The factory imported high quality spare parts from other countries for assembly in Viet Nam. Her first products were simple electrical boxes, cable accessories, switchboards, conductors, wires, joint boxes, and disconnectors.

The experience at Hyundai and ABB and the relationships Loan had developed through them proved to be of great value to her. She had good connections with outstanding Vietnamese technicians in the power sector whom she could hire as associate designers for VAELEC. These people were working with government institutions such as research institutes, and state owned power companies but found time to attend to her requirements outside of their regular jobs. They were very talented and many had been trained abroad. They were experienced and had excellent technical skills. Loan invested considerable sums in paying the technicians for their designs "It was very expensive, but it was knowledge, so I accepted that I had to pay for it."

The first year was really difficult for the factory. In order to carry out assembly, the workers and engineers were obliged to rely on the technicians Loan had introduced. As it turned out, the technicians did not always follow the exact process described in the design; no one wanted to give away their "technical secrets". However, some of her engineers and workers were very skilled and learned quickly from the designers. Gradually, the workers and engineers in Viet A progressed to the point where they could produce sophisticated electrical equipment and cable accessories themselves.

Loan was always faithful to her initial aim to build up the name of Viet A as a first class production base. She created a first-class image for the company and won the trust of the market. Having a very broad vision of the future, she spent substantial sums of money in training her staff, hiring technical experts, and buying highly priced software. Her workers made use of the materials to study and improve their technical skills.

In the initial stages of development, the various management responsibilities had exhausted her. It was very difficult to control the working style in a private factory where discipline was hard to enforce. Likewise, it was not easy for her to give orders or make requests to the men who comprised the majority in the workshops. In 1999, Loan decided to introduce the ISO management system in the factory, a process which lasted for about 10 months, with almost all the relevant ISO documents and papers written by her. By the end of 1999, both ISO and 5S had been applied in every production line and workshop, and the company had been issued an ISO certificate by BVQI. This greatly enhanced the quality control in the factory, which had since then been very well maintained. Loan was pleased to observe a very significant improvement in the working practices. Moving beyond ISO, Viet A will apply the Total Quality Management system (TQM) in the near future

“Being successful with my first factory made me feel great. It was a huge challenge for me and I overcame it”, she said with a very bright smile. Loan continued to pay for the development of the technical skills of her workers and to source electrical component designs from foreign countries. She said: “ I would not spend money to buy a beautiful car, but I have not hesitated to spend a lot of money to train my people, perhaps nearly a hundred thousand US\$.” It was not cheap to buy foreign technology, even an outdated foreign design was expensive, but her workers were good at learning and adapting. They improved production processes very quickly.

Viet A had already earned a strong reputation for quality production. Loan was very happy to see the company grow. A number of foreign partners had requested Viet A to use their brand names, or to enter into a joint venture, but Loan was not interested. She had great confidence in herself and her staff in Viet A. She was determined to maintain a purely Vietnamese name for her products, which were indeed really Vietnamese.

The year 1999 was a good year for private enterprises in Viet Nam. A new Enterprise Law was introduced, creating a more favorable environment for private sector development. By then, the name of Viet A had become known to the banks, and representatives of several banks visited Viet A, offering to provide substantial loans. It was a very encouraging sign. After four years of operation, Viet A had earned a good reputation and received support from several state-owned import-export companies that purchased Viet A products on favorable terms.

In 2002, a second Viet A factory was established and in the same year, a third composite factory was set up. Always insisting on her policy of reliable production, Pham Thi Loan had steadily built up high-quality facilities making excellent, safe, and reliable products, at reasonable prices.

Viet A could produce complete substations with computerized controls, protection and control panels with 110–220–500 kV capacity that few competitors could make. The company had a good team of engineers capable of making the most advanced designs. Materials and main component were imported from well-known reliable global manufacturers such as the G7 countries, Australia, USA, and Scandinavia. Production was in the hands of qualified and professional staff, working on high-tech manufacturing lines imported from Japan and USA.

Loan's Ambition: "A large Corporation"

"Viet A is not a large company, but I am quite ambitious." Pham thi Loan was not content to stand still and intended to expand the company into a big corporation. "When I was a teacher, I never thought of being an entrepreneur but Viet A will become a big corporation someday!"

Together with her colleagues Loan had drawn up an expansion plan. She planned to have five factories and representative offices in Da Nang, Hung Yen and Hochiminh City by 2005. Two more new factories would be completed, Viet A Electrical Construction and Viet A Cable. She intended to equitize the company, with Viet A Trading as the holding company, with 50% of the capital; five affiliated factories would hold the other 50%. Shares would be sold to company employees initially, and to the public when Viet A would have become stronger. Loan was quite ready to float Viet A on the stock market when the time was ripe.

"Viet A is not a family enterprise, my three brothers have gone their own way and now have their own companies, only my sister is in Viet A is helping me in the financial department." That was how Loan and her brothers preferred it. They had found it difficult to work with the complication of sibling relationships. It was unpleasant to have to quarrel with a close relation, and impossible to criticize each other at work. Loan therefore decided to support her brothers by setting them up in their own companies, and allowing them to use the Viet A name to give them credibility in the market.

Viet A had achieved a total turnover of more than 265 billion VND in the first half of 2003, and had established a reliable and efficient management system. The company focused on human resource development and created a pleasant working environment. The chief of personnel had received thorough training on labor issues and industrial relations. Viet A aimed to recruit talented people with good potential and with willingness to work for the company in the long term. Viet A staff were made fully aware that "The company is a family and colleagues are brothers and sisters"

Viet A activities ranged from trading to manufacturing, construction, design, consulting and engineering. The company offered clients a full range of cables, specially sophisticated alloy cables that called for highly demanding production technology. Its electrical accessories, cubicles, control equipment and devices, compact and complete substations, composite boxes and testing equipment were all expertly designed specifically for the Vietnamese market and able to meet the demands of the most difficult customers. The company had also designed, supplied,

installed and commissioned electrical turnkey projects and substations up to 500kV capacity

Pham thi Loan was the lead person at Viet A handling big projects such as: eight substations of 110 kV valued at US\$3.5 million; a substation of 220 kV at US\$5 million; and the project to supply and install the Ho Chan hydroelectric plant

“The most difficult thing I have encountered in my career was convincing others outside the company, to prove and defend my opinions to them” said Loan. Fortunately, there was a good understanding between Loan and her staff, and a flexible management system. She was able to convey her enthusiasm and inspire her workers so that they supported and believed in her ideas. Perhaps this was easier for her as a woman?

“I think having been a teacher was an advantage for me, I clearly allocate tasks to workers and engineers”, Loan explained. She had carefully observed the way of working at Hyundai and ABB, and identified their strengths and weaknesses. She recognized the importance of encouraging her staff and respected their individual role and ability. The staff were urged to cooperate wholeheartedly with their teams, but individuals were also trained to accept their own responsibility. Viet A maintained a “customer oriented policy”, continuously examining customers’ needs and meeting their demands to ensure their complete satisfaction. The company also carried out continuous research, trying to anticipate the customers’ future demands.

The company staff were satisfied with the working environment because they were themselves respected. Loan trusted her workers and let them make decisions through brainstorming and teamwork. If they could not solve a problem, the head of the section would meet Loan for discussion and advice. Viet A was running well. Sometimes, Pham thi Loan was away on business for a whole month, but the company continued to operate smoothly.

“The difficult thing for me now is the turnover of staff; people have come and gone, I have trained them, and they quit after a while. Besides my three brothers, two other experts have left Viet A to set up their private companies.” Throughout the world, retention of capable staff was one of the most difficult challenges for employers. This was especially true in Viet Nam. The country was changing so fast and many people aspired to be entrepreneurs.

Every new member of the company received on the job training and had to understand one principle: that a person should be brave enough to accept a loss rather than risk the company’s credibility or reputation. That was precisely what Loan had worked for in Viet A, maintaining mutual respect with her workers and protecting the company’s reputation and good image in the marketplace. Her first priority was to establish Viet A in the domestic market; once that had been done, she would be ready to export. Foreign suppliers in the field of electric components found it difficult to compete with Viet A since its prices were cheaper while the quality of its products was equivalent to their own.

“I don’t want to rush into exporting. I will ensure high-class production first, then go abroad to study what quality they expect.” Loan wanted to focus on building a sound company first; she had confidence in her own ability and had a clear vision of the future. However, Viet A was already selling products to foreign invested projects in the domestic market.

Pham thi Loan had always believed that she would be able to create a good market image and develop a sound client portfolio. Power generation was the essential foundation of the country’s economic development. If Viet A could establish itself as a reliable supplier, the company could look forward to a bright future. From the initial capital of 200 million VND, Viet A had acquired assets of 35 billion VND and was adjudged creditworthy by seven big banks in Viet Nam. Loan now wanted to expand Viet A activities to Bangladesh and Cambodia.

The Magnetic Lady?

As a woman, Pham thi Loan faced many obstacles in the electrical industry. Apart from her work at Viet A, Loan had to be a diligent mother. In 2001, she got married again to a construction engineer who was very supportive of her career and helped her overcome the effects of her motorbike accident. He made sure that she did not work long hours. She could not spend too long a time reading, and she rarely used a computer. She wrote her own notes leaving the typing to others.

Loan was lucky to have the full support of her parents, her husband and her two sons. The eldest son, Ho Tuan Anh, who was 17, liked to study heavy industry and wanted to become the successor of his mother in Viet A. “That makes me very happy, but my sons must study a lot before entering Viet A.” Loan intended to send her son to study in England since she felt that a good English training was essential for him.

Loan could not explain why the electrical industry had become the basis for her life work; perhaps it was her destiny as an entrepreneur. In Asia, people believed that if entrepreneurs found a business in which they felt at home, they would be successful, and that was true for Loan. Her career had demonstrated that a woman could do very well in the field of heavy industry. She really enjoyed her job and had acquired excellent technical skills. She felt very fulfilled after overcoming the difficulties. The most difficult and unforgettable story for Loan and Viet A was the Asia Development Bank (ADB) electrical bidding in 1998. The project which was worth US\$3.5 million involved the supply of switchboards, cables, substations, and other electrical devices. Although Viet A ranked, 4th initially, Loan strongly believed that her company would succeed in the bid, because she knew very well the advantage of Viet A and the weak points of the three other competitors. “That was a fierce battle, the strongest competitor was PNI Thailand, a Thai company, established by a Frenchman who understood Asia very well.” Both were competing strongly and PNI sent a new proposal to the ADB office in Manila. Loan had to do the same thing; she produced a full set of technical documents to prove the feasibility of the Viet A bid for the project. After two years, ADB Manila awarded the contract to Viet A.

The company had no foreign competitors for small substation projects since Viet A prices were reasonable and the products were well adapted to domestic market conditions. Many Vietnamese organizations had come to trust Viet A as a completely reliable supplier. The Viet A workforce was kept busy with the construction and installation of power projects up to 110 kV capacity for both civil and industrial purposes.

Viet A had created work for more than 500 people and is expected to increase its workforce in the future. Loan was very happy to be able to provide jobs enabling people to have a better life. She was born in Hanoi but her family came originally from Nghe An province in central Viet Nam. She had gone to the countryside with her mother when she was just over 10 years old. She felt sorry for the farmers because their life was so hard, and wanted to do something to make their work easier. She wanted to develop automatic machines for rice harvesting, alongside the next Viet A project-building a mould casting factory.

It was not easy for Loan's family and friends to accept that aside from being an English teacher in the Security Service College, Loan had become a successful entrepreneur in the power sector. Her biggest motivation was the unwavering ambition to prove the ability and spirit of the Vietnamese people. Born in 1950, the year of the Tiger, Pham thi Loan was still young enough to devote her many talents to Viet A. Over the last eight years, she had proved to be the heart and soul of the company. She pictured Viet A to herself as a "Roaring Tiger" dominating the most difficult industry in Viet Nam. The entire staff were striving together to achieve their goal, a bright and long-lived future for their company, Viet A.