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**The Organizing and Market Development
of a Subcontracting Project to Vietnam:
a Developing Export Market for Finland**

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<p>Vietnam is one of the fastest developing countries in the world. Finland and Finnish companies have been doing more and more business in Vietnam in recent years. Understanding the environment and the business culture of the country of the utmost importance before entering the market. The goal of this project was to find a suitable subcontracting partner for the client company and thus to find information about the Vietnamese business culture.</p> <p>This project was carried out for Finpro which is a Finnish organization that is part of the Embassy of Finland in Vietnam. Finpro helps Finnish companies to internationalize. In other words it helps them find business opportunities and do market researches.</p> <p>Finpro gave the author a project where the main objective was to find a subcontracting partner for Oy Company Ab in Vietnam. Company is a company specializing in water treatment machines. They want to assemble one of their product lines in Vietnam by subcontracting.</p> <p>The project was done by deskwork, through searching compatible metal workshop companies on the Internet, contacting them and handing out questionnaires. After that a long list of 24 companies was made and narrowed down by the given criteria. The short list contained only 6 companies, whom the questionnaires were handed to. Company Oyj's representatives then went to visit these 6 companies and selected the most suitable one to be their subcontracting partner.</p> <p>This project provides concrete and practical suggestions on how to do subcontracting in Vietnam, while giving a brief analysis on the subcontracting companies.</p>	
Keywords	Vietnam, subcontracting, market research, Finpro, Company, water treatment, project, analyze, internationalize, deskwork, Finland

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<p>Vietnam on yksi nopeimmin kasvavista kehitysmaista maailmassa. Suomi ja suomalaiset yritykset ovat tehneet liiketoimintaa Vietnamiin yhä enemmän viime vuosina. Vietnamin ympäristön ja kulttuurin ymmärtäminen on hyvin tärkeää ennen liiketoiminnan aloittamista Vietnamiin. Insinööriyön tavoitteena on auttaa lukijaa hahmottamaan vietnamilaista liiketoimintakulttuuria.</p> <p>Finpro on suomalainen organisaatio, joka on osa Suomen suurlähetystä Vietnamiin. Finpron toimeksiantoon kuuluu auttaa suomalaisia yrityksiä kansainvälistymään etsimällä liiketoimintamahdollisuuksia ja tekemällä markkinatutkimuksia.</p> <p>Finpro antoi projektin, jossa tavoitteena oli löytää alihankintayrityksen Vietnamiin Oy Company Ab:lle. Company on vedenpuhdistus- ja vedenkäsittelykoneisiin erikoistunut yritys. Company haluaa tehdä yhden tuotantolinjan kokoonpanon Vietnamiin alihankinnalla.</p> <p>Projekti toteutettiin toimistotyöskentelyllä. Sopivia metallityöpajoja etsittiin internetin kautta, jonka jälkeen niihin otettiin yhteyttä ja toteutettiin kysely. Ensimmäisessä metallityöpajalistassa oli 24 eri metallityöpajaa. Ensimmäisestä listasta karsittiin pois annetuilla kriteereillä 18 yritystä, jonka jälkeen karsitussa listalla oli vain 6 yritystä. Company Oy:n edustajat menivät näihin kuuteen yritykseen yritysvierailulle ja valitsivat itse sopivimman yhteistyökumppanin.</p> <p>Tämä työ antaa konkreettisia ja käytännön ehdotuksia, miten tehdä alihankintaprojektia Vietnamiin. Työ antaa yksilölliset analyysit alihankintametallityöpajoista.</p>	
Hakusanat	Vietnam, alihankinta, markkinatutkimus, Finpro, Company, vedenkäsittely, projekti, analyysi, kansainvälistyminen

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1 Introduction

Doing business in a different country has its problems and risks. Making a simple mistake could be devastating to the business. To avoid it, it is reasonable to do one's homework about the country and how things work there before entering the market. In Vietnam they have a different language, culture, way of thinking and environment. What one takes for granted in Finland might not been even thought about in Vietnam.

On the bright side Vietnam is a land of rising opportunities. It is developing fast, which means if one is to act now, or within the coming years, one's business growth may not see any boundaries. Chinese currency appreciation is moving business from China to Vietnam, so the moment to act is now.

1.1 The Themes and Principles

This thesis will use Company subcontracting project as an example to understand what is like to start operating in Vietnam and what one should be aware of. This thesis includes a deep analysis about the working environment, and some dos and do nots. It is a business model orientation of technology and knowledge to Vietnam.

Based on my working experience in Vietnam, this thesis will contain some detailed descriptions of Vietnamese mentality. Understanding how people think is very important because most likely they do not see things the way one sees it. Yes might not mean yes and no might not mean no.

This thesis will not go into technical details because the project is business oriented.

1.2 Objectives

The main objective of the project is to find a suitable subcontracting partner for Company in Vietnam. It is done by deskwork only. The subcontracting candidates are found by different channels. The candidates are searched through the Internet, recommended by someone in one's network or by going through the member list of the local Metal Work Union. From all the possible candidates a long list is created. After consultation with Company, the selection criteria are made. Company is Finpro's customer, so the project is done by their needs and preferences. Finpro can give suggestions but the final decision is with Company. From the long list companies are eliminated by the criteria to form a new short list. The companies from the short list are approached by phone calls and questionnaires. Then Company will come to Vietnam for a company visit to make the final decision for a subcontracting partner.

Through this project the main objective for this thesis is to give the reader basic information what it is like to do business in Vietnam. This thesis gives suggestions on topics you should considerate and investigate before acting, and warns what not to do in any circumstances. Vietnam is a country where it is impossible to be successful without doing your homework.

1.3 Scope

The project is only about finding a suitable partner for Company in Vietnam. This project only introduces the best possible candidates to do subcontracting for Company. Finpro's responsibilities will end after arranging meetings with the short list companies.

The thesis tries to describe Vietnam as a business environment. It is generalizing but this is the only way to understand a specific culture or environment. This thesis is not trying to give a poor impression of Vietnam or its people but only to show the weak points to learn about them and through that improve. Only by acknowledging the weak points one can use them as one's advantages.

2 Vietnam as a Business Environment

2.1 Basic Information

Vietnam is in South-East Asia as shown in figure 1.



Figure 1. Map of Vietnam [26.]

This is a list of basic information of Vietnam:

Official name:	Socialist Republic of Vietnam
Currency:	VND (dong)
Total Area:	329.560 km ²
Total Population:	87.3 million (2009 est.)
Capital:	Hanoi, 6.2 million
Major Cities:	Ho Chi Minh City, Hanoi, Hai Phong , Da Nang
Languages:	Vietnamese (Official)
Literacy:	90.3%

As mentioned before Vietnam is a rapidly developing country with a GDP (Gross Domestic Product) growth around 8% for the past five years. Vietnam exports mainly

crude oil, seafood, rice, coffee, shoes and garments. Several companies manufacture different types of goods in Vietnam because of the cheap labor costs.

As a developing country Vietnam many changes to raise its head to compete with other countries. That is why Vietnam imports machinery and equipment, petroleum products, steel products, cotton grain, cement and motorcycles. In Vietnam the most common and practical vehicle is motorcycle because of the dense population. The new generation who has risen to the middle cast or above has started to invest in cars which cause bad traffic jams and logistic problems in the future. Even though cars are inconvenient in Vietnam still people purchase them because they are also a status symbol.

The main drivers for economical growth in Vietnam are manufacturing and service. Manufacturing in Vietnam is cheap because of cheap labor and Vietnam is the neighbor of the world biggest market China. Service culture is still in the developing state in Vietnam. Vietnamese people should learn soon to transfer from the socialist communist thinking to the capitalist thinking to survive in this competitive world. It is still not clear there that customer is the one who brings the money, so the customer should be treasured. To be service minded, one should understand the customer and know his or her needs and wants. For example tourism in Vietnam suffers when tourists in Vietnam are treated like money cows that should be milked all their money out in any way necessary. If one has more, one should pay more. At the end of the day the tourist will feel ripped off. The problem is that Vietnamese people do not yet understand long-term thinking. They still live day by day and if one can get everything today, even it is harmful for the future, they would still do it. That is why it is harder to trust people in Vietnam whe one does business with them.

Non-state companies are more popular than the state-owned enterprises (SoE). Inside of the SoEs in Vietnam has a lot of bureaucracy because of complex hierarchy system in the government, so SoEs are not so flexible and agile to react to the needs of the customers and partners. Also there is plenty of corruption in SoE in Vietnam. For example buyers get their “commission” for buying from a friendly seller.

All the industries are located mostly in the south in Ho Chi Minh City region or in the north Hanoi region. In the middle there is only a port city Da Nang that lags behind infrastructure.

2.2 Ho Chi Minh City

Ho Chi Minh City is located in the South of Vietnam as is shown in figure 2.

Ho Chi Minh City (HCMC) and the Southern Region is the business hub of Vietnam. The business culture there is the most developed and people are more western minded. It means it is easier to operate in south than in the north because people in the south are more open-minded.



Figure 2. Location of HCMC in map of Vietnam [26.]

HCMC surrounding area has different manufacturing clusters. With new Industrial Parks (IP), Economical Zones (EZ) and Export Promotion Zones (EPZ) that offer tax incentives and land leasing with good infrastructure; it is most likely that foreign companies will invest in south.

2.3 Hanoi

Hanoi is the capital of Vietnam and the Head Quarter of every SoE. It is also where the foreign embassies and Governmental offices are. It is located in North Vietnam as shown in figure 3.

Hanoi is the capital of Vietnam and the Head Quarter of every SoE. It is also where the foreign embassies and Governmental offices are.



Figure 3. Location of Hanoi in map of Vietnam [26.]

Hanoi, Hai Phong and Quang Ninh Province province together are called the Economic Triangle of north. The region has plenty of heavy industry, such as mining and heavy machinery.

Hanoi also has IPs, EZs and EPZs but all the lands in IPs are already reserved. One might find available space in the surrounding areas of Hanoi.

the government is investing huge sums in education in Hanoi, so the future looks brighter for the north when they have skillful workforce at their use. The problem with Vietnamese education is that they focus more on quantity than quality. In schools students are taught to remember, not to think. Even though Vietnamese young students study hard, they still lack in creative and innovating thinking and initiative. Without those skills it will be hard to Vietnam to rise above being a manufacturing country. However with a population problem it is hard to make changes in the educational systems when classroom sizes are growing all the time.

2.4 Logistics and Infrastructure

Government of Vietnam is realizing the importance of logistics in the competitiveness of the country. The government invests 10% of GDP in infrastructure. With good logistic connections one can shorten one's delivery time and costs. That is why Vietnam is building new roads and bridges and even the metro is planned to be built in HCMC and high speed railway connecting the north to the south. However Vietnam is still ranked 53th in the world in Logistic Performance Index. That is why they have high domestic logistic cost covering 25% of the country's GDP.

Vietnam gives a golden opportunity to logistics companies. There is a big need in supply chain management solutions because warehousing and distribution is still ineffective in Vietnam. We take it for granted that our food comes to us through an integrated cold chain that it will be preserved well and does not go bad until it is on our dinner table but there is no integrated cold chain in Vietnam.

Road:

- Vietnam has big projects in building roads, motorways, railways, bridges, tunnels and car parks

Sea: (Container traffic)

- Vietnam has 9 Internationally accepted ports
- These ports has connections to most ports of the world

- Vietnam has online custom procedures under implementation

Air:

- There is connection to all the biggest cities in Vietnam via air
- There is from HCMC and Hanoi connection to all big business cities around the world

Rail:

- Railway goes from HCMC all the way to China

2.5 Water Treatment

Vietnam is still a developing country that does not have clean water running for every household. Being environmentally friendly is still in the process of penetrating Vietnamese minds. It is understandable for a developing country to think more about cost-efficiency than the environment. This is the time when Vietnam is breaking through and showing that it can become the 5th Asian Tiger country someday.

Finland is giving concessional credit for Vietnam to do all types of water and waste water treatment projects. In concessional credit Finland's Foreign Aid Fund pays the interest of the loan and the project is executed by a Finnish company with its expertise and technology. This program has started in 1995 and more cooperation has been developed after Finland's Prime Minister Matti Vanhanen visited Vietnam in 2009, and the Finland-Vietnam Business Forum was held in Helsinki in May 2010 with the presence of the President of Vietnam, Nguyen Minh Triet.

Most of the rural areas, especially with minority groups in Vietnam, do not have clean water. Water and sanitation diseases are a big problem in Vietnam. Diarrhea from unclean water sends 250.000 people to hospital every year. Forty-four percent of Vietnamese children are infected with whipworms, hookworms or roundworms, as shown in figure 4. [2.]

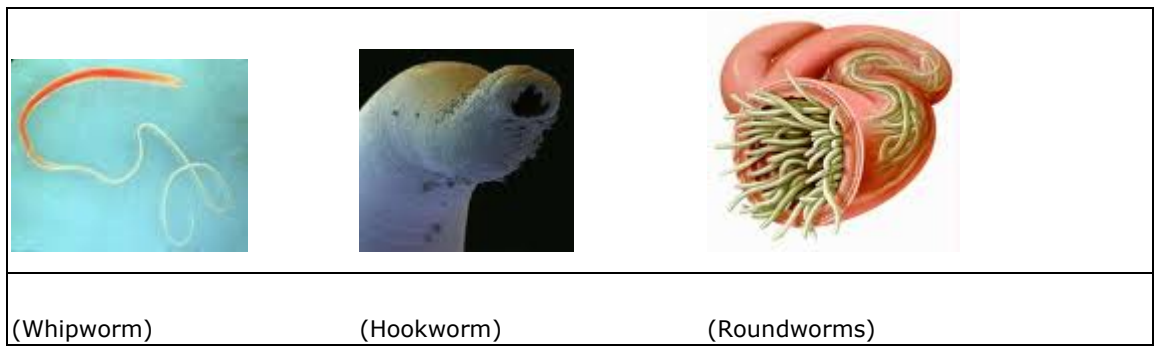


Figure 4. Parasitic Worms [27, 28, 29]

Companies are reluctant to pay for waste water treatment. It is expensive and an unnecessary cost for them. Paying for the treatment will weaken their competitiveness. Having an environmentally friendly image is not important in Vietnam yet. Even though the government is trying to encourage a greener ideology, it has not been successful. For the decision makers in the company, money is the most important issue and they plan things in short-term. Everything is considered fine as long as company can survive to the next period.

A big problem is that even though it is illegal to pollute the environment, the government is not able to do anything about it. In Vietnam the officials that are supposed to supervise and check on illegal polluting are too easily to be corrupted. Even a company that is caught pouring waste water into the nature is only going to get thousands of euros in fines. One would get more fines if one is caught browsing adult entertainment in an Internet cafe. Implementing a wastewater system and paying for its operating expenses costs much more than the fines. It is more reasonable for them to risk getting caught than paying for the treatment. The government is thinking about the development of the country, so they cannot put too harsh conditions to the companies. Otherwise they might lose business. In long term it is not wise to ruin one's inhabitation.

Industrial parks have their own wastewater facilities, but the companies rather build other pipes to the rivers and pour the waste water there than pay for the waste water treatment costs.

It is a rising trend in Vietnam for the companies have ISO quality and environment certificates. Companies are dependable of Foreign Direct Investment (FDI), foreign customers and oversea partners. That is why they want to show a good image to the outside world. The only problem is that they are not very good at it. Many companies put on their official website what ISO quality certificates they have but when asked, they say they put it only because other companies' websites have them also.

Even though Vietnam is trying hard, it is still so far from being environmentally friendly. It is crucial to enforce long-term thinking in Vietnam, so that they would realize how important it is to protect the nature. Without it it is hard to sell wastewater treatment solutions for the companies in Vietnam.

3 Oy Company Ab

3.1 Company Introduction

Company has been operating since 1982. It was recently purchased by Econet Engineering Oy. The Managing director of Company is a Finnish citizen but of Vietnamese origin, Anh Thu Tran Minh. That is one of the reasons why Company is so interested in Vietnam. It means she speak Vietnamese, is familiar with the country, understands Vietnamese logic and behavior and knows that what they are getting themselves into is not a easy task.

With Finnish expertise and technology Company offers design, manufacture and distribution of water and waste water machinery and spare parts. Also a wide range of services: Supervision of Installation, start up, user training and repair. Company's products are used in water and waste water treatment, sludge dewatering and all kinds of industrial processes. Company also offers equipment from its partners: Agimix, Aqua Drip, Aqua Maskin, Bosman Water Management, Conpura, LIT, LJM Group,

Läckerby Products, NOXON, Paxxo, RS-Consult, Nordic Water Products, MEVA and Zickert. This gives the customer a wholesome water treatment package solution.

Company is the market leader in its field in Finland with a 30% market share. Its strengths are expertise that has come from long time experience and large product range as shown in figure 5. Company's solutions cover every aspect needed in water and waste water treatment and it is also compatible for harsh and difficult conditions. Like other Finnish companies it promises the best quality in its products and services. Solutions are supported with international networks that make them cost-efficient in implementing.

[3.]

Below is a list of products that Company offers:

Products

- **Screens**
- **Conveyors**
- **Sand Treatment**
- **Diffuser Equipment**
- **Scrapers**
- **Thickening and Condensation**
- **Septic tank Equipment**
- **Agitators/Mixers**
- **Disinfections**
- **Filters**
- **Sludge Heat Exchangers**



(Screens: *Bar Screen*)



(Sludge Dewatering: *Noxon Decanter Centrifuges*)



(Sand Treatment: *Sand Dewatering Unit*)

Figure 5. Products of Company [3.]

The production of these products needs high technical expertise.

3.2 Subcontracting in Vietnam

Company wants to find different production alternatives to cut down the production costs. There are three different ways to do production: manufacture onerself, outsource where one gives one of your companies process to another company to do, or to subcontract.

In Subcontracting you buy the work so the raw materials, parts and finished products are in your name not the subcontracting company's. The Subcontracting company just provides the facility, machines, equipment and the workers to do the work.

Company wants to do subcontracting in Vietnam because the labor there is cheap, so subcontracting there is also cheap. With subcontracting the investment cost is low because the fixed costs are with the subcontracting company.

Vietnam has a dying need for water treatment solution, so it is wise to manufacture there where there is a market. The surrounding countries are also promising markets, such as China, Thailand, Laos, Cambodia. Company will start Subcontracting Assembly of one of their old product line Belt Press , shown in figure 6.



Figure 6. Belt Press [3.]

The metal frame is done in Vietnam. All the needed parts that go inside the frame are sent from Finland. The final assembly is done in Vietnam.

Belt press is used for dewatering sludge. Wet sludge goes into the mouth where two belts pressed against each other squeeze the water out of it, and then solid waste comes out. It is wise for Company to start with small operation and if it is successful, then it will expand.

4 SWOT Analysis

Albert Humbrey created the SWOT analysis tool for strategic planning. SWOT stand for Strengths, Weaknesses, Opportunities and Threats, each of them described in its own slot in a two by two matrix. First in the SWOT analysis one determine the objective of the operation one want to analyze. Strengths and weaknesses are the internal factors of the company that they will face and opportunities and Threats are external factors that describe what factors influence the company in the outside environment.

The SWOT analysis can tell how difficult or easy it is to achieve the objectives of the analysis. It helps decision makers to make go or no-go decisions. In the best case scenarios with the SWOT analysis one can find your weaknesses and make it one's strengths and threats into opportunities. As mentioned before, only acknowledging one's weak points one can get stronger.

4.1 Company in Vietnam

Objective of this SWOT analysis is for Company to successfully operate and do business in Vietnam. An analysis of what kind of market Vietnam is and where Company stands in is shown in table 1.

Table 1. SWOT on Company in Vietnam

<p>STRENGTHS:</p> <ul style="list-style-type: none"> • Finland has a good reputation in the water treatment industry → <i>Advanced technology</i> • Cheap labor in Vietnam → <i>lower production costs</i> • Vietnam is near China → <i>Big market</i> • Vietnam is near many developing countries → <i>Need for water treatment</i> • Vietnamese Managing Director → <i>Understanding of the culture</i> 	<p>WEAKNESSES:</p> <ul style="list-style-type: none"> • Infrastructure in Vietnam is not so developed • Ecological thinking is still in primitive stage • Environmental standards are not followed (ISO 14000) • Government does not have enough tools to supervise and force better water treatment • Corruption in Vietnam
<p>OPPORTUNITIES:</p> <ul style="list-style-type: none"> • Vietnam has a big market for water treatment technology • A lot of foreign investments in water treatment projects • Government and local authorities are realizing the importance of clean water 	<p>THREATS:</p> <ul style="list-style-type: none"> • Industrial companies in Vietnam rather throw the industrial waste water in the river than pay for water treatment costs • There is no effective supervision in Industrial water treatment in Vietnam

Strengths:

Finland and Vietnam have had cooperation since 1995 and many water and waste water treatment projects. The water running in the capital Hanoi is known as Finnish water because the water system is built with Finnish technology and expertise. That is why when it comes to water in Vietnam, Finland has a good reputation. This gives advantages to Company when it tries to compete with other companies from other countries to sell their water treatment solutions in Vietnam.

Subcontracting is cheap in Vietnam because the labor cost is cheap. An average worker's salary in Finland is 2 500-3 000 € but in Vietnam 50-100€. When it is cheaper, one can give to one's customer cheaper price for your products, and that make one more competitive.

Producing near the markets you want to sell your products will cut down one's logistic costs and shorten one's delivery time. China is the biggest market in the world. In South China near Vietnam there are plenty of potential development areas. Also Vietnam's other neighboring countries are still in need of clean water solutions, such as Laos, Cambodia and Thailand. Of course one also have to count Vietnam itself in it too.

Weaknesses:

Compared to western countries Vietnam's infrastructure is not developed. Roads are in bad shape, in factories they do not have concrete floors, electricity in factories is not grounded etc. Because of this factors, expect shipment being late because it is stuck somewhere, heavy monsoon rain damaged the products and so on.

In developed countries people first think about how to survive long enough to see their grandchildren grow, before thinking about the environment. When the standard of living is raised enough, then people care more about nature and animals because they do not need to worry about starving. It takes time for decision makers in companies to understand why they should protect the environment, even though it costs a great sum. This makes selling wastewater treatment solutions to companies harder in Vietnam.

Some companies have bothered to get ISO 14000 Environmental Managing Systems Certificate to improve their image. However in Vietnam one can get everything by money. Companies just pay off the inspectors for good reviews. There are many examples of companies getting rewarded for being environmentally friendly this year and next year being caught polluting the area, which makes you wonder who and what one can trust anymore.

The government do not have enough tools to supervise and force better waste water treatment. They do not have enough budget, they are not organized well enough and even though they are, they do not want to harm the business because then less money would flow into the country.

Vietnam ranks 121st out of 179 in corruption in the World. Finnish companies usually have no corruption policies, so Finnish companies loses to the companies who are willing to pay corruption money if the decision maker is corrupted.

[4.]

Opportunities:

Like said before Vietnam and its neighboring countries have a great need of clean water and there are plenty of companies that should improve their waste water treatment systems. Like Finland also other countries are putting a lot of money in to bring cleaner water to people in Vietnam. That means more and more projects and more business opportunities. Every year there is an improvement in this field because the Government realizes it's importance.

Threats:

The attitudes towards reserving the nature are still poor. If there is no change in attitudes then there will be less business opportunities.

4.2 Company Subcontracting in Vietnam

The object of this analysis was to find a suitable subcontracting partner for Company and have production in Vietnam. An analysis of subcontracting in Vietnam and its pros and cons are shown in table 2.

Table 2. SWOT on Company Subcontracting in Vietnam

<p>STRENGTHS:</p> <ul style="list-style-type: none"> • By subcontracting not so much money is invested →<i>Assembly-to-Order without storage</i> • Work is cheap in Vietnam • Vietnamese handwork is famous for accuracy • Vietnamese are hardworking and will try their hardest if the money is sufficient 	<p>WEAKNESSES:</p> <ul style="list-style-type: none"> • Metal workshops tools and machines are not up to date • Factory infrastructure undeveloped →<i>People working on concrete floor squatting</i> • In Vietnam they do not plan far ahead →<i>They live in the moment and want everything right away</i> • Shipping costs • No representative in Vietnam
<p>OPPORTUNITIES:</p> <ul style="list-style-type: none"> • Access to markets • Good profit • Outsourcing to cheap labor country step by step • Create more job opportunities in Vietnam 	<p>THREATS:</p> <ul style="list-style-type: none"> • Long lead times • Quality • Technology might be stolen • The metal workshop does not have the capabilities to do the work even though they confirmed so

Strengths:

Foreign companies do production in Vietnam because it is cheap. By subcontracting one only have money tied up in the parts. Company gets an order, forwards it to the subcontracting partner, subcontracting partner makes the covers and Company sends the parts from Finland and the partner will assemble the belt press and send it to the customer. There is no continuous production. The production is in patches depending on how many order and how often. So it is assembly to order without storages.

Vietnamese are famous for being hardworking and good with their hands. That is why Vietnamese have a good reputation in foreign countries. That means if one gives an offer high enough they will work well and one's products will be made with good quality. If you do not pay them enough, they still accept the work but do not give so good quality.

Weaknesses:

Most likely machinery and tools in Vietnamese factories are second handed purchased from abroad such as Russia. It means the machinery and tools are outdated for high technology production.

In factories in Vietnam metal workers do not have working tables to work with. They do hitching on the floor squatting. It is not ergonomic. They are used to working like that but one can only ask how painful it is for the back of the worker if he works in such position for hours. Poor working conditions can result into poor quality of work.

To work with Vietnamese one has to understand they do not think long term. They will damage long-term relationships for a short term gain, example quality. To keep good quality is good in the long term even though it is costly in short term. one put oneself in the shoes of the buyer. Every purchase one gets a commission. Most likely one would buy a product with shorter life expectation because it is cheaper, than a expensive quality product with longer lifespan.

Vietnam is far away from Finland, so it takes time and money to send the necessary parts to Vietnam for assembly. Company do not have a representative in Vietnam. If something goes wrong, there will be no-one informing Company. Vietnamese will not tell you if they have made a mistake. One needs skill to ask in the right way if something is wrong. Something always goes wrong. It only depends on how badly. So it is recommendable to have a representative there to make communication between the partners smooth.

Opportunities:

Producing in Vietnam gives a good access to the market. It is easier to sell with lower production costs, shorter delivery time and cheaper transportation cost. When one

operate in the market, it is easier to network there. Networking is crucial in Vietnam. One's value is measured by who one know.

Company begins with one product line, and if the production goes well, they will expand it with another product lines. It is not good to rush. Making mistakes when the stakes are not high and learning from them to raise the stakes, is wise.

Threats:

Water treatment projects take years, so long lead times should not be a major problem. Quality is hard to control if communication between the subcontracting partners is not good. It needs mutual understanding and it is much harder when people are from different cultures and think differently.

The worst case scenario that is possible in Vietnam, is that one teaches the subcontracting partner to assembly one's product. After some projects one cannot reach one's partner. Then you will find out they sell your products directly to the customer with your technology. One cannot do anything about it. Calling the police will not help. They won't do anything about it. Taking them to court will not help either. Vietnamese court is always on Vietnamese side. It is a socialist country after all.

Vietnamese will say yes to everything that brings them money. If you ask a man on a street where you can find an engineering office, most likely he will claim to be an engineer himself. Be careful who and what to trust in Vietnam. So a metal shop might not be capable of doing the job even though it claims so.

Weaknesses into Strengths

Ensure that the subcontracting company is capable to do the job and it has all the required machines, tools and equipment. When Company goes to visit the companies, it should make sure it brings a technical engineer with the delegation. Only by confirming it by a factory tour one can be sure about it.

If one are worried about the infrastructure, select a company from an Industrial park because the have the best infrastructure there. Also companies that are run with foreign investments usually know how to invest on infrastructure.

By paying better than other companies Company will have a leverage of working order in the subcontracting company. Because the production is by projects and in patches production, it has the risk to be the last in the work order priority.

When things go wrong, it will help if there is a representative there to solve the problem right away. He needs to be someone who speaks Vietnamese and Finnish and understands both cultures.

Threats into Opportunities

With a worker staying in Vietnam, Company will have better control of quality, lead times, safety and quicker reaction when things go wrong.

It is wise for Company for study as much as possible of the Vietnamese culture and try to understand Vietnamese logic. In Vietnam you should work in the Vietnamese way. Company should do plenty of networking in Vietnam, to get to know the key players in the field. Then business would get smoother and more opportunities would rise.

5 Criteria for Eliminating Companies from the List

First is the introduction of the search and company selection criteria that Finpro suggested to Company. The criteria are important because they show if the company has everything it needs to become the subcontracting company. Finpro introduces the general criteria and then Company selects out the criteria that they consider most important and prioritize. With good criteria for one's project one can eliminate risks. It is the research that informs one of the current situation of the company that one want to do business with. It is not recommendable to neglect one's homework.

Business Activity

- The company should specialize in subcontracting

Their main business and their core competence should be checked. When asked they will reply that they can do everything, but it is not reliable. Companies that are specialized in subcontracting industrial machinery and preferably have experience in water treatment are search priority.

Good communication and understanding between the partners

- Available by phone

Communication is extremely important in doing business in Vietnam. Usually in Vietnam people do business by networking. That means one knows the people one does business with personally, so communication is easy. Being available by phone might sound ridiculous but that is only because we take it for granted in western countries. In Vietnam over half of the phone numbers given on the official websites of the companies do not work. That is not the only problem. Vietnamese have the tendency of avoiding responsibility. When you have a problem with them, they might not answer your phone calls. What would you do then? Make the business partnership as personal as possible. The best way is to have your own representative working there.

- Available by e-mail

This goes into the same category as the last ones. When you make the agreement, make sure that it is mentioned that they are obligated to answer your e-mail within 24 hours. You do not want to waste your time asking the same questions all of the time because nobody wants to take responsibility. Secondly it is good that they assign a corresponded person to you, the person who is responsible for your projects on their side.

- Counterparts English skills

Vietnam is in the process of internationalization but still most of the Vietnamese people do not speak English. Written English is better there than spoken. SoE rarely has English-speaking management but they might have interpreters. The best English skills have the personnel of foreign-owned companies or the ones that run with Foreign Direct Investments (FDI).

Trained staff

- Diplomas in metal work

Vocational schools are not popular in Vietnam. Students do not have enough student counseling and guidance, so the majority of them try to get into high school even with no chances. In Vietnam parents pressure their children to study hard that they might support them when the children get a good salary. From day time school to evening school and even at weekend's students study under the pressure of their parents' high hopes. Less than 5 % of students go to vocational schools. A lot of workers get their skills with a master and apprentice system. The one who has experience has a company and teaches his under paid students how to do the work.

- Number of employees

This question answers how big is the company and their capacity. The companies in Vietnam rarely tell you their turnover or other financial details so one of the ways to measure the size of the company is the number of employees. You might want to consider hard how big company you want to work with. Big companies have better infrastructure, machines and workers but as a company who offers subcontracting in small volumes and irregular basis, it is hard to get their attention because they do not need you. Even they do the job for you; you are in the bottom of their priority list. Small company is more flexible and agile. It is more cooperative and might give you a better price.

Machinery and equipment

Below is a list of machinery and equipment needed for the assembly:

- Dwelling
- Bending and edging machines (metal plates)
- Cutting machine (metal plate)
- Sawing machine (metal pipes)
- Stainless plates and pipes of different sizes
- Heavy lifting equipment

Quality control

- Number of quality checkpoints in the process

Finnish companies have good reputation for quality. To maintain it, quality control is crucial. One of the ways to test subcontractor's quality control is the number of quality checkpoints in their process. The quality of the work is more under control the more check points they have. Especially in this kind of metal work one degree mistake in the angle of the bend might be really damaging or the lining of the presses.

- Guarantee for the quality

When customer complains about the quality, it is difficult to find the source of the problem and the people responsible of the problem. Ask about the extent of their guarantee. It is a way one message to one's customer about one's quality too.

- ISO 9000

ISO 9001 is a quality management certificate. The certificate shows that the company has a quality management system and their quality is under control and improving all the time.

Factory

- Available space → Room for the assembly

Remember Vietnamese say yes to everything. So you need to check and confirm yourself while visiting the factory where they would do each part of the Assembly work and frame building for the machines. Common Vietnamese factory is shown in figure 7.



Figure 7. Factory in Vietnam [22]

- Turnover → Money to purchase raw materials

Most of the companies will not tell you their turnover. They most likely answer, that they do not use turnover as a mean of attracting new customers. The turnover indicates, the size of the company, how good business they have and if they are capable to manage one's projects financially. It is a really good sign if they answer this question. It means they are open-minded and cooperative. That would make working with them much easier.

- Flexibility→Capacity to arrange the assembly in short notice (lead time)

Flexibility is crucial with these kinds of projects. Company will give orders irregularly with different sizes and numbers of belt presses. Company needs a subcontracting company that is flexible and agile enough to react to the orders fast enough and manage the work in the working order with a short lead time.

Infrastructure

- Location near to the potential market

For example, if Company knows where the government is investing in water treatment like Vung Tau area in the south, it would be a strategic move to find a company near it, so that the transportation would be cheap and fast. Or if Company is more interested in the neighboring countries, they should find a factory that has good connection to the target market. Factory that has good access to the highway, seaport, railway or/and the airport.

- Factory on a concrete floor

Concrete floor inside the factory is one of the things westerners take for granted. In Vietnam some of the companies are in poor condition: No concrete floors, no air-condition, no running water or the electricity is not grounded. Concrete floor in a factory is important, because they affects the quality of the work. The workers most likely work on the floor without working desks. If the floor is not even, the dwelling work could not be straight. It is important to check the working conditions of the workers while in the factory visit, because it has direct influence on the quality of the work.

Recommendations

- References

Business in Vietnam is networking. With a good network one has reliable sources to ask where to find whatever you are looking for. Trust the word of your friend more than the sales pitch of the company website.

- Previous work experience of assembly of Industrial Machines

To really know what they can do is to ask about their previous projects. The best case scenario would be if they have done similar machines. If you want to make it sure, then ask for a contact number of the reference company to ask how satisfied they are with the work of the subcontracting company.

Criteria for Company

In this section are listed all the criteria that Company gave for cutting the long list into a short list:

- Number of employees over 50
- Company has ISO 9001-2001 Quality Management Certificate
- List of machines and equipment that the company should have (in short list introduction)
- Enough space for the work phases
- Is able to work with electric cables
- Is able to package the machines
- Good English skills
- Knows how to work with AutoCad drawings

6 Project Overview

The project was given to me on 11th of February 2010 and was done in Vietnam during three months until 11th of May 2010. It was done with the supervision and advisory of the head of the Trade Center Pietro Karjalainen. The Secretary Ms. Luon Thi Hien also helped in contacting the companies when her experience and expertise was needed.

I worked as a Junior Analyst in Finpro and had several other projects at the same time. During these three months I gained some experience and insight in Vietnamese business life. The projects were all from different industries, from telecommunication to soft drinks and military to paper industry. I had the chance to visit different factories with our clients, and to network with the top of different industries. I even got a chance to represent Finland in an opening ceremony at Saigon's High Tech Park phase two.

There were two parts in the project: first compiling a long list, and then a short list from that long list. In the next two sections these two phases will be discussed. There will be descriptions of how the project was done, what kind of difficulties were faced and subjective comments about Vietnamese companies' ways of working.

6.1 Long List of Potential Subcontractors

Mr. Karjalainen was responsible for communicating with Company. The project introduction given by Mr. Karjalainen was as follows:

Company is considering subcontracting their assembly of one of their mature product lines that are so called old technology. It is not profitable to produce them in Europe anymore. This old technology is still usable in developed country such as Vietnam.

Company also is interested in all kinds of other business opportunities in Vietnam.

From this first step the task was to make the criteria for the subcontracting company for the search. With the criteria the search began with deskwork. The companies were searched mostly on the internet. Because English is still not so common in Vietnam the search was done with Vietnamese search words. This part took lots working hours to complete. Most of the Vietnamese companies are really small, less than 10 persons and undeveloped. Those kinds of companies do not have the technology to operate a website. At the same time that fact helped the search because a company of standard is not what Company is looking for.

Browsing through the Vietnamese websites of the companies had many difficulties. Most of them had insufficient amount of information. In Vietnam people hide information because it is easily stolen. Ideas, technology, business modules, information or anything that could be stolen or used against oneself is not going to be on their websites. In western business culture transparency is valued but it is foolish in Vietnam. That makes it hard if the companies want to invite business from overseas. A foreign company would like to know a lot about the Vietnamese company before they make the decision to do business with them. Some basic information is necessary before buying the ticket to come to meet these Vietnamese companies: what the company does, how big it is, what kind of work or projects it has done before and if they have any references.

In the final long list there were 24 companies, out of which 14 companies were from south and 10 companies from north of Vietnam. One company was added to the during the short list process. The example of an introduction of a long list company is shown in Appendix 1.

Most of the companies had insufficient information on their website, so they were contacted by phone and email. Sending emails to company info mails was utterly useless, none of them were replied. Most of the phone numbers provided on the companies' official websites did not work, the ones that did work just asked to send an email to company's info email address. It was really hard because it was forbidden to give any information about Company while making the long list. If the person representing the company cannot get any information about the other party, most likely he or she will not be willing give any information in return.

6.2 Short List of Potential Subcontractors

The long list had 24 companies. With the given criteria it was cut down to 6 companies, 2 in the north and in the south.

One of the Company criteria was ISO 9001:2000 Quality Management certificate. It eliminated most of the companies. Other decisive criteria were the size of the company,

machinery and level of cooperation. Some companies did not even answer their phones, which beg the question: how is one suppose to do business with someone that cannot be reached? One company was eliminated because of the location. Even though it is in South Vietnam, to get there one had to do a detour through Cambodia because of lack of direct roads.

All of the six companies were contacted by phone. The companies from south were more cooperative than the companies in northern part. When things got too difficult Ms. Hien helped in contacting the companies. For example: call them, introduce yourself, introduce your company, introduce what kind of business opportunities you are interested in and ask to direct the phone call to someone who can help and decide on the matter. However, sometimes the answer on the phone said “no”. When asked if one could talk to someone in charge the reply was still a definite “no”. What is one suppose to do in these situations? Even Ms. Hien said it was really difficult case but she was smart enough to ask the number of technology department.

A questionnaire was sent to these six companies to be answered. The purpose of the questionnaire was to provide all the necessary preliminary information needed before company visits. A sample of the questionnaire is in appendix 4.

With the questionnaire it was easier to analyze the capabilities of the companies. There is still a risk to trust the questionnaire because Vietnamese say “yes” to everything. For an example, one of the companies answered that they had every machine in the given list.

As stated before, some companies advertise on their websites that they have ISO 9001:2000 Quality Management Certificate but when you ask them to give you a copy as proof, they say they do not have it and it is under process or they just put it on their website because other companies also do that.

7 Suggestions

Company should hire a Viet Kieu to work for them in Vietnam. Viet Kieu is a Vietnamese that lives abroad. This case it is a Vietnamese living in Finland.

A person with these qualifications would be a good candidate:

- Has a business or engineering degree, the best choice is Industrial Management Engineer because they understand business in a bigger scale and have the logic of an engineer
- Speaks Finnish, Vietnamese and English
- Has work experience in Vietnam
- Understands both business culture and logic
- Is practical
- Get along well with different kind of people
- Has patience and knows how to act in stressful situations

With an employee in Vietnam there are many benefits. When something goes wrong, there is a quicker response. There is someone to do networking for Company in Vietnam and bring in more projects and orders. It decreases some risks. It would help maintaining good quality if there is someone to supervise. It would shorten the lead time if there is someone to actively pressure the subcontracting partner. There would be someone actively finding out if something is wrong because Vietnamese will not tell directly if something is wrong because they are afraid of losing their face. It would be harder to the subcontracting partner to steal the technology because Company has eyes on the site. It is harder to the subcontracting partner to disappear if they know they might get caught. It might sound ridiculous but is common in Vietnam that one day your company is about subcontracting metal work and the next day it sells insurances. They will leave their customers if they find a better business. That is why long-term thinking is so important. To minimize the risk, Company should select a company that has a long history in the business and good references.

ISO 9001:2000 is important for Company, and thus one should remember to ask for a copy of the certificate.

Finpro is responsible for introducing the most suitable business partners for Company but the final decision is on Company. Company will choose the partner based on the company visits. The final analysis of the six short list companies is on the Company's final report in appendix 5.

8 Conclusion

Working in this and other projects for three months gave some valuable experience and knowledge about Vietnam and the Vietnamese business culture.

Vietnam is difficult a place to do business and it is hard to be successful if you do not study the business culture and environment beforehand. There are many things that people take for granted in western countries, yet it is never heard before in Vietnam. For example in the service culture, usually in a restaurant you get your appetizer first, then your main course, then your desert. In Vietnam even in high class restaurant you might get all of them at the same time. If one wants to preserve the same quality as in their homeland, he or she needs to study where are the needs to emphasize on and never take anything for granted. Company should emphasize communication. To uphold good communication between partners means that one should make sure that partners fully understand each other, and have fast reaction times.

I did this project as a deskwork study. It can only give limited information and the information is not 100% trustworthy because the information that the Vietnamese give is not 100% reliable. The factory visits that Company does to Vietnam have a great influence on how successful the subcontracting will be. Only then can Company ensure the working standards of the Vietnamese companies. Company should take it seriously and prepare the questions it will ask from the companies. They should bring one business orientated economist and one technically orientated engineer to fully grasp the situation in the factories. If there is no technical person coming along, how can we be

sure that they'll actually have all the machines they claim to possess? They might say they have the machine but then just subcontract to other company the process that they are not able to do. That will prolong the process and the lead time.

It is hard to expect the unexpected. The subcontracting project will be hard in the beginning because it needs time to adjust and understand a new partner. Once there is a good partner, Company can keep its mature product line in its selection with minimum costs. When projects and orders come rolling in Company will have enough experience operating in Vietnam and a good network to make it easy to expand and gain more profit.

When Company has chosen the subcontracting partner, it should send an engineer to teach the assembly of the Belt Press. There is only one model with a variety of sizes. The assembly method will be the same but Company will have to teach the process to the subcontracting company's workers, so that they make sure that the partner will maintain their quality standards. Sending the instructions is not enough because the workers most likely do not know English.

Some might wonder about the possibility of removing all this hassle, and just set up a manufacturing plant there by oneself. However, then it becomes a whole new ballgame. There will be so many other different issues to handle. It is safer to start with subcontracting because it will not require so much investment. For an example: being an employer in Vietnam is not easy. In Vietnam the employer listen to the employee, not the other way around, because workplace vandalism is common in Vietnam. During my three months working in Ho Chi Minh City, there were two factory fires, one paper factory and one furniture factory. The culprits most likely will not get caught because of inefficient police force.

Before going to Vietnam Company should determine what corruption is and what it is not. Networking is the soul of business in Vietnam, and what comes to networking fees, is questionable if it is corruption or not. In Vietnam it is normal to accept and give small gifts such as neckties or souvenirs as a sign of mutual understanding and bonding. Trust comes from bonding and business partners should be in good terms, friends. That way

communication between the partner is easier and there is the illusion of trust. Bonding means taking your partner to dinners, karaoke, golfing or bars. Whether that is corruption, depends on how one sees it. If one does not do it, it will be difficult to form any sort of business in Vietnam. The only way to survive is to play with the rules and terms of the environment. Only when one is important enough one can make his or her own rules. Coca Cola and Intel are setting up factories in Vietnam, and they will do their business as anywhere else because their power in volume is so big. It is called the power of synergy of the brand. Company does not have this advantage, the only choice is to do business in Vietnam like the Vietnamese do it.


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9 Appendices

9.1 Appendix 1: Company Long List of Subcontracting Candidates

 subcontracting candidates - long list template Le chi Thien Finpro	
<h1>1.Saigon Industrial Metallic (CCSC)</h1>	
Business activities	Design and manufacture industrial machines
Machinery	Sufficient
Number of employees	
Client references	http://www.ccsc.com.vn/customer.html
Factory location	HLML, 12 km from city center
Contact details	Address: Lot 12A, street D, Tan Lao Zone, Binhchanh Dist, HCM City, Vietnam Phone : NGUYEN PHU QUOC (001.818) 0903.758694 (08) 5425.7575 (5 Line) FAX :(08) 54258989 Email : ccsc@vnn.vn Web: http://www.ccsc.com.vn/
Comments	



[5.]

2. CÔNG TY CỔ PHẦN CƠ KHÍ AN GIANG


Business activities	Outsourcing services (metal work)
Machinery	Sufficient
Number of employees	
Client references	
Factory location	An Giang (Mekong Delta) flat area with a lot of canals and small rivers.
Contact details	115 Trần Hưng Đạo P. Bình Khánh TP. Long Xuyên – Tỉnh An Giang Tel: 076.3856638 Fax: 076.3853052 Email: ag_mechanical@hcm.vnn.vn Web: http://www.cokhiangiang.com.vn/
Comments	



[6.]

3. The Hoa Thinh Production And Trading Joint Stock Company

Business activities	Distributor of welding and cutting tools, manufacturing machines
Machinery	Sufficient
Number of employees	50
Client references	PGSC, Scansia Viet, Saigon Shipyard, Petrovietnam
Factory location	HLML, 6 km to city center
Contact details	Address: 411 Bis Kinh Duong Vuong Street - Ward 12 - District 6 Ho Chi Minh City - Vietnam Phone: +84 8 3 7515778; +84 8 3 7515779 +84 8 3 7516395; +84 8 3 7516396 Fax: 84-8 3 7515921 Web: http://www.hoathinh.com.vn/
Comments	ISO 9001:2000



[7.]

4.Lilama EMC

Business activities	Manufacturing metal products; processing services, processing metal. Production of metal components, tanks, tank and boiler. Repair, maintenance and installation of machinery and equipment. Manufacturing of electrical equipment (mechanical, electrical)
Machinery	Sufficient
Number of employees	
Client references	
Factory location	Ninh Binh North Vietnam (Red River Delta) Ninh Binh is located 91 km from Hanoi and has both rail and road transport links
Contact details	Address: 72F - Hoang Dieu Street - City Ninh Binh - Ninh Binh Province Tel: 030 871125; Fax: 030 871074; Website: www.lilamainc.com.vn

Comments



[8.]

5.Huy Phat Co.

Business activities	Sheet metal processing
Machinery	Efficient
Number of employees	>50
Client references	
Factory location	HCMC, 15 km from city center
Contact details	Address: 22 Le Van Khuong St., Dong Thanh Hamlet, Hoc Mon Dist, Ho Chi Minh City, Viet Nam Tel: (84.8)-3/111435/3/110381 Fax: (84.8) 7111430 Email: sales@huyphat.com.vn Business Part Tel: (84.8)-544/3533/544/3534 Fax: (84.8)-544/3532 Web: http://www.huyphat.com.vn

Comments

Company has Manufacturing planning system that can give you test reports.



[9.]

6.Thang Long Metal Wares Company

Business activities	Manufacture of household utensils and machine parts from metal sheets
Machinery	Punching and hammering technology, robot welding
Number of employees	
Client references	IKEA, Promethea
Factory location	Hanoi, 13 km city center
Contact details	Production for export : Address: Sai Dong Ward - Long Bien District - Hanoi Tel: 01-8750304 Fax: 01-8276670 Web: http://www.thanglongmetalwares.com



Comments	State owned enterprise Quality testing machine ,international standards ISO 9001:2000.
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[10.]

7.Long Giang Mechanical and Electrical Joint Stock Company

Business activities	Produce electrical machinery
Machinery	
Number of employees	
Client references	
Factory location	
Contact details	Office: 326 Tran Khai Tran - Hai Ba Trung - Ha Noi Tel: 01-35736080, Fax: 01-35736079 Ho Chi Minh City Branch: 199 Kinh Duong Vuong - District 6 - Ho Chi Minh City Tel: 08 38778143, Fax: 08-62980030 Email: lgmcc@vnn.vn Website: http://www.lgmcc.vnn.vn

Comments	Information on website insufficient
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[11.]

8. Construction Machinery Corporation

Business activities	Producing, fabrication water & electricity equipments
Machinery	Said to be modern
Number of employees	>5000 engineers and skilled workers
Client references	But Son, Hoang Thach, Bin Son, Sao Mai Cement Plants, for the Thach Thanh, Son La, Nghe An Cane Sugar Mills and for the Hiep Phuoc, Pha Lai Thermal Powers Plants, Song Da, Ham Thuan - Da My, Phu My, Yaly, Ba Lúa - Vung Lau, Can Don Hydro Power Plants, Ha Bac Nitrogen Fertilizer Factory, 500 KV Power Line, Broadcasting Tower, viba Towers, space frame for architectural project and indoor stadiums, etc.
Factory location	Hanoi, 10 km city center
Contact details	Add: 125D Minh Khai road, Hanoi, Vietnam Telephone: 84 4 8631122 Fax: 84 4 8631216 Email: comag@hn.vnn.vn Web: http://www.coma.com.vn
Comments	To perform the quality management system according to ISO 9002 Steel structure quality testing equipment



[12.]

9. DONG ANH MECHANICAL COMPANY

Business activities	Manufacturing steel structures
Machinery	100 kinds of machining machine → more than sufficient
Number of employees	720
Client references	http://www.cokhidonganh.com/Content/product/61/138/product.aspx
Factory location	Hanoi http://www.cokhidonganh.com/Contact/Contact/0/53/Contact.aspx
Contact details	Address : Km12 - 800 National road no.3, Dong Anh town, Hanoi, VN Tel. : 84.4.38833818/38832571 Fax : 84.4.38832718. Website : www.ckda.vn or www.ckda.com.vn or www.cokhidonganh.com Email : info@ckda.vn
Comments	Spectrometer analysis equipment AUL-2160 (Switzerland) to analyses chemical composition of material.

[13.]

10.VINH PHAT MECHANICAL AUTOMATIC COMPANY LTD

Business activities	design, manufacture and installation of equipments
Machinery	
Number of employees	
Client references	
Factory location	HLML, 3 km from city center
Contact details	Address: 204/68 Lac Long Quan Str, Ward 8, Tân Bình Dist, HCM City. Tel: 08. 2246 1011 - 08. 6293 8970 - Fax: 08. 6293 8969 - Hotline: 0913.772.724 Email: sales@vip-hcm.com.vn - vip@viettel.vn - Website: www.vip-hcm.com.vn
Comments	Experience with industrial waste water systems



[25.]

11.Songda Someco Joint Stock Company

Business activities	Fabrication of mechanical equipments
Machinery	specialized machinery to increase the ability to continuously meet customer's needs
Number of employees	1200
Client references	
Factory location	Hoa Binh (North Vietnam) mountainous /3 km from Hanoi
Contact details	Head office: 47 Nguyen Khanh Str., Cau Giay Dist, Ha Noi City Telephone: (84-04) 37832398 - Fax: (84-04) 37832397
	Main office of Song Da Mechanical Assembling company: 1r Thanh Tong Street, Huu Nghi Ward, Hoa Binh town, Hoa Binh Province Tel: 018. 883591 Fax: 018. 883 534
	Website: http://www.someco.com.vn Email: info@someco.com.vn
Comments	ISO 9001:2000



12.COMA 18

Business activities	Manufacturing and engineering industrial equipments
Machinery	Plasma cutter
Number of employees	
Client references	http://translate.google.com.vn/translate?hl-fi&sl-vi&t-en&u-http://coma18jsc.com/coma18/show.asp%3FSubCatID%3D38%26bien%3D1%26tr%3D1
Factory location	Ha Lay (North Vietnam, Red River Delta, part of Hanoi now)50 km to Hanoi
Contact details	Office: 10km. Nguyen Trai - Thanh Xuan - Ha Noi Tel / Fax: 034,517 755 / 521 667 Web: http://coma18jsc.com
Comments	I have experience with waste water treatment



[14.]

13.Tay Ninh Mechanical Company

Business activities	Manufacturing mechanical products
Machinery	Sufficient
Number of employees	500
Client references	
Factory location	Tay Ninh (90km northwest to HCMC)
Contact details	Add : 191 30/4 St., Quarter 1, Ward 1, Tay Ninh Town. Tel : (84.66) 3822 331 - 3823 384 - Fax: (84.66) 3823 384 Email: ctcktn@hcm.vnn.vn - ctcktn@cokhitayninh.com.vn Website: www.cokhitayninh.com.vn

Comments



[15.]

14. Duy Khanh

Business activities	Manufacturing special purpose machine
Machinery	More than 100 machine tool with 25 controlling devices by digital technique (CNC).
Number of employees	100
Client references	
Factory location	HCMC, 6 km from city center
Contact details	Address: 310A – Lũy Bán Bích, Phường Hòa Thạnh, Quận Tân Phú, TP.HCM Phone: 38650765 (6 lines) Fax: 38608213 Email: duykhanh@duykhanh.com Web: http://www.duykhanh.com



Comments ISO 9001-2000

[16.]

15. Scansiaviet Co. Ltd.

Business activities	Furniture metal frames
Machinery	Dwelling, cutting and sawing machines → Bending/edging by subcontracting
Number of employees	250
Client references	Starbucks, GO IN, Homebase, Bramblecrest
Factory location	HCMC, 7 km to city center
Contact details	email: scansiaviet@gmail.com



Comments Finnish factory director, ready to expand business.

16. Viet Phong Co. Ltd

Business activities	Produce assembly of stainless steel products (tanks, pipes, shelves etc.)
Machinery	Sufficient
Number of employees	
Client references	
Factory location	HCML, 17 km from city center
Contact details	Address: 21/4B Nguyen Thi Thu, Hamlet 3, Xuan Thoi Son, Hoc Mon, HCMC Tel: 0862595925 Fax: 0862595925 Web: http://www.vietphong.vn

Comments Experience with waste water pipe lines



[17.]

17. Binh Chuan Co. Ltd

Business activities	Manufacturing and assembling (storage and mixing tanks, piping line, heating and flow meter systems, pressure vessel etc.)
Machinery	Electric welding machine, Cutting plasma, SAW welding, Hange Machine, Holve machine
Number of employees	
Client references	Best South, Beterresin, Green, Poly
Factory location	HCML, 5 km from city central
Contact details	Address: 15 D4 Chu Van An Street, Ward 26, Binh Thanh District Phone: +84 8 - 5114558 - Fax: +84 8 - 8998723 Email: sales@binhchuan.com.vn Web: http://www.binhchuan.com.vn

Comments



[18.]

18. Hai Ha Machinery and Trading Company

Business activities	Mechanic manufacturing.
Machinery	Forging, Stamping, Welding, Robot, spot welding, MIG welding, Cutting, Bending, Pressing, CNC lathe
Number of employees	180
Client references	Daiwa, Suzuki, Kotobuki SEA, SYM, American Standard, Toyota Tsusho
Factory location	HCMC, by Highway 16 km from city center
Contact details	Address: 2721/3B, An Phu Dong ward, 17 Dist, HCMC, Vietnam Tel: (84.8) 3/1952/1 (2 lines) - 0913.912.701 - Fax: (84.8) 3/1952/0 Email: haiha@haihacorp.com Web: http://www.haihacorp.com

Comments	ISO 9001 : 2000 Factory looks modern and infra good from the pictures http://www.haihacorp.com/index.php?module=company_static&
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[19.]

19. Quang Thang

Business activities	Manufacture, assembly of mechanical, electro mechanics, industrial electrical refrigeration.
Machinery	Sufficient, 23 different steel handling machines
Number of employees	Over 100
Client references	Ha Noi Foodstuff Co., Thang Long Plastics JS Co., Han Viet Import Export Co. etc.
Factory location	Hai Phong City, by a highway, near to sea port, City has a airport, 100 km from Hanoi
Contact details	Address: Km 5, New Highway 5, Nam Son Commune, An Duong District, Haiphong City. Email: cdlquangthang@vnn.vn Website: www.quangthang.com - www.quangthang.com.vn Tel: 84-031.3770461 - 84-031.3770462 Fax: 84-031.3770463

Comments	ISO 9001-2000.
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[20.]

20. Ngo Gia Tu Mechanical Company

Business activities	Manufacturing industrial products (but specialized in automobiles)
Machinery	
Number of employees	
Client references	
Factory location	Hanoi, 15 km from center on a highway
Contact details	<p>Head Office: 16 Phan Chu Trinh, Hoan Kiem, Hanoi Phone: 04 3 826 7725 Fax: 04 3 825 2759</p> <p>Factory: Km 14-700 Khu Cong Nghiep Ngoc Hoi, Thanh Tri, Hanoi Phone: 04 3 689 0721 Fax: 04 3 689 0720 Email: nngc@ngt.com.vn, business@ngt.com.vn</p> <p>Web: http://www.ngt.com.vn</p>



Comments State owned enterprise

[21.]

21. Tri Cuong Industrial Co., Ltd.

Business activities	Manufacturing mechanical products and industrial equipments:
Machinery	cylindrical milling machine, rolling grinding machine, stamping machine, TIG - MIG argon welding machine, CNC controllers (Computer Numerical Control) such as CNC Vertical machine Center (4 axis), CNC electric Discharge machine, CNC wire cut EDM, CNC lathe machines
Number of employees	Over 50
Client references	customers are: 100% foreign invested capital companies locating in Vietnam, joint ventures and Vietnamese companies
Factory location	Hanoi, 14 km from the center
Contact details	<p>Address: P307 - B4 - My Dinh 1 - Tu Liem - Ha Noi. Tel: 84.4.2871954 Fax: 84.4.2871953 Email: Office@tc-industrial.vn Website: http://www.tc-industrial.vn</p>



Comments

[22.]

22. Tan Hanh Automation

Business activities	Manufactures industry machinery and equipment
Machinery	Japanese technology from Japanese parent company
Number of employees	
Client references	Parent company Daiko: Daihen Corporation, Shihen Technical Corp, Kyuhen Co., Inc, Tohoku Electric Manufacturing Co., Ltd, Energate Co., Ltd, etc.
Factory location	HCMC, 7km from the city center
Contact details	306/21 Nam Hung Street, ward 5, District 8, HCM City Tel: 08-3 850 6278 Fax: 08 3 850 6278 http://www.tanhanh.com Parent company: http://www.daiko-vn.com/
Comments	They advertise themselves: Japan technology, Vietnam price



[23.]

23. QASF company LTD.

Business activities	Metal workshop
Machinery	Sufficient
Number of employees	50
Client references	Japan Vietnam Petroleum Company, Halliburton, Nacap, MI Swaco etc.
Factory location	Vung Tau, near to shipping port, from Ho Chi Minh City, one needs two hours to reach Vũng Tàu by road (51A Expressway) or an hour and fifteen minutes by hydrofoil(boat).
Contact details	Main Workshop #2 and Office Address: Road No. 5, Dong Xuyen Industrial Park, Ward 10, Vung Tau, Vietnam. Phone/Fax: +84 64 614299 Email: quoc_anh@qasf.com Hua Quoc Anh Managing Director 0913 106310 Manages steel work, fabrication and pipe work. Admin.
Comments	ISO 9001 2000



[24.]

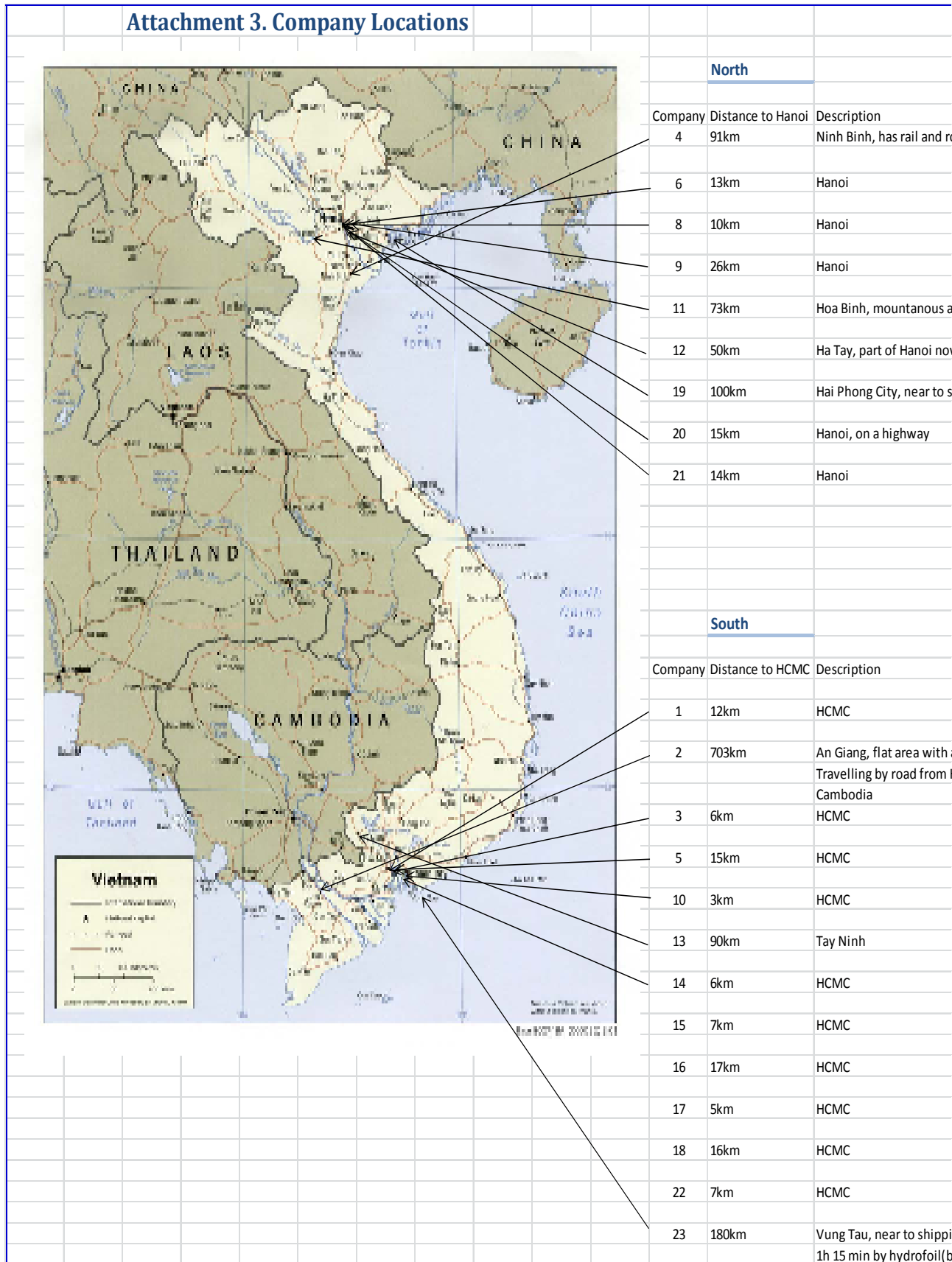
9.2 Appendix 2. Summary of Candidate Companies

	Business Activities	Number of employees	Sufficient machinery	Client references	Comments
Company 1	Manufactures industrial machinery		yes	A lot of local metal companies	
Company 2	Outsourcing metal work		yes		
Company 3	Manufactures machinery	50	yes	PGSC, Saigon Shipyard, Petrovietnam	
Company 4	Manufacturing mechanical/elctrical machinery		yes		
Company 5	Sheet metal processing	>50	yes		Manufacturing planning system->test reports
Company 6	Man. Machine parts from metal sheet		Punching, hammering and robot welding tech.	IKEA, Promethea	State owned enterprise, Quality testing machine, ISO 9001:2000
Company 7	Produce electrical machinery				
Company 8	Producing fabrication water & electricity equipments	>5000	Said to be modern	But Son, Hoang Thach, Bim Son etc.	ISO 9002, Steel structure quality testing equipments
Company 9	Manufacturing steel structures	720	100 kinds of machines - >more than sufficient	A lot of local cement companies	Spectrometer analysis equipment ARL-2460 (Switzerland) to analyses chemical composition of material
Company 10	Design, manufacture and installation of equipments				Experience with industrial waste water systems

Company 11	Fabrication of mechanical equipments	1200	Specialized machinery to meet customers's needs		
Company 12	Manufacturing and engineering industrial equipments		Plasma cutter	HANELORION, Son Cement, Bim Son Cement	Have experience with waste water treatment
Company 13	Manufacturing mechanical products	500	yes		
Company 14	Manufacturing special purpose machine	100	More than 100 machine tools with 25 controlling devices (CNC)		
Company 15	Furniture metal frames	250	Dwelling, cutting and sawing machines >bending by sub.con	Starbucks, GO IN, Bramblecrest	Finnish factory director, ready to expand business
Company 16	Produce assembly of stainless steel products (tanks, pipes, shelves etc.)		yes		Experience with waste water pipe lines
Company 17	Manufacturing and assembling		Electrical welding machine , cutting plasma, SAW welding etc.	Best South, Beterresin, Green, Poly	
Company 18	Mechanic manufacturing	180	Forging, Stamping, Welding robot, spot welding, cutting, bending etc.	Daiwa, Suzuki, Kotobuki SEA, SYM, American Standard, Toyota Tsusho	ISO 9001:2000 Factory looks modern and infra good from the pictures

Company 19	Manufacture, assembly of mechanical, electro mechanics, industrial electrical refrigeration	>100	23 different steel handling machines	Ha Noi Foodstuff Co., Thang Long Plastics, Han Viet Import Export Co. etc.	ISO 9001:2000
Company 20	Manufacturing industrial products (but specialized in automobiles)				State owned enterprise
Company 21	Manufacturing mechanical products and industrial equipments	>50	yes	customers are 100% foreign invested capital companies located in Vietnam	
Company 22	Manufactures industry machinery and equipments			Japanese technology from Japanese parent company Daihen, Shihen Technical Corp, Kyuuhon, Tohoku Electric Manufacturing etc.	They advertise themselves: Japan technology, Vietnam price
Company 23	Metal workshop	50	yes	Japan Vietnam Petroleum Company, Halliburton, Nacap, MI Swaco etc.	

9.3 Appendix 3: Company Locations



9.4 Appendix 4: Questionnaire Answers

Attachment 4: Questionnaire Answers							
Equipment /machinery/tools	3	19	23	24	18	21	
	yes	yes	yes	yes	yes	yes	Details
Plasma cutter	✓	yes				yes	
Profile steel cutting machine	✓	yes				yes	
Pillar drill machine	✓	yes	X	x		yes	
Radial drill machine		yes	X	x		yes	
Plasma arc welding machine						yes	
MIG- welding machine	✓	yes	X	x	x	yes	
TIG-welding machine	✓	yes	X	x	x	yes	
Manual arc welding	✓		X	x		yes	
Steel bending machine		yes	13mm			yes	
Pipe bending machine		yes		x	x	yes	
Profile steel bending machine		yes	X			yes	
Eccentric press						yes	tons
Hydraulic press		100T	350T	x		yes	tons
Band sawing machine			X	x	x	yes	D= mm
Turning machine		yes	X	x		yes	
Planing machine		yes	X	x		yes	
Rolling cutter machine			X			yes	
Rounding machine		yes				yes	
Hole punching machine		yes				yes	
Wafering machine, plate cutter						yes	for 12mm
Plate wringler						yes	for 10mm
Edging press						yes	ex. 220 tons/L=4200mm
Plate rolling machine			X				16mm x 2400mm
Crane/Hoist							
Crane		yes	crane50T	Crane10T			2x5 tons
Hoist		yes	crane25T	Crane1T		yes	1 tons
			crane5T	x			
Steel handling during manufacturing process							
Mild steel		yes	X	x	x	yes	
Stainless steel		yes	X	x	x	yes	
Surface treatment							ex. E210/3FeSa21/2
Sand blasting		yes	X				
Primary coat		yes	X			yes	
Finishing coat		yes	X			yes	
Other skills & qualifications							
CAD		yes	X		x	yes	
Assembly		yes	X	x	x	yes	
Electrical cable work		yes	X	x		yes	
Packaging		yes	X	x		yes	
ISO 9001:2000		yes	in progress	in progress	x		

Company information		
Company name	HOA THINH PRODUCTION & TRADING JOINT STOCK COMPANY	
Business activity	Supply Welding & Cutting equipment, spare parts, Welding consumable, Industrial gases and the products relate in welding. Welding equipment & steel products's manufacture.	Subcontracting or own products, Manufacturing/ Assembly/ Installation etc
Turnover	6.000.000USD/year	
Number of personel	> 60	
Staff skills	Mechanical Engineers Welding Engineers	Engineering Designing, Diplomas etc
Customer references	OIL & GAS company, Ship building, Steel fabrication ..	
Communication languages	English, Chinese, Vietnamese	English/Viet etc
Factory location	1. Tan Tao industrial park. 2. Hoa Lan II, Thuan Giao ward, Thuan An district, Binh Duong province	
Distance to nearest sea port	15 km	km
Distance to nearest air port	15 km	km
Access to highway	1A NATIONAL HIGH WAY	Easy/Difficult (km)
Contact information	51 KINH DUONG VUONG, DISTRICT 6, HCMC - VIETNAM Tel. +(84) 8 37515778 - 37515779 Fax : (84) 8 37515924 E.mail : lyvlinh@hoathinh.com.vn - website : www.hoathinh.com.vn	Address, Tel, Fax Email, Website
Further information		Description of factory's quality management, logistic infrastructure or attached pictures are highly valued


Company information		
Company name	- Quang Thang Electrical Refrigeration Co., Ltd	
Business activity	The mechanical and electrical products, The engineering products, Electronics products	<i>Subcontracting or own products, Manufacturing/ Assembly/ Installation etc</i>
Turnover	Total annual revenue from (15-20) billion.	
Number of personnel	75 (15 engineers)	
Staff skills	Engineers, mechanical workers, BBA Economics	<i>Engineering, Designing, Diplomas etc.</i>
Customer references	Công ty TNHH Aurora, Công ty TNHH dầu thực vật Cái Lân, Công ty TNHH Đường Man	
Communication languages	Viet/ English not so good(original answers in Viet)	<i>English/Viet etc.</i>
Factory location	Nam Sơn, An Dương, Hải Phòng	
Distance to nearest sea port	10km	<i>km</i>
Distance to nearest air port	10km	<i>km</i>
Access to highway	0km	<i>Easy/Difficult (km)</i>
Contact information	Công ty TNHH cơ điện lạnh Quang Thắng, add: Nam Sơn, An Dương, Hải Phòng, Tel: 031 3770461 Fax: 031 3770463, Email: xuanbienhp@gmail.com Web: www.quangthang.com	<i>Address, Tel, Fax, Email, Website</i>
Further information	The Company mechanical refrigeration Quang Thang Ltd. is an enterprise operating in The field of mechanical -Electrical - Cold. The company was founded in 1994 and is in production on the planned 10,000 square meters, construction of modern scale, space, airy environment favorable for the adoption and implementation of production technology and quality management processes and advanced. Currently the company is applying and implementing the quality management system standard ISO9001: 2008.R	<i>Description of factory's quality management, logistic /infrastructure or attached pictures are highly valued</i>

Company information	
Company name/ Tên công ty:	
- Công ty TNHH cơ điện lạnh Quang Thắng	
- Quang Thang Electrical Refrigeration Co., Ltd	
Business activity/ Lĩnh vực kinh doanh:	<i>Subcontracting or own products, Manufacturing/ Assembly/ Installation</i>
* Các sản phẩm cơ điện:	
- Hệ thống điện công nghiệp	
- Thang máng điện	
- Gia công lắp ráp tủ điện nguồn và điều khiển	
* Các sản phẩm cơ khí:	
- Thông gió cấp nhiệt	
- Thiết bị trao đổi nhiệt	
- Hệ thống băng tải	
- Hệ thống khí nén	
- Bình, bồn chịu áp lực	
- Gia công mặt sàng	
* Các sản phẩm điện lạnh:	
- Tủ cấp đông tiếp xúc	
- Tủ cấp đông gió	
- Hầm cấp đông gió	
- Kho lạnh bảo quản hàng đông lạnh	
- Máy sản xuất đá ống, đá viên, đá cây	
Turnover/ doanh thu:	
- Tổng doanh thu hàng năm từ (15 - 20) tỷ đồng.	
Number of personel/ số lượng nhân sự:	
- Kỹ sư và cử nhân chuyên ngành: 15 người	
- Công nhân kỹ thuật: 50 người	
Staff skills/ kỹ năng công nhân:	<i>Engineering, Designing, Diplomas etc.</i>
- Kỹ sư điện tự động hoá và công nghiệp	
- Kỹ sư cơ khí	
- Kỹ sư điện lạnh	
- Cử nhân kinh tế	
- Công nhân kỹ thuật cơ khí	
- Công nhân kỹ thuật điện lạnh	
- Công nhân kỹ thuật điện	
Customer references/ khách hàng tham khảo	
- Công ty TNHH Aurora	
- Công ty TNHH dầu thực vật Cái Lân	
- Công ty TNHH Đường Man	
- Công ty CP Bia Hà Nội - Hải Phòng	
- Công ty CP Bia Tây Âu	
- Tổng công ty Đường Sắt Việt Nam	
- Tổng công ty Thực phẩm Hà Nội	
- Và nhiều công ty khác	
Communication languages? Ngôn ngữ giao dịch	<i>English/Viet etc.</i>
- Tiếng việt/ Tiếng anh	
Factory location/ Địa điểm nhà máy	
- Nam Sơn, An Dương, Hải Phòng	
Distance to nearest sea port	<i>km</i>
- 10 Km	
Distance to nearest air port	<i>km</i>
- 10 Km	
Access to highway	<i>Easy/Difficult (km)</i>
- 0 Km	
Contact information/ địa chỉ liên lạc	<i>Address, Tel, Fax, Email, Website</i>
Công ty TNHH cơ điện lạnh Quang Thắng	
add: Nam Sơn, An Dương, Hải Phòng	
Tel: 031 3770461 Fax: 031 3770463	
Web: www.quangthang.com	
Email: xuanbienhp@gmail.com	
Further information/ Các thông tin khác:	
- Công ty TNHH cơ điện lạnh Quang Thắng là doanh nghiệp hoạt động trong lĩnh vực Cơ - Điện - Lạnh.	
- Công ty được thành lập từ năm 1994 và có mặt bằng sản xuất trên 10.000 mét vuông được quy hoạch, đầu tư xây dựng với quy mô hiện đại, không gian, môi trường làm việc thông thoáng thuận lợi cho việc triển khai áp dụng công nghệ sản xuất và quy trình quản lý chất lượng tiên tiến.	
- Hiện nay công ty đang áp dụng và triển khai hệ thống quản lý chất lượng theo tiêu chuẩn ISO9001:2008.	
<i>Description of factory's quality management, logistic /infrastructure or attached pictures are highly valued</i>	


Company information		
Company name	QUOC ANH SERVICE AND FABRICATION COMPANY LIMITED	
Business activity	STORAGE TANKS, STEEL FRAMES, STEEL STRUCTURES, PIPE WORK, WORK BASKETS & STAGES, 40' CONTAINER STYLE DRILLING MUD TANKS, MODULAR SKIDS, PROCESS SKIDS AND PIPE WORK, CEMENT SILOS, P-TANKS, CUTTING BOTTLES.	<i>Subcontracting or own products, Manufacturing/ Assembly/ Installation etc</i>
Turnover	USD1,250,000 p/a	
Number of personnel	50	
Staff skills	WELDING; 6G, SMAW, TIG, MIG, SAW IN CARBON STEEL, STAINLESS STEEL, ALUMINIUM AND OTHER ALLOYS	<i>Engineering, Designing, Diplomas etc.</i>
Customer references	Arvid Brauti - MI Swaco Vietnam - +84 64 832670 Murl Hennigan - BJ Services Int, Thailand - +66 81 8352910	
Communication languages	ENGLISH, VIETNAMESE	<i>English/Viet etc.</i>
Factory location	ROAD 12, DONG XUYEN INDUSTRIAL PARK WARD RACH DUA VUNG TAU CITY BA RIA - VUNG TAU PROVINCE S.R. VIETNAM	
Distance to nearest sea port	<5KM	<i>km</i>
Distance to nearest air port	VUNG TAU AIRPORT 4KM, HCMC AIRPORT 135KM	<i>km</i>
Access to highway	EASY, 5KM	<i>Easy/Difficult (km)</i>
Contact information	HUA QUOC ANH - +84913106310 - quoc_anh@qa-s.com STEVE FAIRWEATHER - +84937132001 - steve@qa-sf.com Office Phone/Fax: +84 64 3614299	<i>Address, Tel, Fax, Email, Website</i>
Further information	ASME Pressure Vessel 'U', 'S' & 'NR' Stamp accreditation 08/2008	<i>Description of factory's quality management, logistic /infrastructure or attached pictures are highly valued</i>
Roll over for Pic 1	Pic 2	Pic 3

Company information		
Company name	Goltens Vietnam Ltd	
Business activity	Machining, mechanical equipment repair, small batch manufacturing, technical assembly	<i>Subcontracting or own products, Manufacturing/ Assembly/ Installation etc</i>
Turnover	Fledgling Business no full year trading as yet	
Number of personnel	25	
Staff skills	Degree Mechanical Engineering, coded welders, machinists	<i>Engineering, Designing, Diplomas etc.</i>
Customer references	Can be gained locally from STX, Strategic Marine and others	
Communication languages	English and Vietnamese	<i>English/Viet etc.</i>
Factory location	Dong Xuyen Industrial Zone Vung Tau	
Distance to nearest sea port	1km	<i>km</i>
Distance to nearest air port	100km	<i>km</i>
Access to highway	Easy	<i>Easy/Difficult (km)</i>
Contact information	Michael C Madely - General Manager - mick.madely@goltens.com Tel 0643616272/+84982477444	<i>Address, Tel, Fax, Email, Website</i>
Further information	Have 6,000 sq/m workshop complete with 10ton O/H Crane, 6m long bed lathe, 2m short bed lathe band saw, upright milling machine etc. It should be remembered that we are a small but growing arm of a multi national business and we are willing to develop and use some of our CAPEX to tool up accordingly.	<i>Description of factory's quality management, logistic /infrastructure or attached pictures are highly valued</i>

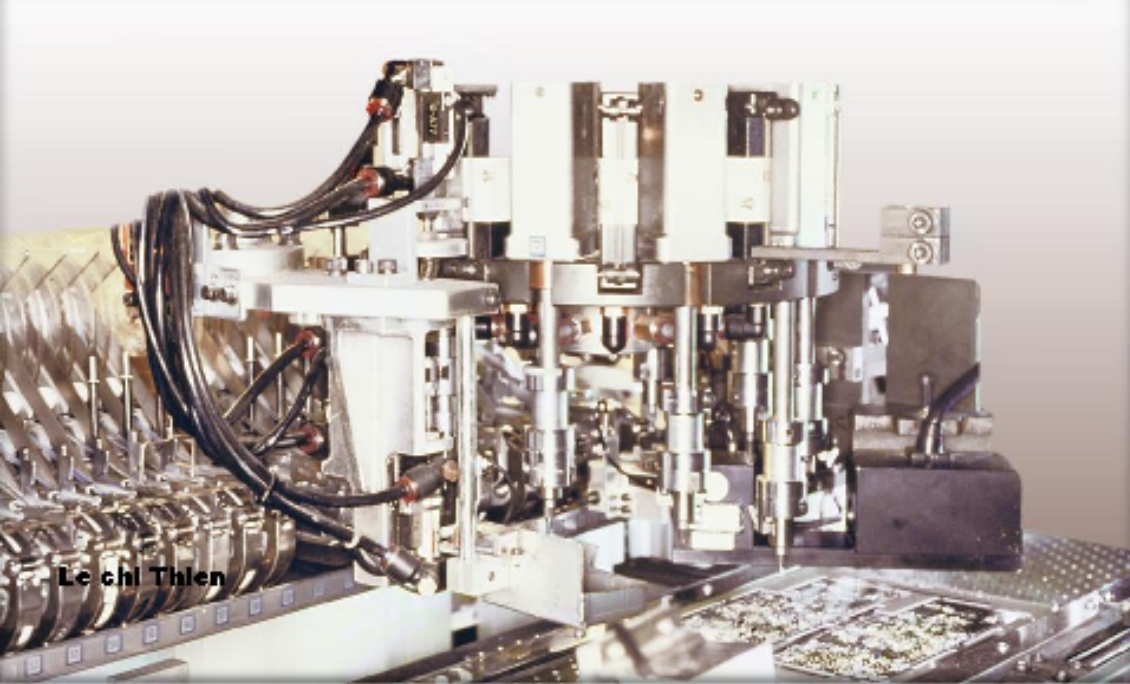
Company information		
	more information click word icon	C:\Documents and Settings\Le Chi Thie
Company name	Hai Ha Machinery and Trading Co., Ltd	
Business activity	Subcontracting	<i>Subcontracting or own products, Manufacturing/ Assembly/ Installation etc</i>
Turnover	5,000,000 USD	
Number of personel		150
Staff skills		<i>Engineering, Designing, 30 Diplomas etc.</i>
Customer references	SYM Viet Nam, Suzuki Viet Nam, Kotobuki-Sea, Daiwa Viet Nam	
Communication languages	English and Vietnamese	<i>English/Viet etc.</i>
Factory location	No 2721/3B, National Road 1A, An Phu Dong Ward, Dist 12, Ho Chi Minh City, Viet Nam	
Distance to nearest sea port	20 km	<i>km</i>
Distance to nearest air port	10 km	<i>km</i>
Access to highway	Easy	<i>Easy/Difficult (km)</i>
Contact information	Address: 2721/3B National Road 1A, An Phu Dong Ward, Dist 12, Ho Chi Minh City, Vietnam Tel: +84-8-37195271 Fax: +84-8-37195270 Email: info@haihacorp.com	<i>Address, Tel, Fax, Email, Website</i>
Further information	* Our processing system is following the ISO 2000:9001, certified by TUV. * Our capabilities are CNC lathers, welding machines, staping machines, forging machines and testing system	<i>Description of factory's quality management, logistic /infrastructure or attached pictures are highly valued</i>


Company information		
Company name	Tri Cuong Industrial Co., Ltd	
Business activity	<ul style="list-style-type: none"> * Conveyor systems:Rubber,PVC, PU, Chain, Roller conveyors... * Industrial equipments in factories (working table, shelf, trolleys, production lines, storage solution ...) * Pipe racking systems * Industrial air filtration, Dust collection systems, clean room * Mechanical products: Moulds, Jigs, machine's spare parts * Automation systems, electric cabinet 	<i>Subcontracting or own products, Manufacturing/ Assembly/ Installation etc</i>
Turnover	(5-7) billion/month	
Number of personel		50
Staff skills	At present, Tri Cuong company has over 50 employees, include engineers, experts in precision mechanical engineering, Mechatronics field and technical workers..	<i>Engineering, Designing, Diplomas etc.</i>
Customer references	* Customers are: 100% foreign invested capital companies, Joint-ventures and Vietnamese companies. Especially Japanese, Korea companies locating in many provinces.	
Communication languages	Viet nam , English and Japan	<i>English/Viet etc.</i>
Factory location	Factory : Lai Yen Industrial Zone - An Khanh - Hoai Duc Dist - Ha Noi City.	
Distance to nearest sea port		100 km
Distance to nearest air port		25 km
Access to highway	car	<i>Easy/Difficult (km)</i>
Contact information	Office : Room 307 - B4 Building - My Dinh I - Tu Liem Dist - Ha Noi City Factory : Lai Yen Industrial Zone - An Khanh - Hoai Duc Dist - Ha Noi City. Tel : 04.6674.6814 - Fax : 04.6287.1953 Email: namnq@tc-industrial.vn	<i>Address, Tel, Fax, Email, Website</i>
Further information	 C:\Documents and Settings\Le Chi Thie	<i>Description of factory's quality management, logistic /infrastructure or attached pictures are highly valued</i>

9.5 Appendix 5: Project Report for Company


• Machinery


Subcontracting for CENSORED in VN





Project Introduction

- CENSORED wants to find different production alternatives to cut production costs. There is three different ways to do production. **Manufacture** yourself, **Outsource** where you give one of your process to other company to do or **Subcontract** where you just buy the work.
- CENSORED decided to find **Subcontracting** opportunities in Viet Nam because:
 1. Cheap labour cost
 2. Viet Nam market
 3. Surrounding markets(Cambodia, Laos, etc.)
 4. Low investment costs



Project Introduction 2

- Viet Nam is a foreign country with different language, business culture and environment. That is why being cautious and careful is a must. Studying the subject country thoroughly before entering their grounds is recommended
- Doing Subcontracting step by step. Starting from simple work and expanding it if it is successful
- **CENSORED** is starting Subcontracting production of their product Belt Press
- Subcontracting has three phases
 1. Building the metal frame
 2. Shipping all the components from Finland
 3. Assembly of the machine

Belt Press



SWOT **CENSORED** in Vietnam

Strength:

- Finland has a good reputation in the water treatment industry
→ *Advanced technology*
- Cheap labor in Vietnam
→ *Lower production costs*
- Vietnam is near China → *Big market*
- Vietnam is near many developing countries
→ *Need for water treatment*

Weakness:

- Infrastructure in Vietnam is not so developed
- Ecological thinking is still in primitive stage
- Environmental standard are not followed (ISO 14000)
- Government don't have enough tools to supervise and force better water treatment

Opportunity:

- Vietnam has a big market for water treatment technology
- A lot of foreign investments in water treatment projects
- Government and local authorities are realizing the importance of clean water

Threats:

- Industrial companies in Viet Nam rather throw the industrial waste water in the river than pay water treatment costs
- There is no effective supervision in Industrial water treatment in Vietnam



SWOT

CENSORED

Assembly in VN

Strength:

- By subcontracting not so much money is invested
→ *Assembly-to-Order without storage*
- Work is cheap in Vietnam
- Vietnamese handwork is famous for accuracy
- Vietnamese are hardworking and will try their hardest if the money is sufficient

Opportunity:

- Access to markets
- Good profit
- Outsourcing to cheap labor country step by step
- Create more job opportunities in Vietnam

Weakness:

- Metal workshops tools and machines are not up to date
- Factory infrastructure undeveloped
→ *People working on concrete floor squatting*
- In Vietnam they don't plan so far ahead
→ *They live in the moment and want everything right away*
- Shipping costs
- No representative in Vietnam

Threats:

- Long Lead times
- Quality
- Technology might be stolen
- The metal workshop doesn't have the capabilities to do the work even they confirmed so



Weakness into Strengths

- **Make sure to pick a company that has all the required equipments**
- **Usually companies that are run with Foreign Investment have better infrastructure**
- **By paying better than other companies Slamex will have leverage in work order priorities**
- **Hire a middle man to make things go smoother**
→ *Someone who is good in communication*

Threats into Opportunities

- **With a local worker working under [REDACTED] will have a better control of quality, lead times, safety and quicker reaction when something goes wrong**
 - *Something always go wrong*
- **Study the Vietnamese culture and try to understand Vietnamese logic**
 - *In Viet Nam you should work like Vietnamese*
 - *Networking*

Subcontracting Criteria

1

- | | |
|--|---|
| Good Communication and Understanding Between Partners | <ul style="list-style-type: none"> • Available by phone • Available by e-mail • Counterparts English skills |
| Trained Staff | <ul style="list-style-type: none"> • Diplomas in metal work • How many workers |
| Machinery and Equipments | <ul style="list-style-type: none"> • Dwelling • Bending and edging machines (metal plates) • Cutting machine (metal plate) • Sawing machine (metal pipes) • Stainless plates and pipes of different sizes • Heavy lifting equipment |



Subcontracting Criteria

2

Quality Control	<ul style="list-style-type: none"> • How many quality checkpoints in the process? • Guarantee for the quality → how many years?
Factory	<ul style="list-style-type: none"> • Available space → Room for the assembly • Turnover → Money to purchase raw materials • Flexibility → Capacity to arrange the assembly in short notice (Lead time)
Infrastructure	<ul style="list-style-type: none"> • Location near to the potential market • Location near to the port • Factory on a concrete floor
Recommendation	<ul style="list-style-type: none"> • Reference • Previous works of assembly of Industrial Machines



Long List

There were 24 Companies in the long list

Companies were located in:

- In South of Viet Nam: 14 companies
- In North of Viet Nam: 10 companies

Companies were eliminated if they did not fulfill these Criteria:

1. Number of Employees over 50
2. ISO 9001:2000
3. Equipment/Machinery/Assembling/CAD/etc.
4. English

Short List

After eliminating companies from Long List, 6 companies were left in Short List

- **In North: 2**
- **In South: 4**
- **These companies were send this questionnaire (Double click on icon) →** 

Microsoft Word
Word 2010.docx
- **Answers (Click on compatibility mode) →** 

Microsoft Office
v 07-2003 Word.doc

C3 HOA THINH PRODUCTION & TRADING JOINT STOCK COMPANY

- **Machinery not sufficient**
→ *Said manufacturing machine but not heavy machinery*
- **No ISO 9001:2000**
→ *The company website mentioned about it but when asked they didn't have it*
- **Good English skills and cooperative**
- **Interested in subcontracting**



C19 Quang Thang Electrical Refrigeration Co., Ltd

- **Machinery sufficient**
- **English skills not good**
→ *Questionnaire was answered in Vietnamese*
- **They were interested and cooperative**
- **ISO 9001:2000 was mentioned in their website**
→ *But it is in the phase of applying and implementing*



C23 QUOC ANH SERVICE AND FABRICATION COMPANY LIMITED

- **English communication very good**
- **Very cooperative**
- **Machinery sufficient**
- **ISO 9001:2000 was mentioned in their website**
→ *But when asked it was said it was in working process*



C24 Goltens Vietnam Ltd

- **Good English communication**
- **Machinery sufficient**
- **This company was recommended by other company**
- **Very cooperative**
- **Number of Employee only 25**
- **ISO 9001:2000 in progress**
- **Very cooperative and interested**



C18 Hai Ha Machinery and Trading Co., Ltd

- **There were difficulties to get the information**
 - *Slow reaction*
 - *Answering Email in good English but spoken English not good*
- **Machinery different what needed**
 - *Not sure can it be done with their technology*
 - ** Our capabilities are CNC lathers, welding machines, stamping machines, forging machines*
- **Have ISO 9001:2000 Certificate**



C21 Tri Cuong Industrial Co., Ltd

- **In machinery part they fit the bill**
 - *But it can you trust their answers because they said yes to everything?*
- **Not good English**
- **Contacting them was difficult**
- **Cooperation not good**
- **Not sure how interested they are**



Working in Vietnam

- **What they say and what they do might not be the same**
 - *They will say that they can do anything you want*
- **Make sure that you have easy communication**
 - *What will you do if they stop replying emails and answer your phone?*
 - *A lot of companies they don't even have working phone numbers in their websites*
- **If you plan to do more operation in Vietnam**
 - *Hiring a person in VN who can be your eyes and ears* → *Faster reaction to coming problems*

Working in Vietnam 2

- **They won't tell you about the problems if you don't ask them**
 - *Afraid to lose face*
 - *You can not react to the problem if you don't know about it*
 - *Hire a Viet Kieu who knows Finnish, English, Viet and has business and technical background with good networking skills*
- **If they say they have ISO 9001:2000**
 - *Ask a copy of the Certificate*