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ANALYSIS OF SUPPLY CHAIN MANAGEMENT
(SCM) IN HAIHA CONFECTIONERY JOINT-STOCK
COMPANY (HAIHACO) AND DEVELOPING PLAN
FOR ITS SYSTEM

Degree Programme in Innovative Business Services

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This thesis focuses on the Supply Chain Management System, which allows a company to work smoothly and effectively throughout the chain. It will start with the basic understanding of every single concept including Production, Inventory, Location and Transportation. Combining all the processes, it will emphasize the role of SCM in the business picture. By testing the result and examining the completed supply chain management plan, the manager can easily minimize the mistake and fix it in a short period. Each company has their own SCM plan, and the flow of the SCM will decide the strategy's effectiveness.

In order to bring out the nature of SCM system and research to the level of SCM in Vietnam, I had the interview with the vice president of HaiHaco - Mrs. Nguyen Thi Kim Hoa. The interview focuses on the total procedure of the SCM system, and also what they are planning to build for having a better SCM. Base on the interview information, the current SCM system of HaiHaco will be studied for understanding the positive and negative aspects. Finally, it can answer the questions of how to improve the SCM system? How can a company have a more effective SCM system? And more importantly, how does a company improve to be able to compete with the foreign productions? This study not only helps HaiHaCo to strengthen their system for archiving the most effective system possible but also opening the new track to HaiHa to compete with the international market.

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1. INTRODUCTION

1.1 Brief introduction of Supply chain management

For all area of business, there are suppliers and customers. Between them, there are many links including activities and processes, which help to connect suppliers and customers together. For that purpose, companies develop the Supply Chain Management (SCM) system in order to maximize the value to the customer and at the same time reducing the cost. Supply Chain Management has been practically used in all businesses and operations: small family businesses or even big corporations like Dell, Zara or Wall Mart. Depending on the scale and characteristics of the company, the Supply Chain Management can be varied, but the main principle is the same.

In developed countries, Supply Chain management has been used for years and it becomes a vital part of any business. In contrast, in developing countries, this system normally is overlooked. As a result, Vietnamese companies lack the efficiency when delivering the product to the final customers.

1.2 Objective

This thesis will focus on the theory of Supply Chain Management, its advantages when successfully applying in a company, the procedure to create a fully active Supply Chain and all other aspects. Moreover, this thesis also creates the fully practical Supply Chain Management system to HaiHa confectionery Joint Stock Company (HaiHaco) for emphasizing the need of SCM in business, especially in developing countries, in Vietnam to be exact. The road map for the thesis is finding out the appropriate HaiHa's Supply Chain Management plan, how it functions, what makes it working inefficiency and finally coming up with the suitable plan for the Vietnamese market.

2. THE CASE

2.1 General information about Haiha Confectionery Joint Stock Company

Hai Ha Confectionery Joint-stock Company is one of the largest confectionery manufacturers in Vietnam. HaihaCo has been founded since 1960 in Hanoi, Vietnam. Throughout 50 years of developing and doing business in confectionery market, HaiHaco's production became one of the necessary parts of Vietnamese people. Moreover, HaihaCo's productions appear in mostly every store in Vietnam and spreading out internationally. The company is progressing steadily and developing continuously to build the reputation and trust from customers.

From the beginning, the company only is a small factory with the capacity of 2000 tons/year. At the moment, HaiHaCo developed into HaiHa Confectionery Joint Stock Company with the ten-fold increasing in capacity 20,000 tons/year

HaiHaCo is the first company in Vietnamese confectionery market archiving the certificate "Hazard Analysis and Critical Control Points"(HACCP) (Website of HaiHa confectionery join stock company). This proved company's objective of being the leader in not only production but also ensuring food safety for consumers' health.

In 2003, The Company transformed into Joint Stock Company and it functions including:

- Manufacture and trade of confectionery and food processing
- Export and import of raw materials, machinery and equipment, consumer goods, other commodities.
- The provisions of the law do not prohibit other business sectors.

HaiHa's production has been continuously awarded gold and silver medals in Vietnam's industrial good exhibition. Especially, HaiHaCo JSC's products became favorite good of customer in all generations, and have been voted as "High-quality Vietnamese Goods" for 17 years.

2.2 Company's vision

HaiHaCo now is holding about 40% of the Vietnamese market share. Since 2000, HaiHaCo has met the rough competition from foreign products so they focused their target segment into low and middle-income class (Website of HaiHa confectionery join

stock company). They want to keep the lead position of quality in Vietnam, and further spreading their products to neighbor countries like Laos and Cambodia.

Moreover, HaiHaCo recognized one important fact: Vietnamese prefer more the foreign products than Vietnamese products. For that reason, HaiHaco strategy for near future is coming in two directions simultaneously. One is developing HaiHaCo's own products by changing the design and taste, and the second is franchising the already famous product from American or others TPP countries " Trans-Pacific Partnership". The commitment of 12 TPP countries including Vietnam makes the franchising among companies in TPP easier than ever before. HaiHaCo wants to take that opportunity to create more advantages for the future competition.

3. METHODOLOGY

3.1 Research Objective

The data will be collected from Primary data. All the information helps to form the fully understanding of company's current supply chain. The data collected by the annual report of the company. It shows the financial situation and also the market situation of the company, which provides the total view of the company. Moreover, I had a chance to interview the vice director of HaiHa. In the interview, I mostly focused on the current situation of HaiHa's supply chain management. Actually, she does not know what SCM mean and what will it affect to her company. Every firm has some type of SCM, but HaiHa's manager does not pay much attention to it and keeps working in the traditional way for many years. So the SCM system is not fully developed and also lacking the consistency, which is the most important element to make the company working effectively. Plus, in the interview, I knew more about their future investment plan, but with the lacking of completed SCM system. They will have to spend more on wasted cost. Base on this investment information, I also will analyze the advantages and disadvantages in their SCM plan for supporting these investments.

3.2 Research method

The research method I used is qualitative. The qualitative method can give us the reliable information of HaiHa operation. In the Interview, we can have better understand of HaiHa current SCM system situation. Moreover, we gained the knowledge of underlying reason, opinions and motivations of HaiHa board. So we can make the assumption and also the future plan for HaiHa in term of building SCM plan to help them gaining possible advantages. The data of profit, cost, demand, capacity and productivity can prove the effect of the supply chain management plan. Plus it qualitative research method also uses to realize the trend and dig deeper into the situation. Base on that, we also can do the adjustment along the plan applying process.

4. SUPPLY CHAIN MANAGEMENT THEORY

The theory of Supply Chain Management will be presented in this thesis along with the analyzing and explanations base on the real cases. Moreover, this theory will help reader having the total observation of how the Supply Chain systems work and the methodology to build it base on each specific situation. Each section of the Supply Chain will be analyzed and finally finding the appropriate system to the thesis's case, which is HaiHaCo JSC.

4.1 What is Supply chain management?

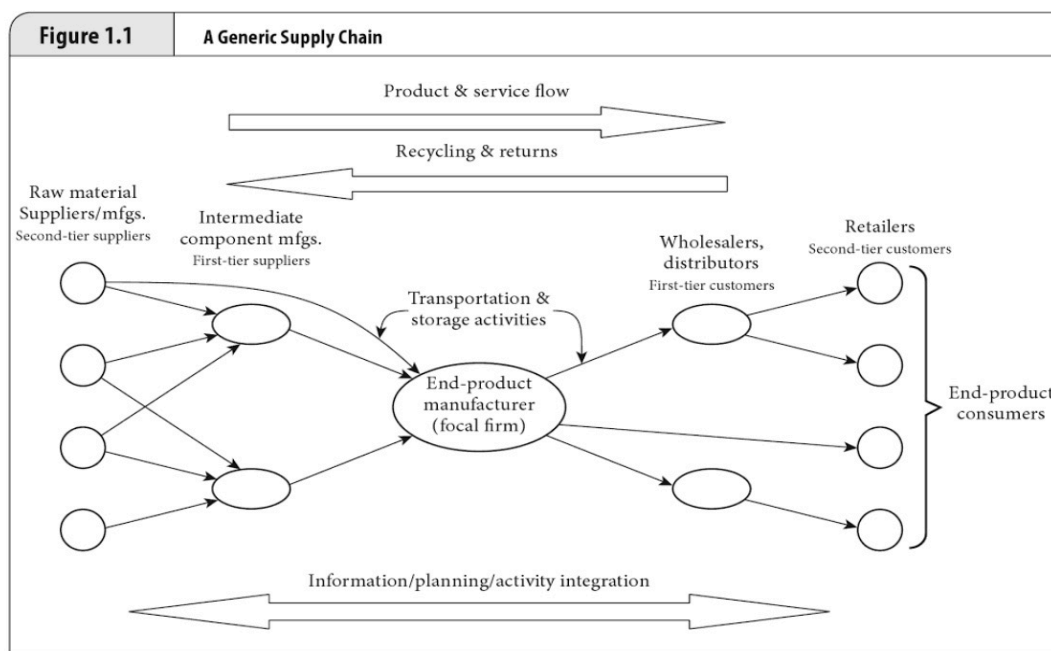


Figure 1.1 a generic Supply Chain (Wisner, Tan Leong, 2011)

For the most cases in every business, in the typical supply chain, raw material and products are manufactured in factories and then transferred to storages and finally come to the retailers or customers. This can be varied from business to business. Each business has their own definition of their Supply Chain, which bases on the characteristic of the business and the products they are selling. In some cases, the business Supply Chain involves with purchasing and procurement, to others, it can be warehousing and distributing process. And for others, SCM requires the cooperation between external firms and internal business functions in order to maximize the profit.

There is a definition (Melnik & Swink, 2002), which considered all links every business involving in:

- 1) Converting raw materials and information into products and services
- 2) Consuming the products and Services
- 3) Disposing of the Products and Services

Every link of above network has many smaller links inside, and again they are varied from business to business. The detail of each link can be defined in the next chapter of this thesis. In order to bring the product to the end customer, the product needs to come through Value-added activities required to plan, source and others to fulfill customer's needs

Supply Chain Management needs the coordination of many departments but the most essential are Production, Inventory, Location and Transportation. With the best mixture of these areas, the company can absolutely become effective in serving the customer.

- Production: Every business from manufacturing to services obviously needs to consider making the plan of what does the customer want and how many productions should the company need to produce? This activity requires the precise decisions of manufacturing schedule, which need to include all the elements of material, labor, equipment and more.
- Inventory: Scheduling again is the most important element in this area. At each stage of the Supply Chain, the company will need some kind of inventory. The question here is how much should the company divide to each stage? There are several stages of inventory and they varied from business to business, for example: raw material, semi- finished product and finished product. In Supply Chain, the Inventory holds the position of recovering the uncertainty of any business. But considering of how much should company hold in inventory is the essential decision of scheduling. Because it will affect directly to company budget and profit.
- Location: Location, to be more specific facility location has without a doubt great effect and also the long-term impact to the SCM. Moreover, it will participate as one of the most important parts of firm's strategy. There are uncountable factors, which lead to the location decision: population density, technology infrastructure, transportation, communications system, exchange rate movement, costs and the market itself. The decision of where to locate the

facility, where to manufacture, assemble and store can make the line between loss and profit. And again this is an eye of the chain and it connects all the chain for making the best flow of one firm.

- Transportation: Transportation has the role of the bridge connect all eyes of the chain. For any Supply Chain, the transportation will include the function for both input material as well as the finished product. The logistic manager needs to consider about raw material, intermediate goods and also finish product to its destination. As the developing of the world and economic, the method of buying at the producing area is no more. Hence the facility location can be very far from each other. So, the modern transportation system of SCM needs to begin with end-to-end networks visibility. It helps any company to centralize the production operation, which leads to reducing the cost and also enhance the services level and efficiency. (Website of Eye freight)

5. COMPANY'S ISSUES AND SOLUTION

The last chapter only presents the brief introduction of SCM for most of the common case. In this chapter, considering the situation of Hai Ha joint stock company, all the advantage and disadvantage will be analyzed. Plus, all options will be considered and added up the specific model. Base on that combining with the theory, the more practical and effective plan can be completed.

The main different between the 1990s SCM and from 2000s till now is firms look the supply chain as the strategy for enabling the flow but not just to make all the factors in the chain work effectively. An essential part of the value of the supply chain is how all the departments handle the information flows, hence strengthening the situational awareness as also the competitive power of the participating firm (Jespersen, Birgit Damm & Tage 2005). In order to do so, there are many issues those cans not overlook.

5.1 The different between SCM and logistic

Logistic itself is very commonly applied to an individual firm, and the main purpose is making the best effect to the company's logistic system from the raw material to the end users. SCM is broader than that, it basically gowns from the logistic concept. But SCM bases on the external coordination with all the players in the supply chain. This relationship's aim is enhancing the trading in the whole chain. Hence, the logistic became one part of the supply chain and grow more effectively throughout the chain.

Applying the SCM means strengthening the whole supply chain, but not just focusing on sub-optimization of only one individual firm. For example, to calculate the final cost of any product, the manufacturer must take into account the excess inventories cost. This is the connection with the just-in-time production. When the factory earns more profit if they postponing the procurement of material until the order placed. So as for logistic, the plant only arrange how the material and product moving in an individual system.

As for SCM, it includes multiple players, and its main object is the integrate cooperation (Jespersen, Birgit Damm, Larsen and Tage 2005,14). But for most of the practice cases, the cooperation begins between buyer and seller. It is uncommon for expanding to customer's customer or vendor's vendor. On another hand, any enterprise must view

everything from SCM perspective. The reason is how well the link and flow through the chain will decide directly how much profit the supply chain brings and how much cost wills it save for not only one firm but also every company in the chain. For example, in the automotive industry, one manufacturer needs to cooperate with many suppliers and each supplier needs to cooperate with a number of suppliers. So it forms the hierarchic vendor cooperation. In many cases of the chain, the roles are not clear. An automotive firm can also be the supplier for their competitors. The engine is very typically used in firm's competitor's cars.

As the case of Hai Ha, the role of HaiHa's supplier is clear. This chain is the cooperation among Haiha's suppliers, Haiha and the distributors. With the huge capital due to 50% share belong to the Vietnam government. HaiHa's just-in-time production system is working very well. That is a strong advantage that Haiha must keep exploiting. They can store more at the low price point and postpone the procurement to earn more profit. But the lacking point in their SCM plan is the connection with their distributors, which is making them lose their share in the market. They have built their own store chain, but most of them are near the factory. The cooperation system with supermarkets, small shops, and stands is very poor. The biggest issue for them is the condition with distributors. The distributor always lacks in capital, so they prefer to sell manufacturer's product under consignment conditions. Understanding the situation, Haiha's competitors start to apply consignment contract with all supermarkets. As the result, HaiHa's products keep disappearing in the market. Even Haiha has a good logistic system, but without the cooperation with other players in the chain, the competitive ability is the obvious weak. Hence, building the concrete relationship with the full support is the most urgent task for HaiHa at the moment.

5.2 Supply Chain Design and Planning.

Supply chain management combines many business functions and activities and all of those must be managed as one. This is the spine do the planning and controlling the flow of the raw material to the end user (Turner & Robert W 2010,15). It is the relationship not only internally but also with external firms. Each company, each field of business will be managed by many different ways. The disadvantage of HaiHa is the distributor relationship; it is primary to focus on planning for the impact of all parties including intermediaries and third party service provider.

5.2.1 Intermediaries and Third-party Service

A manager needs to look at how the supplier supplies the good and services to the customer and they get paid for what they provided. But a successful manager can look at the overall situation of the firm and be able to identify a supplier tier 1 and Tier 2 Vendor (Turner & Robert W 2010,16). From there, the supply chain manager can evaluate the good and service and understand how they build the price. This understanding will assist the enterprise in designing the best flow of raw material, products and service within the chain. This plan will be designed basing on the knowledge of the original of the raw material or component parts and what market where it is suitable.

Every company wants a cheap price. That is the reason driving all their decision. But on the other hand, the lowest price does not mean the best quality. In any product and service, the price influences the decision, but choosing only by the price will turn out to be a disaster. So as the manager, choosing the best bid is not always the cheapest one but the most suitable. The manager needs to work diligently on the strategic supply management tools and processes in order to choose the best value that one bid can bring to the organization.

The best example of the supply chain management should be the failure of the trade affair in America of Chinese drywall. After the hurricane Katrina disaster, it starts the boom in construction and home sales. Due to that, the drywall, which was the new model of construction technique at that time, steadily increase in price and the shortage in storage. So people looked for another cheaper sources. And obviously, China is the perfect option for it when they comparing the price. China drywall was cheaper than the domestic price even after adding all freight cost all the way from China, and they can supply it with the very short amount of time. Low price and on-time services mean more profit, so they did it. They imported millions meter of drywall and delivered to all over the USA from Florida, New Orleans, Texas even to New York and California. The final result, after a not very long period, they started to have reports about the effect of Chinese's drywall to households. It damaged not only the structures of the house but also all the house applicants. As the report, over 300,000 homes were affected. In short time, they began to sue each other's and also to China, but as we know international suing is hard costly not only money but also the time (Turner & Robert W 2010,16).

After all, for the immediate profit, they have spent few years and also few millions of dollars. That is the big different when the manager does not have the strategic supply management methodology. The importing firm's manager lacked the experience or to be told focus on the profit. There was no standard to drywall on which suit to the US household. They fail when ignoring all the standard requirement, raw material source checking, quality testing and all steps that need to determine. And the reason of time pressure is unacceptable.

Come back to the case of HaiHa. Geographically, Vietnam has a very good position for trading with China hence the Chinese product at the moment can cover up around 50% products in Vietnam. The confectionary industry is not an exception; Long Hai, which is the biggest jelly maker in the North Vietnam, manufactures their own brand of candy and biscuit but 50% raw ingredient originally from China. In 2010, the controversial of how the China food product affects the health of people reached its peak. For more than 10 years, they use the sugar from China. This sugar is actually not from sugar cane but its chemical sugar Sodium Cyclamate. It can be sweeter about 30-70% in comparison to the normal sugar; so many confectionary factories use this sugar instead including HaiHa. Finally, in 2010, the government started to invest in and tested their product. They have been prohibited most of the products and retrieved all of them back to the factory. This scandal made them lose all the reputation and also hundred thousand of dollars, which led to near bankrupt. In the end, the government also checked the entire products in the market to check and Haiha was one of them, who violated the health law. Luckily, the products that contain more than the roof of allowing chemical sugar level are the infamous brand. Even they lost few thousand of dollars, but it did not affect too much to the company. Still, the lesson to be learned, they have to change all the sugar and all other ingredients with tight examination and testing. Otherwise, their destination will be the same as LongHai.

5.2.2 Supply Chain Design – Commodity group

As we discussed at the beginning of this thesis until now, the supply chain is more than just the simple step. It requires the acknowledgment of everyone and everything happen in the past, present and future.

In the medium and big enterprise, there will be procurement department, but sometimes they will divide it into smaller divisions. These divisions have their own function and they are specializing on it from general purchasing, transportation sourcing, international and domestic purchasing and **commodity group** (Turner & Robert W 2010,20). All together share the same target to bring maximum profit to the company. They should use the same fundamental and rules to operate. In the end, they are working in the same system.

This is what we call coordinated supply chain management. The system is the chain that individual department working separately, but sharing to each other important information such as price, technology, sources, supplier performance and material etc. This sharing helps the organization to check and look at the overall picture into every eye of the chain. The manager can have knowledge about what are their products, where are they purchasing the raw material from, who are they buying from and how well each department working. There are two methods for how to share the information in the system Master database and commodity group.

For the database, the firm can build up their own master database. One individual division can upload to the system and read the information from other departments from there. For example, general department of one country custom, they build the system that allows them to upload all the information of every container import and export to and from this country. So if other departments want to check whether one company use some trick to avoid taxes, they can simply log in to the system and check all information of the company from original of the product, price, and destination port. Moreover, they can easily compare the price of the same product which import or export from different companies, so they can prevent committing tax evasion.

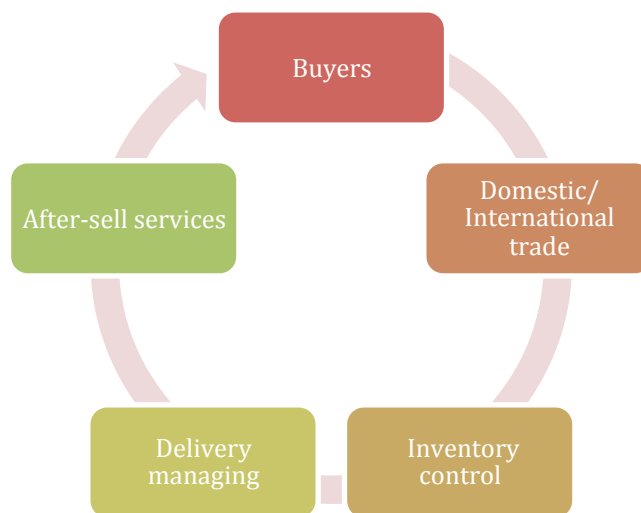
For Commodity group, it is the most effective design of coordinated chain management. It is the group of different person, who has different specialties in different fields. They group up and collecting all the information from different section consisting inventory planner, expeditors, warranty and purchase buyers. They will have all the information in hand and inform very important information to the manager. Base on that the manager can have the better decision when looking to the overall picture. Cause when they have the idea how to arrange in inventory, which part is suitable for which part, where services need to serve, on-time purchasing and how much value did they add

continuously by holding a smooth flowing system. Their job is bringing the manager the ability to recognize and forecast the trend of the price, material arranging, inventory control and on-time services supplying. For each organization, coordinated supply chain management size will look differently. Single purchasing from the individual department will differ from combine procurement from several departments with multiple vendors. So the design of supply chain can be adjusted to fit with each form of organization, in order to add value, effective and productive to the company.

In the case of HaiHa, they have to answer the question what Commodity group has to do with their coordinated supply chain management. It is everything. As for them now, they have several factories and departments spreading in many cities and provinces of North Vietnam. But they do not have the proper linkage among all their divisions. Just for the trading department, which contains people, specialize in many things. One person can do both domestic and international trade, another person can do inventory and also delivery control. They have to be in charge of many things but actually specializing in nothing. Its is a mess in organizing, even if they have the database, they will have conflict in their input and output information. Because they are responsible for many tasks and one task is many people's responsible.

Hence, the design and planning of coordinated supply chain management such as commodity group is the most suitable for HaiHa. They should change their employee arrangement, one person can be in charged in one specific task and he/she alone must have the full responsibility for it. The first step, HaiHa must start to separate their employees to different departments and giving them a specific task, so they can work more effectively and avoid unwanted fail. Next step, they need to change their database system into a professional network. This system can control the flow of the information. It can prevent too many people putting twice the information or adjust the numbers on the system. With a high-security system, each department will have the trustful access to the essential information. It helps them to make the best decision base on most accurate information of the coordinated chain. Last, even the computer can work perfectly, but handle this information need people. HaiHa needs to establish their commodity group, who has the responsibility to deal with all information in the system. HaiHa's commodity group will include international trade, domestic trade, inventory control, delivery managing and after sell services (Figure 5.1).

One or two people depending on the scale will handle each task in commodity group. Each of them can have the full access to the database, and they can gather all information for specific time period. They use collected information to predict the next movement of the market. They can definitely gain the advantage when they are able to foresee the trend of their product. Haiha can choose to store more raw materials or lower the price to buy new raw material when they foresee the changing in price. Not only just the material also the final product needs the information. HaiHa can consider for where should they place the storage, how to transport among factories in order to have on-time delivery services. With many advantages that HaiHa can possibly gain just by change the way they plan the coordinated supply chain, Haiha must consider to build the link among all facilities not only their internal departments but also with all players in the chain. And the commodity group is the central bridge



5.1 Commodity group personnel (Figure 3.1 Turner & Robert W 2010,20)

5.3 Ethical and Sustainable sourcing

For the nowadays model life, people care more and more about the environment the society and human right. They focus on how to protect and fix the environment that they have destroyed since the beginning of the industry. Hence, companies also have to consider between profit and social needs. So in this topic, we will not just discuss normal sourcing in the SCM but also embed the ethical element in the SCM sourcing plan in order to make the social having more credit and recognition for HaiHa.

5.3.1 Ethical sourcing

First and foremost, ethical sourcing is the effort of the enterprise to take into account the social effect when buying from an organization or even their buying behavior. It can be a company who rejects to buy from a supplier using child labor, dumping chemical waste into the environment or even sweating the workers. Instead, they buy from a smaller company who helping disable people to come back to the society, women-owned or replacing old goods with the green ingredients. It is not only the task for the manager to purchase from suppliers with ethical priorities, but the manager needs to bring it to become company's culture. The manager builds the clear outline and structure which aiming for the practice ethical sourcing. Communicating not only amongst employees but also all other trading partners. Finally, they can announce to the customers to prove what is different between them and other firms.

Coca-Cola – one of the biggest corporations in the world. Their main product, in fact, has many negative effects to people health it somehow bringing the bad reputation for Coca-Cola. So instead of keep proving that their product will not cause much harm to the human body, they building a big campaign focusing on others society issues as child labor or poverty. They are participating in many non-profit organizations and keep extracting millions of dollars for these organizations such as Child labor platform. (Website of Coca-Cola 2016)

In addition, outsourcing is and will be the solution of Haiha. One company cannot make everything by themselves, it will cost time and effort and capital from HaiHa. So the best option is to outsource component parts such as printing and packaging, ingredient growing, then they can focus on that their core business. Even the cost will be a bit higher but they can leverage it by bulk buying. Even those, they need to consider all elements to get to the final decision as losing control of quality and increasing need

For any SCM model, **outsourcing** in any developing country will be the choice with few reasons:

- Labor cost
- An uncompleted law system
- Special treatment in tax from government for oversea firms

The cost they can save from outsourcing is surely huge, but the risks also need to be considered including violating the human right, child labor, animal law or even safety working environment. All of these can lead to huge negative effect to not only the branch but also the image of the company all over the world. Many chemical companies have to come to an agreement of paying billions of dollars for environment damage such as Unilever with the dispute of Mercury poisoning in India. The research proved that the customer especially Asia customer stopped using not only chemical product from Unilever but also all other product from. Following, the stock price went down and huge fine from the international court.

So to minimizing the risks, ethical sourcing should include:

- Have clear investigating on where purchased products from and how did it made
- Understand supplier conditions (labor, wage, human right and environmental protection solutions)
- Hiring independent organization to verify vendor
- Providing the ethical sourcing expectation for all vendors.

In Vietnam, the ethical issues are not on top of the priority list when majority number of people deciding to purchase any product buys its price. But for young generation, they have more and more information of how chemical product can affect their health and also how the greenhouse effect can change their life. Slowly the society will reject bad product and use the healthy product, which is good for their body. It also has good effects on the environment and society. Haiha can definitely take the chance to bring HaiHa name spreading out to the market with the firm commitment “We protect you”.

HaHai must change their system from production also market and finance. The right for employees needs to put on top of priority lists. Moreover, all partner also need to prove that they can follow HaiHa’s ethical principal from sugar, powder, cream or even the package. All of partner and HaiHa will have the certificate from third-party organization to prove 100% health protection. More people buy one product by its price, the rest will not. So Haiha must be on the options when customer cares about their health more than their pocket

Building this system is surely hard, but keeping it as keeping HaiHa reputation is even harder. But they must do it once they made the promise to the customer. Hence, they can follow following checklist.

Table 4.1 The Ethical Trading Initiative's Base Code	
CLAUSES	ABBREVIATED EXPLANATIONS
1. Employment is freely chosen	No forced, bonded or involuntary prison labor. Workers are not required to lodge "deposits" with their employer and are free to leave after reasonable notice.
2. Freedom of association and the right to collective bargaining are respected	Workers have the right to join trade unions and to bargain collectively. Employer adopts an open attitude toward the activities of trade unions. Worker representatives are not discriminated against. Where the right to collective bargaining is restricted under law, employer facilitates the development of parallel means for bargaining.
3. Working conditions are safe and hygienic	A safe and hygienic work environment shall be provided. Adequate steps shall be taken to minimize the causes of hazards in the workplace. Workers shall receive regular and recorded health and safety training. Access to clean toilet facilities and sanitary facilities for food storage shall be provided. Accommodations shall be clean, safe and meet the basic needs of workers. The company shall assign responsibility for health and safety to a senior management representative.
4. Child labor shall not be used	There shall be no new recruitment of child labor. Persons under 18 shall not be employed at night or in hazardous conditions. Policies and procedures shall conform to the provisions of the relevant International Labor Organization standards.
5. Living wages are paid	Wages and benefits for a standard work week meet national legal or industry standards, whichever is higher. Wages should be enough to meet basic needs. All workers shall be provided with written and understandable information about their employment conditions before they enter employment and about the particulars of their wages each time that they are paid. Deductions from wages as a disciplinary measure shall not be permitted.
6. Working hours are not excessive	Working hours comply with national laws and benchmark industry standards, whichever affords greater protection. Workers shall not on a regular basis be required to work in excess of 48 hours per week and shall be provided with at least one day off for every 7 day period. Overtime shall be voluntary, shall not exceed 12 hours per week, and shall always be compensated at a premium rate.
7. No discrimination is practiced	There is no discrimination in hiring, compensation, access to training, promotion, termination or retirement based on race, caste, national origin, religion, age, disability, gender, marital status, sexual orientation, union membership or political affiliation.
8. Regular employment is provided	Work performed must be on the basis of recognized employment relationships established through national law and practice. Obligations to employees under labor or social security laws shall not be avoided through the use of labor-only contracting, sub-contracting, or through apprenticeship schemes where there is no intent to impart skills.
9. No harsh or inhumane treatment is allowed	Physical abuse or discipline, the threat of physical abuse, sexual or other harassment or other forms of intimidation shall be prohibited.
Source: Ethical Trading Initiative website: www.ethicaltrade.org	

(Website of Ethical trading Initiative 2016)

One more solution to HaiHa is purchasing **fair trade** product (Wisner, Tan & Leong 2011,105). It is the activity which big company purchases products from the disadvantaged producers from developing countries in order to support them to bring

their product to market or introducing with the world. And this type of disadvantaged producers can be found very easy in Vietnam. HaiHa can pronounce a campaign with products made from 100% ingredient from Vietnamese who being pushed by the large corporation in price. It can spread the spirit of protecting Vietnam product to Vietnamese customer.

5.3.2 Sustainable sourcing

Sustainable sourcing is one of the aspects of ethical sourcing, it includes green purchasing, and financial benefit and obviously it will need to consider the long-term effects on people and planet. The company using sustainable sourcing needs to find to them below elements:

- Grow revenues. Bring them out from the crowded make more different and sustainable product
- Reduce cost. Increasing efficiency by redesign transportation system, work with well-cooperated supplier
- Manage risk. As mentioned before, the reputation is what firm must protect. In sustainable format, the environmental and social responsibility must come first
- Build intangible assets. Preventing the risk is not enough. Firm must boots up their reputation with many environmental activities and charity campaigns for social
-

In China, as the factory of the world people are thinking that they do not really care for the environment or the consequences that next generation will face. In fact, China is putting much effort to do it; they are moving the entire factory out from cities and build many green cities like Hangzhou. China has many supporting fund for sustainable sourcing and green technology. Also, many companies in China starting up with the idea of green technology like the paper bag, solar battery and even disposable waste bag. In fact, they are exporting green products to developed countries, where started green trend, cause their cost has reduced and the valuable intangible asset as the recognition of the world for their green products.

In Vietnam, Baby rice is very cheap and easy to find. But one problem is they cannot reach to anywhere but Hanoi or combining in any products due to their characteristic

and it does not have any certification for food production. There is no organization can clarify or issue the certification for baby rice. In contrast, no producer has the ambition to do it. A product like Baby rice needs the company to sustain, it needs the help and investment to ultimately getting the recognition and certification. Then producer like HaiHa can use this to their product. It will bring a healthy product to the market, sustain the growers, and gain the profit by using new products, which can represent to Vietnam.

5.3.3 Benchmarking sourcing practice

In short, Benchmarking is learning from the best (Wisner, Tan & Leong 2011,124). Haiha can take others cases of others companies as the lesson. They can choose which case is the best fit for HaiHa circumstances and analyze the process. They can easily recognize the good and bad in the plan and make the best plan to themselves.

For example, In Vietnam Thang long cigarette company have bought the franchise of very famous brand 555. And they actually 95% focus the machine to produce this product to Vietnam market. By this, they can gain the almost ultimate advantages to compete with any Vietnam branch. HaiHa also can do apply the same and buy the franchise from many famous companies in the world like from Wrigley or Kraft food who is trying to spread their name entire world by franchising.

E-procurement also is the lesson to learn. No need to explain how the website or Internet can do to not only procurement process but also affecting the whole corporation. Many companies are applying the E-procurement system, customers simply choose from the website what they want and purchase through the Internet. It will reduce the cost for the customer and also raise the customer's need for any products. With the technology in Vietnam, It is now not very hard to apply this system as also the case of HaiHa. Learning from E-procurement case also consider the cost need to pay and profit also potential customer it might bring, finally, HaiHa can have the decision whether apply it or not, when and how. It all depends on the information the HaiHa had from other companies' case.

5.4 Resource Planning

Resource planning is one of the activities in SCM, which allow the manager to determine production capacity to meet its demand. Capacity represents the max amount

of work that one firm can create in the fixed period of time. The most important result for resource planning is the balance the production plan with capacity. It can enhance the efficiency in producing goods or services. The manager has a task to scheduling almost perfect plan for capacity meet the due date, reducing the waste and save time. Especially in this intensely competitive market, the more you can save and the more balance of capacity u have, the more advantage you get. This is very challenging for any manager.

The capacity analyzing can base on labor, material and equipment. If a firm has less capacity than the output, then the problem is obviously unpleasant from customers, which damaging the reputation and also the money from the fine. But with too much capacity, labors or even machines will be stressed, which lead to the decrease in quality. So most of the factories will only work 85% of the capacity and the rest of the time for maintaining the machine.

5.4.1 Operation Planning

For any factory, the task to keep the balance of capacity and output is very hard and it depends on many elements. The schedule must adapt the long-term workload and also improvise with an upcoming situation. Hence, the operating plan usually separate to 3 categories (Wisner, Tan & Leong 2011,167):

- Long range (one year or more)
- Intermediate or medium range (6-18 months)
- Short range (one day to few weeks)

The long-range plan normally will prefer to the major development of the company such as construction or open new branch or department. The **aggregate production plan (APP)** is once of the long-range plan. It will contain the schedule to adjust the output, workload, workforce and inventory for the company. As for the middle range plan, it also refers to the aggregate production plan but in the shorter term and more detail. The **master production schedule (MPS)** will adjust more exact the production capacity to meet the need and on-time producing schedule. Finally, the **material requirement plan (MRP)** is a short term plan which plan for the flow of material to fix with the master production plan to delivery to the final customer timely.

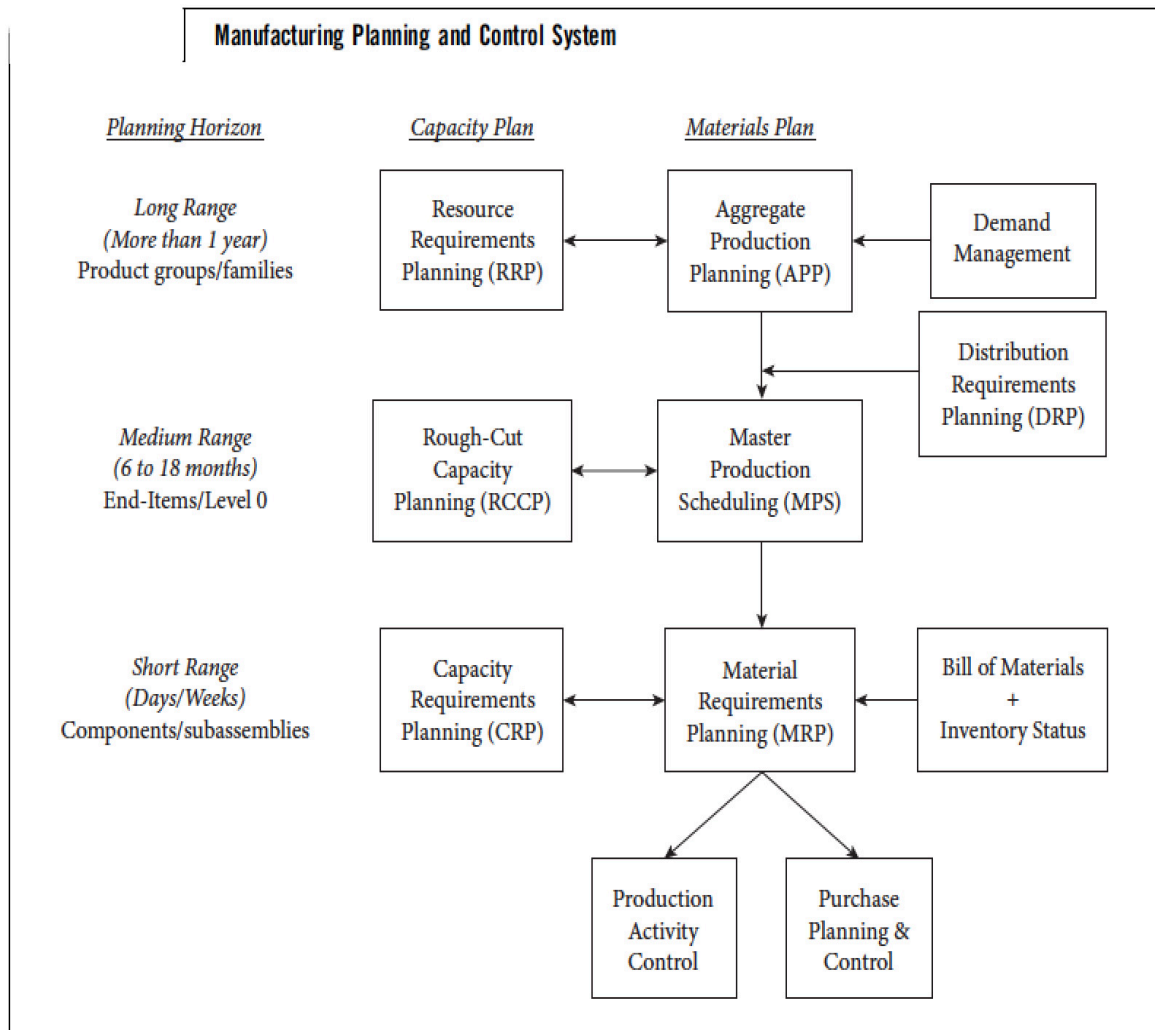


Figure 6.1 Manufacturing planning and control system (Wisner, Tan & Leong 2011,168)

5.4.1.1 The Aggregate production

This is a hierarchical planning, which is made by combining the annual business plan and the forecast of the future demand, customer order including annual customer and possible new customer, future promotion plan, and the preparing inventory. It can help the manager see the overall picture for the upcoming business year. It also needs to consider all the outside aspect that can affect the function of the company. After building the plan the manager will be able to utilize the work rate, workforce and also the balance of capacity with the fluffiness of inventory and components part.

It is strictly needed in car manufacturing. Matching workload with every component, workforce with the capacity of the machines without the aggregate plan will reduce the efficiency dramatically. After having the aggregated production plan will lead to the

smooth flow of the manufacturing process. The right amount of component will be delivered to the right machine with the perfect capacity. It gives no stress to the machine and also labors. For example, in every car, the engine is the most important part and also the most expensive one. No car branch will manufacture the specific engine to only one car model. One engine generation will be use in at least 10-car model, except some limited editions. So as the aggregating plan, the manager will schedule to group the engine-manufacturing plan together. Since each engine only needs small adjustment depend on the model requirement, the factory can manufacture with the huge quantity.

Moreover, the long-term plan will guide to the middle term and short-term schedules so if the links in the aggregate plan are disconnected, it will affect also to the plan. The cost that influence that aggregating plan is inventory cost, setup cost, operating cost, wage, pension, training cost and additional cost at peak demand. And there are three strategies that a company can use to make the aggregating plan (Wisner, Tan & Leong 2011,169).

- Chase strategy
- Level strategy
- Mixed strategy

Chase strategy basically is chasing after the demand. In order to fix the workforce to match with the demand, the manager will layoff labor in the low demand time and hire them back or new people to fulfill the high demand season. Obviously, it can fulfill the calculation in term of quantity. But in the financial term, it will be the lost for the company due to more training cost and deflect production cost that causes by new workers. So as Haiha case, even some jobs in the confectionery industry are simple but the negative effects on the financial and production will bring more harm to the firm. Plus, the working spirit of labors will be very low due to the uncertainty of the work.

The level strategy is the constancy of output rate and capacity. The manager will keep the level of workforce constant and only use the fluctuation of inventory and backlogs to deal with changing in demand. It will be able to keep the labor as the same level as always, so it is suitable for the company who needs high skill workers. But the effect on the company is the exceptionally huge cost for inventory and also the company has to suffer the fluctuation in the material price. HaiHa can apply the level strategy but in the actual situation they cannot store too much. Because the cost will be too high so only

very unique products with the selection should be stored to adapt with the fluctuation in demand.

Mixed production strategy is the higher advance of two above strategies. Instead of using chase or level strategy, many firms are using mixed plan. Basically, the company can cover up the lacking in capacity in high demand season with many tools. The company can stable the workforce by addition shift, part-time and temporary workers simultaneously, subcontract and even outsourcing to manage in the short period. In that way, the company can save more money for inventory and also have the most stable workforce. This is what HaiHa must do with the consideration of their business characteristic. In Vietnam the labor market price is very cheap, so the temporary worker is the best option for HaiHa in the short-term because many processes of manufacturing do not need very high-skill workers.

5.4.1.2 Master production schedule

Master production plan is the quantity of production to fix with the requirement from all sources. It has a task to calculate the needed ingredients and components to build up the final product. So if the requirement continuously changes which lead to altering the quantity in **MPS** can be very expensive and lead to **system nervousness** (Wisner, Tan & Leong 2011,173)

System nervousness can be understood as when one alternation in the upper production plan will cause a huge change in the lower production plan. Take HaiHa as an example, in the lunar new-year, the demand for sweet products is high and very fluctuate due to the intense competition. Sometimes, the demand raise up, at the time if Haiha has more orders and all in urgent situations. It stresses not only machines, workers but also for inventory. They will need to order new material with not a really big quantity in short time, so it is costly and also might have some negative effects to the product itself.

In that case, HaiHa should use a **time fence system** (Wisner, Tan & Leong 2011,174). It divides the plan into two segments: firmed and tentative segment. The firmed segment is part of the schedule that only can be altered by the high up level manager. And the tentative segment actually is the time fence system and it across the period from after firmed segment until several weeks later. Within this time, the schedule can change

production to fix with the changing conditions. Beyond that, the computer can calculate by itself to change the quantity automatically based on the order and scheduling policies. This system will be able to minimize the expenses when any change in MPS occurs.

5.5 Inventory management

Inventory is the most expensive asset of every firm, it can cover up 10% revenue and every change of it will affect company deeply. Even the service company does not need so many inventories but it is still very important to them. Inventory will affect the efficiency of the production. Complete the inventory control system can reduce the waste and stock out in manufacturing.

5.5.1 Dependent and Independent demand

Depend on the characteristic of the inventory; the manager can separate to two different types dependent and independent demand. (Wisner, Tan & Leong 2011,210)

Dependent inventory is the inner demand of every ingredient and component parts that the final products need. If the product demands change, the dependent demand also changes. Base on the size of the product, it also influences the change of the dependent demand. But most of the case once the final product change the internal demand will change dramatically. Plus, this demand can be computed easily only with the information of final product's quantity. Like HaiHa, when they have the order of one particular product, the system can easily calculate the exact amount of each ingredient and state to the master production schedule.

Independent inventory is also the demand for the final product but it is affected by the trend, season and also market condition. Plus, it also depends on the characteristic of the product. The manager needs to be able to forecast the market condition and the future trend to determine the exact inventory. It can be demonstrated by the replacement place in the product such as Samsung. There are many parts that frequently break like screen and also battery. So the demand for these replacements is very fluctuated, hence the manager only can decide the inventory by the research of how many screen or battery has been replaced in the last model. In HaiHa, it is not really similar to the mobile case, but the fluctuation change in season and the market condition is unavoidable. In the same product, it can have many flavors in one package. By research, they can decide to

manufacture more one flavor over others. Finally, they can manage their own inventory based on the final product.

5.5.2 Basic type of inventory

As mention before, the inventory managing is the task to correct the amount of inventory at each factory so the manufacturer can operate faster and smooth with the result of reducing production cost. There are four categories of inventory: raw material, work-in-process, finished good and maintenance, repair and operating.

Raw materials are the inputs for the final products and becoming part of the product after the producing process finished. There are many advantages due to storing raw material. With bulk buying, the company can gain the better price for the material, and also they can avoid the unstable of the market price. Plus, inventory of raw material can fix the short in supply and keep safety stock to keep the production line effectively. HaHai has the nature of a confectionary company; they must have the raw material on the stock due to the frequent use with the short in supply in the market due to high season. So HaiHa must always keep in storage the raw material.

Work in process. A company can have two or three workplaces, where they can manufacture different or partially processed product. Work in process is the material which company did process partly. It can be used in different products after joining in the producing process. This type of product is not only keeping the link between different products but also among work centers

Finished good are the completed product waiting for shipment. This inventory always needs to keep the buffer to deal with sudden change in demand. It can stabilize the production rates cost and also the profit even in the downtime or high season.

Maintenance, repair and operating is the must do things on the list. Each company needs to keep on stock some spare part or lubricant of their machine to make sure they will not break down for too long. They need to ensure all machine running smoothly even in the high season. Once for a specific period of time, the company will spend one month or more to maintain machines to keep factory working as the manager want.

5.5.3 Inventory Investment – ABC system

The inventory is surely expensive, but invest to it is worth. For HaiHa the area to store all four categories of inventory need an enormous space. They need to keep investing on it cause the expenses they can save can cover-up the investment in few years. Meanwhile, HaiHa using the storages, these storages also can be considering as an asset or real estate. A company normally will mortgage this asset to the bank to take loans. It can help a firm in term of short in capital or even the ego to invest more on the machine or opening production line. So the only thing that HaiHa need to consider is choosing the best investment plan to keep all producing centers working perfectly in the flow of SCM.

Another recommendation that would help Haiha in term of incoherence inventory controlling system is ABC System (Wisner, Tan & Leong 2011,213). The ABC system is the technique to help the manager decide which inventory should be taken care more carefully and which is not. Normally they divide into 3 groups A, B, C. As the research of priority level of items and the dollar usage, the system said about 20 percent of the items cover up 80% of dollars amount prefer as A item. B item with 40% of items covers up 5% of the amount. Last, C item making up 5 percent of the amount but there is 40 percent of the item. So we can see clearly that the A item should be handled more frequently and having the highest stock in the storage along with its material.

Haiha can use this technique to differentiate the level of inventory, so they can have the focus point to avoid wasted money and time. They can save the expenses for monitoring item B and C cause it is unnecessary. Instead, HaiHa can put more capital and effort to the A item which will affect majorly in HaiHa capacity and also profit. This inventory classification can be done monthly, quarterly or annually due to the quantity and the new products releasing.

Table 7.3		ABC Inventory Classification	
CLASSIFICATIONS	PERCENT OF TOTAL ANNUAL DOLLAR USAGE	PERCENT OF TOTAL INVENTORY ITEMS	
A Items	80	20	
B Items	15	40	
C Items	5	40	

Table 7.3. ABC Inventory Classification (Wisner, Tan & Leong 2011,215)

5.6 Location

Locating any facilities of the firm is very important cause it affects directly to the working flow throughout the supply chain. The position of all facilities, offices, factories, distribution centers or retailer departments play the important roles in the process of bringing good to the end users. And the location decision should make once cause any moving or closing in locations very costly. It has a long-term effect on the supply chain overall, so the manager needs to consider the location in the SCM plan. Along with the globalization, infrastructure and transportation technology, the location in SCM has changed to adapt to the situation. The location plan changed from factory and offices can be in one city, one country to all departments all around the world. A company can have offices in American but the factory located in China. As long as the profit is high and working flow does not interrupt, then the distance problem can be dealt with.

5.6.1 Global location strategies

As mentioned, the changing in technologies changed the old concept of location. Before, the transportation cost is very high due to the unfinished infrastructure so the facilities tended to close. But now the transporting cost is very low and convenient so more and more companies choose to place their branches and factories in the foreign country based on labor cost and tax law. It helps an organization to maximize their performance's result and it will bring to the company competitive advantage in the market.

A right location decision can reduce the cost due to the transportation cost saving. For example as Amazon, they locate their warehouse all over the world but the exact location is decided by the research of customer concentration area. By being the center of concentration area of customers, Amazon can save the transportation cost. Since transportation and inventory cost are the major expenses of Amazon, so if they can reduce the transportation cost immediately they gain the price advantage in the market.

Another example of how important the right location decision is Fed-Ex. The transportation services depend on the transportation vehicles and hubs. They need to place the hub all around the world, with the sorting based near the airport, where they have more than 300 aircraft delivery daily to hubs all over the world. The hub has the task to sort out items and again delivery to the sub-branches to the final customer. The location of a Hub is based on the location that is easy to access to customer and if they cannot have the perfect location they can hire the company in this country to avoid unnecessary cost.

In order to make the location decision for gaining the long-term business advantages, the manager needs to answer some questions to get to the right choice. (Wisner, Tan & Leong 2011,380)

- What is the reaction of the shareholders, customers and competitors?
- The competitive advantage of new location
- What is the effect on the product's quality?
- Labor hiring issue
- How will the supply chain be affected?
- The total expenses?
- The delivery system impact
- Reaction of the market
- Are the employees willing to move?

All above questions and issues represent to what the manager need to think before giving any decision. Once the factory or office close or move, the employees will be affected. Many of them actually work in particular company because it is convenience for moving from home to the workplace, so if they have to move they have to consider for their cost and time for transporting. Also for the customer, moving the facility might cause some harm to both parties. The delivery time may be longer than before also the

services. It might affect the credit of the company if the manager does not have the sufficient plan.

In Vietnam, HaiHa already is a very strong company in the confectionery industry. Their problem is the covering market area, connection with customers and undiversified products. So the investment is necessary to be able to develop. The investment should also go for the location with detail plan. The area is now limiting them; there is no room for more machine and warehouse in their location cause it is in the city. So the decision to move out from the city is the priority before investing. The current location they will transfer to the transfer warehouse and office only. So they can move easily inside the city and also it will avoid any late delivery for the customer. Furthermore, the new factory will have more room fro expand and employees can have two options to choose. They can stay and work in the warehouse or move further outside city with better salary and free shuttle bus between two facilities. It can save more cost to HaiHa and also keep the workflow stable.

5.6.2 Off-shore factory

In the high competitive period, HaiHa is facing with more and more competitor from Asia such as Thailand and Singapore. So they need to find the new track to gain more advantages also. The recommendation is offshore factory and location is Lao.

There are many factors can affect the result of location plan especially for offshore factory:

- The government law
- Land availability and cost
- Development level
- Environmental issue
- Labor

Take Haiha, who is gathering information for the opening new plant in Lao, as the example. First, for the **government law**, Lao and Vietnam are both joined the ASEAN so between two countries have almost no boundary for trading. For the import tax from Vietnam to Lao and the other way around almost zero. So the government actually is very supportive for this matter. All cost in Lao actually is lower than Vietnam such as labor, land price and also the value-add tax. Only transportation is higher due to geographic distant between Lao and Vietnam. But in comparison with the expenses can

be saved plus transportation cost, the total amount is still lower than producing in Vietnam. Furthermore, HaiHa can reach to a new potential market. Finally, this location strategy is the aim in the future that HaiHa should consider cause it reduces the cost, increases the advantage and reaching to new opportunities only obstacle is high initial cost.

6. THE SOLUTIONS

6.1 Plan

In this chapter, we only summarize the whole strategy for HaiHa to suggest them updating their outdated and inefficiency supply chain management plan. Each section contains the analyzing of HaiHa, which focus on the weak points in SCM system and the solution for them. HaiHa needs to have the complete plan to apply for all departments, which can help the flow in the supply chain running smoothly.

First, the commodity group is the excellence solution for HaiHa's inconsistency. The links among all departments are unclear and too complex, but with the commodity group HaiHa can sort all the information. It helps them to clarify which individual can have access to the information and who has the responsibility to the uploaded data. Commodity group will link the entire department so the supply chain will run more effective.

Next, to be the success, need to be different. The normal sourcing is the task that all company can achieve. As long as the price is cheap with acceptable quality, the manufacturer can work. But be able to step ahead can gain many benefits for HaiHa as the first mover advantage. HaiHa can be the first Vietnam Company to obtain the ethical and sustainable sourcing plan. More and more customers as the environment protectors and social supporters will recognize HaiHa reputation. Especially in the period that society is caring more and more for the environment or human right. Moreover, combining the green product and typical ingredient from Vietnam, which is pushed out from the market by price, HaiHa can make unique and very meaningful products with Vietnamese.

Gather all information, the manager can be able to plan a complete operating plan which considers to the efficiency of the supply chain. The right amount of product fixes with the right demand is not only saving cost for the company but also gaining more reputation for the company. In this operating plan, the mixed plan should be used, due to the flexible of the strategy and it can stable the workforce. It means cost saving and stable product for HaiHa

The inventory also decides the efficiency of SCM, it affects to the production plan directly. The inventory plan must be decided along with the production plan. The manager can decide, base on the customer order and also the anticipation of customer need. Inventory cost is very expensive, so HaiHa must pay attention to it carefully to avoid wasted cost. To do so ABC system is suitable. It clarifies the inventory depending on the frequent demand level so HaiHa can be able to fully control their inventory.

Last, location is also one of the most expensive costs for HaiHa. Especially most of their facilities locate in the city so the opportunities to expand are almost zero. So moving to the new facility is very reasonable. But this moving plan needs the consideration of all factor including distance among facilities, distance to customers, cost, labor and market reaction. In addition, HaiHa should invest to a foreign country, which has more opportunities to develop and lower the production cost. My recommendation is Lao, which has the advantages of geographic, tax and also market opportunities.

6.2 Performance measurement along SCM

Any performance needs to have time for any evaluation. And this step is needed after every period of time, cause the strategy is not absolute it also need to adapt and adjust to fix with the market situation.

The most common method is using organization cost, revenue and profit to measure. HaiHa can base on those data to evaluate their plan and make the on-time suitable adjustment. But to find the bug to fix in the whole plan will take a lot of time. HaiHa can use the performance standard and variances as the additional data.

Haiha will apply the standard system or even using international system to check the quality and quantity of every step. For example, the production quantity standard must be applied. The quantity needs to reach the standard within the given time, and then there is no incentive to improve. In contrast, if the standard cannot be reached. The performance variance will be created. It can show the different between the actual quantity/ qualities with the standard. The manager can recognize this data and find the way to fix it, in order to create the different.

APPENDIX

The interview had the participations of Nguyen Hoang Dung as the researcher and Mrs. Nguyen Thi Kim Hoa – Vice president of HaiHa Confectionery Joint-stock Company. This interview was held in participant's office at April 20th, 2016. It lasts around 30 minutes long. The researcher mainly focused on HaiHa's situation, the current SCM strategy and the future business plan.

Can you describe briefly the current HaiHa's business situation?

HaiHa has 50 years building and developing to be one of the biggest confectionery companies in Vietnam. We are now holding around 40% of market share. Our capacity is 20,000 tons/year and keeps rising. But we also have some competitor from Thailand, Korea and the USA.

What is the customer's reaction with your products and foreign product?

Vietnamese seem to prefer foreign products due to their eye-catching package and also the interesting flavor, which cannot be found in Vietnam. But our products still have the price advantage. Foreign candies always have double or even ten-fold price in comparison to our product. And we are investing in new products, which can compete with foreign products.

What is HaiHa's target segment?

It is low and middle-income classes. This is our main target for 50 years

What are the confectionery product's special characteristics?

The demand is very fluctuated. It is also a very seasonal product. The demand will rise in the special occasion such as the new-year or the mid-autumn festival.

Does your company have any product that closes to Vietnamese traditional good?

Not yet. We are trying to apply some product, but still have some difficulties.

Do you have any evaluation for your company working flow? Is it smooth? Does it have some difficulty?

I cannot say it is perfect, but it is working. Sometimes, we have some trouble with balancing the demand with capacity, short in inventory. Currently, we are facing the trouble when the high season comes. In the high season, all department working under very high pressure, so they seem a bit off and they lack the consistency among all departments. For example, before new-year holidays, we have to prepare ingredients for factories. If there is any new order,

which is not in the fixed schedule, the sale department sends the order to the system. But when factory wanted to manufacture, there is not enough ingredient due to the purchasing department did not get the message order.

Do you know about Supply Chain Management?

I have heard, but I don't really know what it is and how it applies.

How will the production plan be made? Who is in charge?

Manufacturing department mostly decides for small orders. I will only decide the big order and build the schedule for a year or more.

Do you have any system that can organize and control all the data in your company?

Who will have the access?

We have one accounting system to control our finance, which only the president, vice-president and the accounting department have access. Plus, we have software to control the input ingredient and output product. Employees from the production department, distributing department and purchasing department have access.

How does your company connect with customers?

Mostly, marketing and sales employees are working at the same department. They communicate with customers by phone and each employee takes care of 5 or 10 customers.

How do distributors and customers purchase HaiHa's product?

Customer orders by phone mostly. Some big customers they come to the office to order by themselves. We also have a retailer shop just outside our company.

How many facilities does your company have? Where are they? Do you have any difficulty in location?

Our head quarter is here near the city center. In here, we also have a storage and small factory. We have two more factories one outside the city and one in Bac Ninh. Bac Ninh factory is not far away from the city just 150k. We mostly sell through retailers, supermarkets, markets and distributors.

What is your future plan for your company?

We are planning to open another factory in an Asian country to bring our product internationally because the domestic competition is very tense now. We hope we can release more products with good quality and reasonable price for customers.

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