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TEVIE08003/11-5x

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leather processing***

Report 1107081800 – 08/07/2011



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1. Vietnam footwear and leather sector: general overview

Vietnam now ranks among the top four footwear producers in the world after China, India and Brazil, with a great deal of its production being geared to export markets. Traditionally, Vietnam has exported 80% of its footwear to Europe, but since the opening of the US market to Vietnamese manufactured products, export earnings have grown accordingly, and has increased as follows (in million pairs), according to the SATRA 2010 Report: USA 106, Germany 78,8, UK 65,6, Spain 33,2, Belgium 29, and Italy 26.

Annual footwear production in Vietnam is 715 million pairs, and add to this 32 million leather garments and one has a healthy manufacturing sector. The main export items in the footwear sector are canvas shoes and running shoes, with most of the export business being conducted with the US market. In just a few years, the country has become a major production centre, including for famous brands, notably sport shoes (Adidas, Nike, etc.), but also street shoes (Hush Puppies, Timberland, etc.). Despite the impressive performance in exports, there are still concerns about the lack of readily available raw materials and skilled labour. The sector has called upon the government to step in, by allocating more funds for training centres, since if the conquest of the US market is to progress, emphasis has to be placed upon increasing output and improving quality at the same time.

Vietnam is dependent on the outside world for raw materials and semi-finished products (tanned leather, heels, accessories, chemicals, glues, etc.), however, which puts it at a disadvantage in relation to China in terms of production costs. Imports for the textile and leather industry account for 9% of all Vietnamese imports. In the leather sector, this is notably the case of 80% of tanned leather and 60% of raw materials and accessories. The origin of these imports usually depends on the origin of the prime contractors: Taiwan, South Korea and China (Hong Kong). The companies give greater importance to their imports of raw materials and components (80% of all imports in the sector) to the detriment of investments in high-performance production equipment. This situation hurts the industry in terms of quality and productivity, and therefore its competitiveness.

The Structure of the Sector at a Glance

Cost of labor

Average cost by hour:	
•	net US\$ 0,50
•	gross US\$ 0,70
•	Minimum legal salary per month US\$ 65,00

Footwear

Pairs and US\$ x 1.000	2007	2008	2009	As a labour-intensive industry, the number of workers employed in footwear and leather enterprises has increased considerably over the last few years. In 2008, there were about 650,000 employees working in leather and footwear enterprises, accounting for about 10% of total labour in industrial sectors. Generally, the majority of workers are women, accounting for about 80% of the total workforce of the leather and footwear industry. The
Consumption (pairs)	56.000	98.000		
Consumption per capita (pairs:1.000)		1,1		
Production	665.200	714.900		



(pairs)				majority of workers who work in leather and footwear enterprises located in HCM City, Binh Duong, Dong Nai are from other provinces, particularly the poor provinces in the north central, eastern south and western south regions where farming is the most common form of employment due to a lack of alternatives.
Export (pairs)	614.600	620.700		
(US\$)	4.076.199	4.872.375	6.517.851	
Import (pairs)	5.600	4.000		
(US\$)	203.977	242.818	260.628	

Leather goods

US\$ x 1.000	2007	2008	2009	Main export market are USA, Germany, North Korea, and Japan. The OEM production it is not so well developed, due to lack of raw material and technology.
Production (US\$)				
Export (US\$)	483.004	626.332	847.405	
Import (US\$)	29.096	46.400	93.394	

Tanneries

US\$ x 1.000	2007	2008	2009	Vietnam's domestic cattle industry--the logical source of hides--finds itself dwarfed by such demand. Vietnam is without large-scale cattle farms; most domestic raw leather is purchased from slaughterhouses and rural households. This scant supply means that Vietnam has to import some of the raw and semi-processed hides and skins used in its tanneries. Corresponding to the outflow of shoes, hides are shipped in, mainly from Taiwan, Korea, Hong Kong and the United States. Despite the significant demand for leather, Vietnam's tanning industry is hampered by outdated equipment and a lack of investment capital. Domestic tanneries are currently unable to produce leather in any quantity approaching those required by shoe manufacturers.
Production (US\$)				
export (US\$)	483.004	626.332	847.405	
import (US\$)	29.096	46.400	93.394	



LLPI Sector Performance
Weak points & strong points

VIET NAM		Weak Points	Strong Points
1)	Manufacturing	<ul style="list-style-type: none"> i. Companies Vietnamese in under-capacity. ii. Weak investment in new technologies. iii. Absence of raw material and components iv. Industrial engineering for great series 	<ul style="list-style-type: none"> i. Industrial approach. ii. Manufacture for export iii. Strong establishment of foreign companies. iv. Seaport near the industrial parks. v. Products conform with the international standards
2)	Marketing	<ul style="list-style-type: none"> i. Price product policy 	
3)	Human Reassures	<ul style="list-style-type: none"> i. Little sectoral training program. ii. Weak control of the English language 	<ul style="list-style-type: none"> i. Large staff qualified and motivated ii. Cost of the labour.
4)	Financial and Politic factors	<ul style="list-style-type: none"> i. Low value added ii. Import of the raw materials 	<ul style="list-style-type: none"> i. Political and trade-union stability ii. Agreements of export privileged with USA



2. Benchmarking methodology

The purpose of benchmarking applied to a single sectorian company is to improve products, industrial processes and general business conditions to better meet global market opportunities, identifying problems and bottlenecks and the possible sources of competitive advantages.

Benchmarking entails a structured comparison of the target company and in the key benchmark countries, Vietnam, representing market competition as well as best practices. On one hand, the cluster-country assessment allows for a deeper insight of local industry trends both for the offer (exporters/producers) and the demand side (importer/consumers). On the other hand, the analysis of the gap between the individual or corporate business performances against the relevant Country level benchmark supports the conception of specific development and marketing strategies for the dimension leather & leather products sector. While the results achievable and the solutions achieved in the whole Nation are not easily transferable to single detailed realities, considering the relevant influence of intrinsic constraints such as the availability and quality of raw materials, different in case of the OEM (Original Equipment manufacturer) from original designed products suppliers, compared to the personal approach of the internal or international markets, the benchmarking exercise provides for a significant comparative check-up of the target business and offers distinctive indications for viable and valuable enhancement strategies.

The benchmarking analysis has been structured into four consequent steps, in accordance to the survey reports structure:

Planning stage	Identification of quantitative and qualitative comparison factors, selection of focus comparison groups
Country assessment	Country overview and recognition of industry practice
Comparative analysis	Benchmark confrontation on four factor domains: (1) Production, (2) Quality, (3) Design, and (4) Marketing, at product-sector level
Positioning of each single industry	Comparative potentials of the selected company within the LLPI (Leather and Leather Products Industry) whole cluster.

Selection of Comparison Factors

According to the results of the national cluster assessment a set of comparison factor domains have been identified to meet the requirement of a wide-ranging appraisal of the benchmark in whole as well as to single out critical business features that are likely to have the most significant impacts once approached and improved. The relevant sets are:

- Company basic data (company dimension, fixed assets , ancillary equipment, company capital, logistics)
- Swot analysis (company business, marketing, productivity, quality, business environment, internationalization, innovation, vision and envisaged investment)
- Production process (design, quality, equipment, technology)
- Management (organization, quality control, managerial skills, technical skills, inputs and raw materials)
- Working conditions
- Social responsibility
- Environmental issues
- Energy efficiency

Index Weight of the Comparison Factors



To rank the expertise evaluation, the team of experts played a number of feedback interviewing sections with the analyst that covers the meeting with the selected companies on site.

To define the score weight, , the team of experts uses the weighting factor within the list of comparison factors, defining that, according to the present assessment, the Vietnamese LLPI cluster receive 80 scores at the present stage, plus 20 scores of potential upgrading, in total the maximum index achievable is equal to 100 scores.

The four factor domains (production, quality, design , marketing) have been investigated for each selected company on the base of the first hand information available to the experts team, thanks to the on-site survey of the analyst, and these information have been compared to the Vietnamese LLPI sector level index. The acknowledgment of the LLPI industry in Vietnam is based on the team of experts long standing business contacts and experience, continuous monitoring of the Vietnamese international dimensional LLPI sector by means of some PISIE studies, and available existing official data and other studies. In synthesis, the weight of the four main indexes has been reported in percentage (being 100% the max. Achievable target).



Competitive Analysis Template

	Analysis %	Scores	Maximum
1. Company profile			
Total scores		0	100
1.1. Company data		0	11
1.1.1. Name:			
1.1.2. Nr. Report:			
1.1.5. Company dimension		0	11
1.1.5.1. Fixed assets		0	3
1.1.5.2. Ancillary equipment		0	3
1.1.5.4. Company Capital		0	3
1.1.5.7. Logistics		0	2
1.2. Swot analysis		0	20
1.2.1. Company Business		0	4
1.2.1.1. Marketing		0	1
1.2.1.2. Productivity		0	1
1.2.1.3. Quality		0	2
1.2.2. Business Environment		0	4
1.2.3. Internationalization		0	4
1.2.4. Innovation		0	4
1.2.5. Vision and envisaged investment		0	4
1.3. Production process		0	20
1.3.1. Design		0	5
1.3.2. Quality		0	5
1.3.3. Equipment		0	5
1.3.4. Technology		0	5
1.4. Management		0	25
1.4.1. Organization		0	5
1.4.2. Quality control		0	5
1.4.3. Managerial skills		0	5
1.4.4. Technical skills		0	5
1.4.5. Inputs and raw materials		0	5
1.5. Working conditions		0	6
1.6. Social responsibility		0	6
1.7. Environmental issues		0	6
1.8. Energy efficiency		0	6
Competitiveness average percentage	0%	0	100
Production Technology	0%	0	23
Quality	0%	0	25
Design	0%	0	26
Marketing	0%	0	26
Benchmark level	100%		



3. Individual upgrade plans for the selected companies

In this section and in the following pages, a brief outline of each one of the target companies analyzed during the filed survey is presented , together with a summary graph of its competitive analysis and a list of suggested upgrade actions, divided by areas. Each company is presented with a very short outline of its main field of activity; more details can be found in the audit report completed and delivered in May – June 2011.

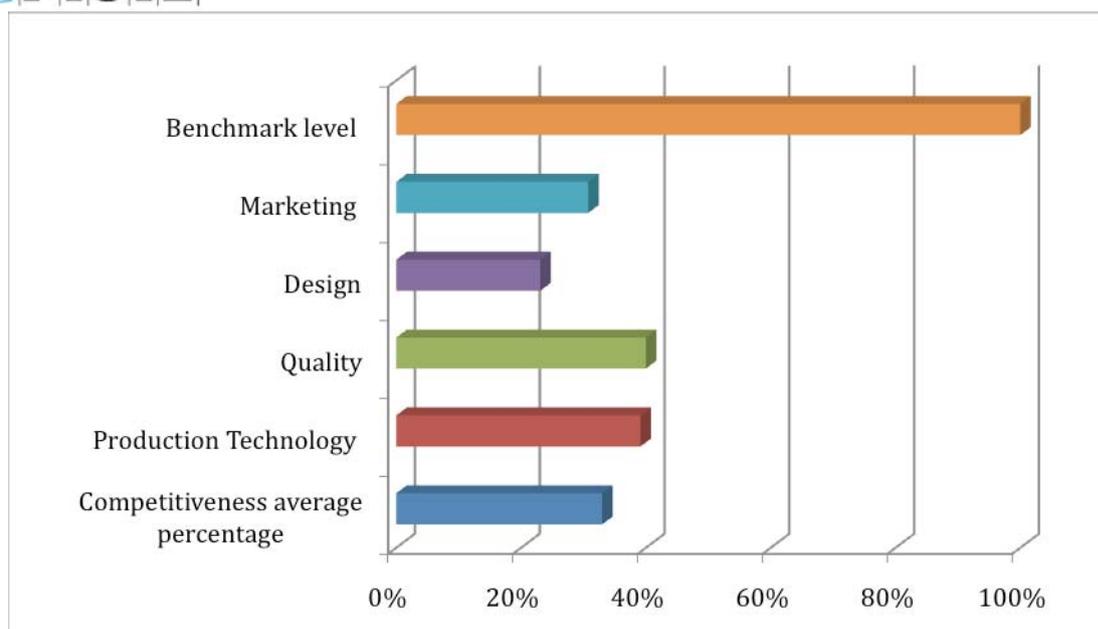
I.KIM THANH TANNERY

The KIM THANH TANNERY is well known on the local market, and it is considered as an identification brand. The final products are cow and buffalo tanned leathers and they are exclusively destined to the footwear market. The quantity of produced leathers was 2.400.000 sq. ft. in 2010.

Strength	Weakness	Opportunities	Threats
Good knowledge of the market Premises belonging to company Good experience in purchases Absence of amortizations Diversified customers Regular supplying of raw materials according to offer Localization of the activities	Outdated equipment Lack of marketing strategies Absence of computerized management Incomplete equipment Inadequate supplying that cannot satisfy market's requests	Production's diversification Increase of productivity Improvement of work organization Reduction of costs and increase of quality to consolidate the position on the market Agreements and partnerships with Foreign Enterprises	Competition from foreign countries, that offer a better article at a similar or lower price Instable local market Local competition

Competitive analysis

The graph in the next page summarizes the outcomes of the competitive analysis of the company. Average competitiveness is put on the tune of 33%, design and marketing are at 23% and 31%. An acceptable level for upgrading by means of individual short terms intervention should be equal 60% (compared to a good level equal 80%), below that the T.A. intervention should be supported also by new investment in all surveyed areas..



Competitiveness average percentage	33%
Production Technology	39%
Quality	40%
Design	23%
Marketing	31%
Benchmark level	100%

Upgrading Action Plan by areas of intervention

In the tables of the next section specific actions are suggested for the four key areas identified (Production Technology, Quality, Design and Marketing) , based on the SWOT analysis for the company, on its declared future strategies and on the general impression gathered during the company visit.

Production Technology

<i>Item</i>	<i>Needs</i>	<i>Upgrading Tool</i>	<i>Output</i>	<i>Expert Profile</i>	<i>Duration</i>	<i>Result</i>	<i>Milestone Survey</i>
Skills	Appropriate training in tanning technologies and processes	Training course (on site course at the company as a possible option)	Complete training curriculum and training materials	Expert in tanning processes	10 days	Upgrade and consolidate skill of workers	Half term evaluation of acquired skill
Management							
Investment	Modernization of the processing equipment	Technological audit	Detailed investment plan in machinery and technology	Expert in tanning technology	5 days	Increase in process efficiency and higher competitive ness	Discussion of the plan with the company



Quality

<i>Item</i>	<i>Needs</i>	<i>Upgrading Tool</i>	<i>Output</i>	<i>Expert Profile</i>	<i>Duration</i>	<i>Result</i>	<i>Milestone Survey</i>
Skills	Development quality control skills	Training course	Complete training curriculum and training materials	Expert in tanning processes (with focus on quality)	10 days	Upgrade and consolidate skill of workers on quality	Half term evaluation of acquired skill
Management							
Investment	Setup or use a QC laboratory for testing leather	Technological audit	Outline of the lab equipment, investment plan	Expert if QC tests for leather	5 days	Install a QC lab to reach higher quality levels	Discussion of the plan with the company

Conclusion

As it can be seen, the main needs of the company are mostly related to the level of skill of its workers for which dedicated upgrade actions (in terms of specific training course both in general tanning process technology and on the relevant topic of quality and quality management) are proposed; these skill enhancement initiative must go in parallel with a serious technological upgrade program whose details and investment plan will be produced as a result of the indicated actions. The nature of these interventions is specific to the sector the company works in (leather tanning) so it will have to be checked if similar needs are found in other entities of the same sector to think of possible common actions.



II. FIRST ALLIANCE (SHOE COMPANY)

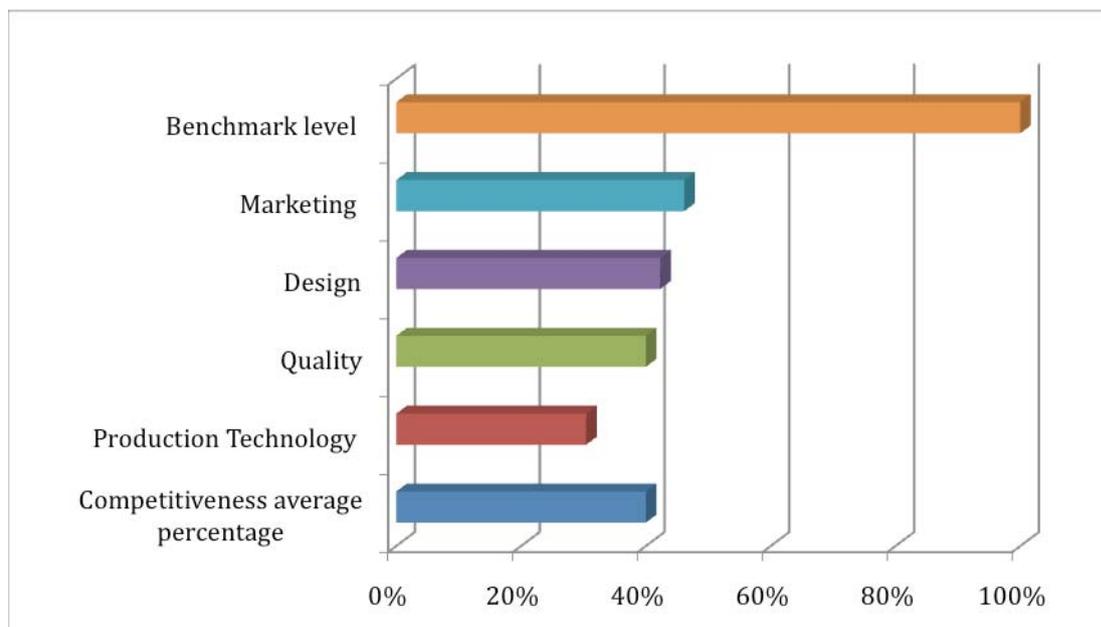
First Alliance is a shoe company located in one of the district of Ho Chi Minh City; they manufacture sandals and slippers, moccasins and sport shoes, with an average sale price ranging from 8 to 15 US\$. Most shoes are manufactured with synthetic materials purchased in the local market; for leather moccasins, materials are imported from India, whilst rubber and plastic outsoles are again procured in the domestic market. The latest production figures (2010) are for a total volume of 1.200.000 pairs produced for their majority exported o Europe and North America.

SWOT Analysis

Strength	Weakness	Opportunities	Threats
<ul style="list-style-type: none"> ·Punctuality of deliveries ·Premises belonging to the company Diversified customers Regular supplying of raw materials Absence of amortizations 	<ul style="list-style-type: none"> Low productivity Obsolete equipment Low technicality level of workers Incomplete equipment Lack of computerized management (Costing system) Inadequate spaces 	<ul style="list-style-type: none"> Increase of productivity Improvement of quality Improvement of working organization Reduction of costs to consolidate the position on the market Increase the export rate Partnership agreements with foreign enterprises 	<ul style="list-style-type: none"> Local and foreign competition that offers the same product at lower price and with a higher quality Instable markets

Competitive analysis

The graph summarizes the outcomes of the competitive analysis of the company.





Average competitiveness is put on the tune of 40%, and production technology is the weakest sector between all assets. An acceptable level for upgrading by means of individual short terms intervention should be equal to 60% (compared to a good level equal 80%), below that the T.A. intervention should be supported also by new investment in all surveyed areas. .

Competitiveness average percentage	40%
Production Technology	30%
Quality	40%
Design	42%
Marketing	46%
Benchmark level	100%

Upgrading Action Plan by sector

In the tables of the next section specific actions are suggested for the four key areas identified (Production Technology, Quality, Design and Marketing) , based on the SWOT analysis for the company, on its declared future strategies and on the general impression gathered during the company visit.

Production Technology

<i>Item</i>	<i>Needs</i>	<i>Upgrading Tool</i>	<i>Output</i>	<i>Expert Profile</i>	<i>Duration</i>	<i>Result</i>	<i>Milestone Survey</i>
Skills							
Management	Reorganization of production lines for better efficiency	In depth field analysis	Detailed implementation plan for new organization	Expert in shoe production processes	10 days	Increase in the efficiency of the production unit	Final discussion of the plan with the company
	Improvement of working environment and working conditions	In depth field analysis	Document and plan for the safety of workers and the work place	Expert in safety of the workers and ergonomics	5 days	Improved working conditions for the workers	Final discussion of the plan with the company
Investment	Modernization of the processing equipment	Technological audit	Detailed investment plan in machinery and technology	Expert in shoe manufacturing technologies	5 days	Increase in process efficiency, quality consistency and higher competitiveness	Discussion of the plan with the company



Quality

Item	Needs	Upgrading Tool	Output	Expert Profile	Duration	Result	Milestone Survey
Skills							
Management	Improve product quality	Quality audit	Quality document and guidelines	Expert in product and process quality control	10 days	Increased quality awareness and consistency	Discussion of the plan with the company
Investment							

Marketing

Item	Needs	Upgrading Tool	Output	Expert Profile	Duration	Result	Milestone Survey
Skills							
Management	Improve marketing capabilities	Marketing course	Marketing guidelines and marketing strategy document	Expert in marketing of footwear	10 days	Consolidate marketing approach and define market strategy	Mid term confrontation with company management and final discussion of the plan
Investment	Improve market visibility	Participation in exhibition and fairs	Define list of fairs to participate in and plan participation	Advisors from fair organizers in the target countries	5 days of assistance for event planning	Increased company visibility and better knowledge of international markets	Discussion of the plan with the company

Conclusion

Needs for this company are very articulated and cover three of the four key areas (production technology, quality and marketing); some of the needs identified are referred to company specific implementation plans that require a detailed work at the company itself. Some other needs (in terms of general quality polices or marketing approach) are of a more general nature and could be satisfied in the framework of actions run in common with other similar companies.



III.MIDICO LTD

The factory produces PU footwear in PU – Polyurethane. It also produces aluminium moulds for the injection moulding machines and the wooden sole sample (maquette) , the element from which the aluminium moulds are produced through a foundry process. MIDICO has a productive capacity of about 7 million pairs per year. In 2010 the production was 4,8 million pairs. Plants are not completely exploited: only 70% of the productive capacity is really exploited.

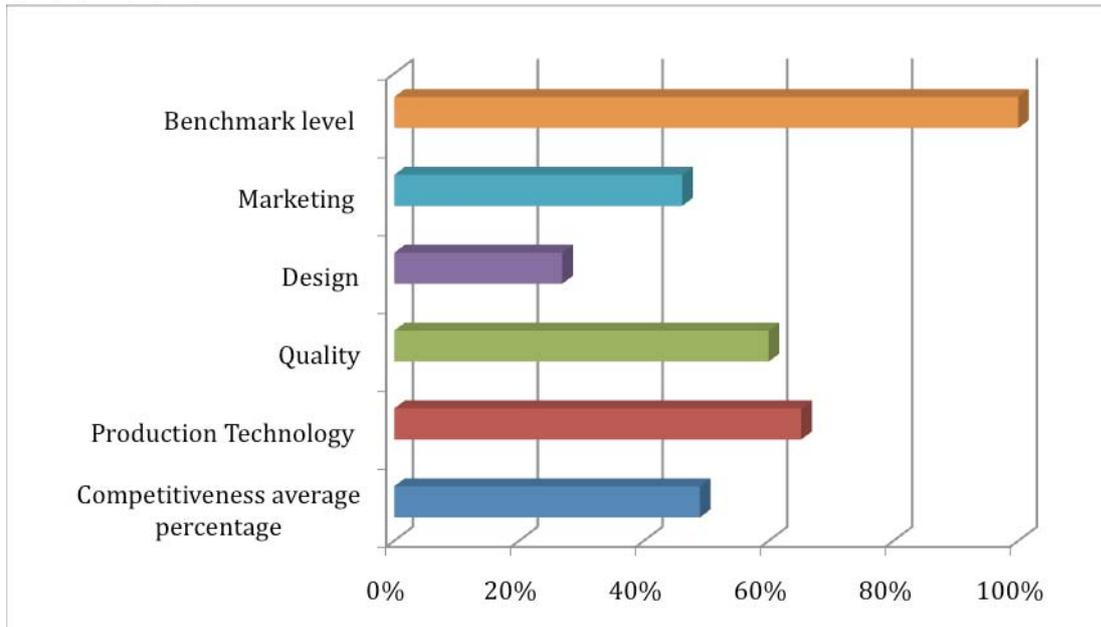
SWOT Analysis

Strength	Weakness	Opportunities	Threats
Good knowledge of the market Excellent financial position ·Premises belonging to company itself Absence of amortizations Regular supplying Diversified customers	Obsolete equipment Badly managed areas Low qualitative level	Diversification of production Improvement of product's quality Reorganization of productive lines Strengthening of the position on the market	Competition from local or foreign producers that offer a superior article at a good price

Competitive analysis

The graph in the next page summarizes the outcomes of the competitive analysis of the company.

Average competitiveness is put on the tune of 49%, based on a remarkable advantage in terms of technology and quality management despite the poor design. An acceptable level for upgrading by means of individual short terms intervention should be equal to 60% (compared to a good level equal 80%). In this case the T.A. intervention should be supported also by new investment in order to upgrade the design department.



Competitiveness average percentage	49%
Production Technology	65%
Quality	60%
Design	27%
Marketing	46%
Benchmark level	100%

Upgrading Action Plan by sector

In the tables of the next section specific actions are suggested for the four key areas identified (Production Technology, Quality, Design and Marketing) , based on the SWOT analysis for the company, on its declared future strategies and on the general impression gathered during the company visit.

Production Technology

<i>Item</i>	<i>Needs</i>	<i>Upgrading Tool</i>	<i>Output</i>	<i>Expert Profile</i>	<i>Duration</i>	<i>Result</i>	<i>Milestone Survey</i>
Skills							
Management							
Investment	Modernization of process machines	In depth audit	Detailed investment plan in machinery and technology	Expert in injection moulding process and technology	5 days	Increase in process efficiency, quality consistency	Discussion of the plan with the company



Design

<i>Item</i>	<i>Needs</i>	<i>Upgrading Tool</i>	<i>Output</i>	<i>Expert Profile</i>	<i>Duration</i>	<i>Result</i>	<i>Milestone Survey</i>
Skills	Develop ability to design moulds in CAD / CAM	Course in CAD design / CAM modelling	Training material and trained personnel	Expert in CAD / CAM for mould making	5 days	Learning or a more technological approach to mould design	Final check of the methodology
	Update knowledge in modern CAD / CAM technologies	Study tour in Italy (SIMAC and LINEA PELLE)	Report on current technologies and competitors	National expert as part of B2B initiatives	5 days	Update knowledge of technological offer and competition	Wrap up at the end of the mission
Management							
Investment	Modernize model making processes	In depth audit	Investment plan for the purchase of CAD / CAM for moulds	Expert in CAD / CAM model making and mould making technologies	5 days	Introduction of a more technological approach to mould design and production	Final check up after introduction of new technology and measurement of achieved improvements

Conclusion

The need for this company are very peculiar, in relation to the peculiarity of its activity and the nature of its production. The very outdated and low quality approach they adopt for mould design and making calls for the introduction of amore modern technology based in CAD / CAM and NC controlled machining of the moulds. This has implication on skill building, organization and investments, as detailed in the tables. Due to the specific nature of this demands and the unique profile of this company, it is unlikely that these upgrade plans could be incorporated in actions of a more general nature.



IV. VITCO SHOE

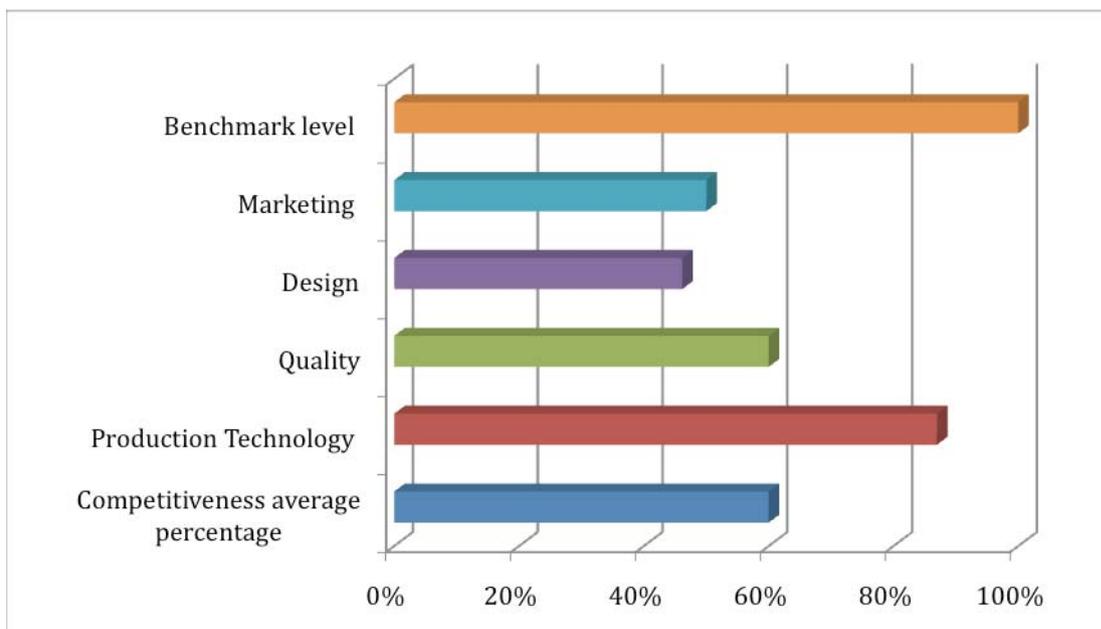
VITCO is specialized in the production of lady footwear, of the “Chanel” type, with uppers for their majority made in synthetic leather (some real leather models are nonetheless offered) with TPR soles and high heel. Selling price for the synthetic shoes reaches 8 US\$ while for leather is in the range of 14 US\$. Total production of last year was 1.000.000 pairs, only sold in the domestic market where VITCO is leader. The company uses modern CAD technologies in the design department and is relatively well equipped with machines in the manufacturing unit.

SWOT Analysis

Strength	Weakness	Opportunities	Threats
Punctuality of deliveries Good knowledge of the market Premises belonging to company itself Diversified customers Good experience in purchases Regular supplying of raw materials Absence of amortizations	Obsolete equipment Lack of marketing strategies Incomplete equipment	Diversification of production Increase of productivity Improvement of working organization Costs' reduction to consolidate market's position Starting the export rate	Competition from countries with low labour costs Unstable local market Local competitors that offers the same product at a lower price

Competitive analysis

The graph summarizes the outcomes of the competitive analysis of the company.





Average competitiveness is put on the tune of 60%, compared to the optimum potential level of 100% and a good achievable level of 80%. In this case the T.A. intervention has good chances to achieve its goal.

Competitiveness average percentage	60%
Production Technology	87%
Quality	60%
Design	46%
Marketing	50%
Benchmark level	100%

Upgrading Action Plan

In the tables of the next section specific actions are suggested for the four key areas identified (Production Technology, Quality, Design and Marketing) , based on the SWOT analysis for the company, on its declared future strategies and on the general impression gathered during the company visit.

Production Technology

<i>Item</i>	<i>Needs</i>	<i>Upgrading Tool</i>	<i>Output</i>	<i>Expert Profile</i>	<i>Duration</i>	<i>Result</i>	<i>Milestone Survey</i>
Skills							
Management	Reorganization of production lines for better efficiency	In depth field analysis	Detailed implementation plan for new organization	Expert in shoe production processes	10 days	Increase in the efficiency of the production unit	Final discussion of the plan with the company
	Improvement of working environment and working conditions	In depth field analysis	Document and plan for the safety of workers and the work place	Expert in safety of the workers and ergonomics	5 days	Improved working conditions for the workers	Final discussion of the plan with the company
Investment	Modernization of the processing equipment	Technological audit	Detailed investment plan in machinery and technology	Expert in shoe manufacturing technologies	5 days	Increase in process efficiency, quality consistency and higher competitiveness	Discussion of the plan with the company



Quality

<i>Item</i>	<i>Needs</i>	<i>Upgrading Tool</i>	<i>Output</i>	<i>Expert Profile</i>	<i>Duration</i>	<i>Result</i>	<i>Milestone Survey</i>
Skills							
Management	Improve product quality	Quality audit	Quality document and guidelines	Expert in product and process quality control	10 days	Increased quality awareness and consistency	Discussion of the plan with the company
Investment							

Marketing

<i>Item</i>	<i>Needs</i>	<i>Upgrading Tool</i>	<i>Output</i>	<i>Expert Profile</i>	<i>Duration</i>	<i>Result</i>	<i>Milestone Survey</i>
Skills							
Management	Improve marketing capabilities	Marketing course	Marketing guidelines and marketing strategy document	Expert in marketing of footwear	10 days	Consolidate marketing approach and define market strategy	Mid term confrontation with company management and final discussion of the plan
Investment							

Conclusion

VITCO shoes has needs that very much in line with those ones of the other shoe producers analyzed and in particular with FIRST ALLIANCE shoes that, besides the slightly different nature of the articles produced, has a similar yearly manufacturing throughput and similar critical areas. The main focus is on Production Technologies, Quality and Marketing and it can be thought of a set of common actions with other companies of the group.



V.TKS – TAN KIM SANI CO. LTS DIE MAKER

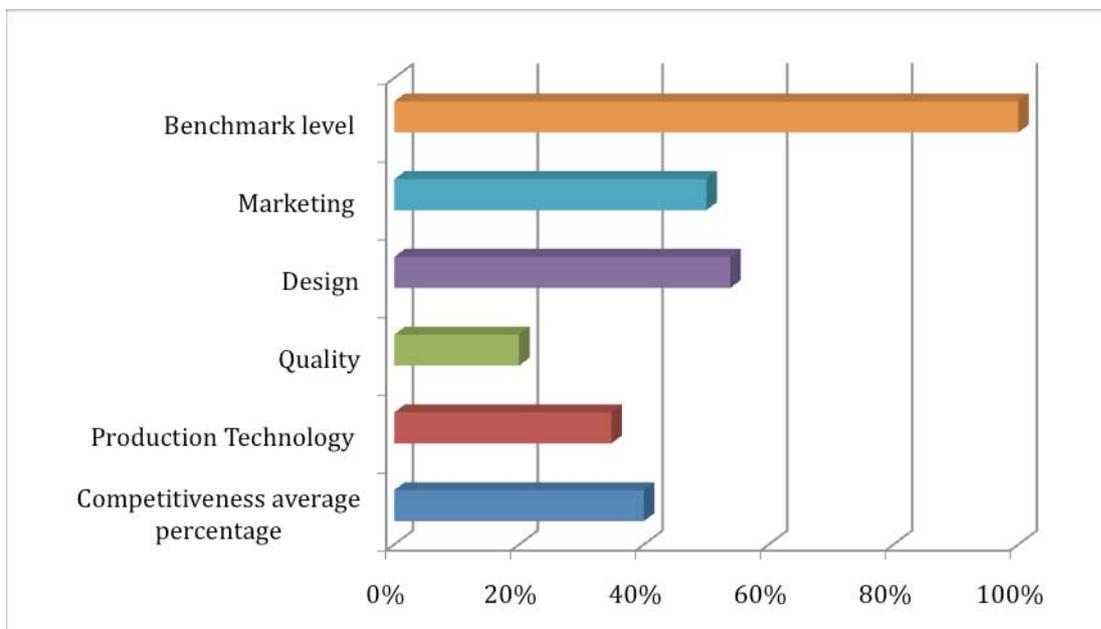
The company manufactures steel cutting knives for different industries, including footwear, leather goods, gloves and packaging; its knives are only sold in the domestic market and the company feels the menace of the introduction of new technologies (like modern dieless cutting machines) that endanger their activity and represent a serious threat for their future. The management of the company is facing these problems by trying to reduce manufacturing costs and by thinking of possible diversifications in other sectors.

SWOT Analysis

Strength	Weakness	Opportunities	Threats
Consolidated approach to manufacturing Stable processes Low cost equipment Strong links with clients and the manufacturing pipeline	No modernization potential Strong dependence from labour	Diversification in other sectors Improve process efficiency	New die less technologies Clients becoming independent from this supplier

Competitive analysis

The graph summarizes the outcomes of the competitive analysis of the company.



Average competitive position is put on the tune of 40%, and the quality is very poor. It is difficult to envisage upgraded balances in the productivity without deep changes with the product range concerns.



Competitiveness average percentage	40%
Production Technology	35%
Quality	20%
Design	54%
Marketing	50%
Benchmark level	100%

Upgrading Action Plan

In the tables of the next section specific actions are suggested for the four key areas identified (Production Technology, Quality, Design and Marketing) , based on the SWOT analysis for the company, on its declared future strategies and on the general impression gathered during the company visit.

Production Technology

<i>Item</i>	<i>Needs</i>	<i>Upgrading Tool</i>	<i>Output</i>	<i>Expert Profile</i>	<i>Duration</i>	<i>Result</i>	<i>Milestone Survey</i>
Skills							
Management	Reorganization of production lines for better efficiency	In depth field analysis	Detailed implementation plan for new organization	Expert in die making processes	5 days	Increase in the efficiency of the production unit	Final discussion of the plan with the company
Investment	Modernization of the processing equipment	Technological audit	Detailed investment plan in machinery	Expert die making machinery	5 days	Increase in process efficiency, quality consistency	Discussion of the plan with the company

Conclusion

The elaboration of an upgrade plan for this company is not easy, both for its small dimension and for its very specific activity as supplier of the footwear sector , specialized in the making of cutting dies. Hence only a generic indication in the key area of process organization for higher efficiency and in technology modernization was given; it has to be considered the very specialized nature of the expert who can perform the requested analysis and the worthiness of his involvement for just one case / one company.



VI. HUY HOANG (SHOE COMPANY)

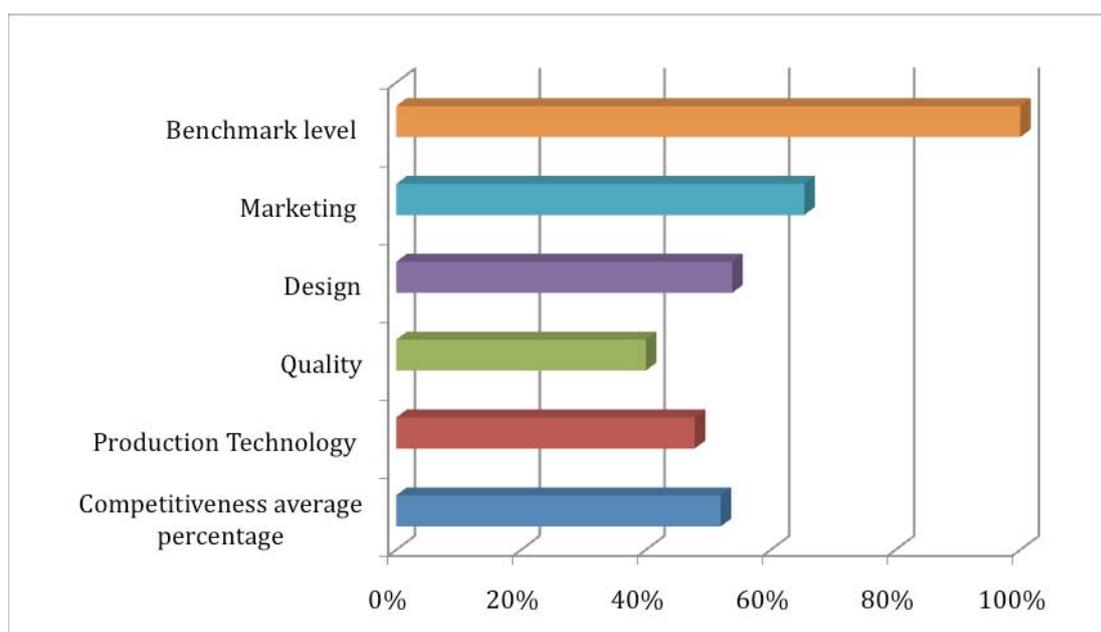
HUY HOANG is a shoe workshop producing 50 – 60 pairs a day of very refined Goodyear welted men shoes and cemented lady shoes, for their majority exported to Japan. The company employs 50 workers. The Good-year manufacture is one of the most difficult ones. A good experience is required and it is very important to have the right machinery, currently very rare because out of production. Mr LE HUY TIEN learnt this kind of manufacturing process during one of his trips to Japan by a factory which used to produce Good-year type shoes. He has kept contacts with some friends-customers and when he came back to Vietnam he started his own activity, selling his products in Japan. He receives from his foreign customers the “footwear sample” and he prototypes it to get the ordination. There are very few enterprises still producing this kind of shoe. The reason is that labour exaggeratedly affects the final cost. A pair of Good-year shoes are sold at 300,00 / 400,00 € per pair.

SWOT Analysis

Strength	Weakness	Opportunities	Threats
Excellent knowledge of the Good-year manufacturing process Good knowledge of materials Regular supplying of raw materials Skilled workers	Obsolete equipment Incomplete equipment Lack of marketing strategies Low productivity Absence of quality control procedures Insufficient rooms and spaces Lack of working organization	Increase productivity Diversify production Improve working organization Increase export rate Begin a marketing action towards foreign markets Complete equipment	Instable markets

Competitive analysis

The graph summarizes the outcomes of the competitive analysis of the company.





Competitiveness average percentage	52%
Production Technology	48%
Quality	40%
Design	54%
Marketing	65%
Benchmark level	100%

Average competitiveness is put on the tune of 52%, the company is small but well positioned in its known market. The weakness is mainly related with the relationship product-size of the company, and for that reason it is difficult to envisage further expansion opportunities. The quality is at 40%, but its management is sufficiently good, and the quality of the products could be ameliorated by improving the technology

Upgrading Action Plan

In the tables of the next section specific actions are suggested for the four key areas identified (Production Technology, Quality, Design and Marketing), based on the SWOT analysis for the company, on its declared future strategies and on the general impression gathered during the company visit.

Production Technology

<i>Item</i>	<i>Needs</i>	<i>Upgrading Tool</i>	<i>Output</i>	<i>Expert Profile</i>	<i>Duration</i>	<i>Result</i>	<i>Milestone Survey</i>
Skills							
Management	Reorganization of production lines for better efficiency	In depth field analysis	Detailed implementation plan for new organization	Expert in shoe production processes (focus on Goodyear construction)	10 days	Increase in the efficiency of the production unit	Final discussion of the plan with the company
Investment	Modernization of the processing equipment	Technological audit	Detailed investment plan in new technology in key processes	Expert in shoe manufacturing technologies	5 days	Increase in process efficiency, quality consistency and higher competitiveness	Discussion of the plan with the company
	Improve mechanization level	Technological audit	Detailed purchase plan for key machinery	Expert in Goodyear welted machinery	5 Days	Increase the level of mechanization of the factory and improve competitiveness	Discussion of the plan with the company



Marketing

<i>Item</i>	<i>Needs</i>	<i>Upgrading Tool</i>	<i>Output</i>	<i>Expert Profile</i>	<i>Duration</i>	<i>Result</i>	<i>Milestone Survey</i>
Skills							
Management	Improve marketing capabilities	Marketing course	Marketing guidelines and marketing strategy document	Expert in marketing of footwear	10 days	Consolidate marketing approach and define market strategy	Mid term confrontation with company management and final discussion of the plan
Investment	Improve market visibility	Promotional activities	Define a brand / product promotion strategy and investment plan	Expert in promotional activities	5 days	Increased company visibility and brand awareness	Discussion of the plan with the company

Conclusion

In this case too we see needs very much in common with those highlighted by analysis of the other shoe companies of the group; in the specific case of HUY HOANG the peculiarity is in the particular kind of shoe construction they are specialized in . This requires a specific knowledge of the expert to be identified to assist the company in the upgrade program; some parts of a possible set of general upgrading program can be shared with the other shoe manufacturers, but a special focus on the particularities of the Goodyear welted shoes is nevertheless needed.



VII. TON PHAT CROCODILE CO, LTD.

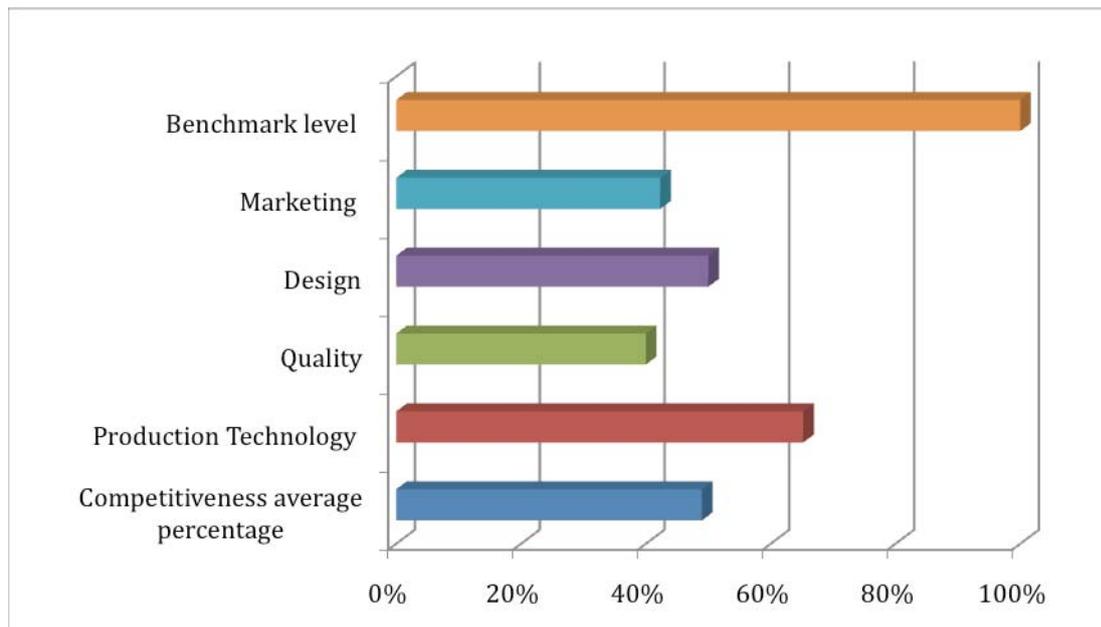
The company is specialized in the tanning of crocodile skins; besides the tanning phase the company deals also with the farming of the animals, slaughtering and meat processing and, after tanning, of the manufacturing of bags and other articles in crocodile skin. It employs 65 workers. More than 40% of the production is exported, mainly in China and Japan.

SWOT Analysis

Strength	Weakness	Opportunities	Threats
Skill in processing high quality and luxury materials Control over the entire value chain Diversified business lines Direct shops	Machines need modernization Niche market in terms of value / volumes	Expansion in product line Increase process efficiency	Local competitors Environmental issues

Competitive analysis

The graph summarizes the outcomes of the competitive analysis of the company.



Competitiveness 49%, the production technology is good, but apparently it is very difficult to upgrade the position within the niche sector selected.

Competitiveness average percentage	49%
Production Technology	65%
Quality	40%
Design	50%
Marketing	42%
Benchmark level	100%



Upgrading Action Plan

In the tables of the next section specific actions are suggested for the four key areas identified (Production Technology, Quality, Design and Marketing) , based on the SWOT analysis for the company, on its declared future strategies and on the general impression gathered during the company visit.

Production Technology

Item	Needs	Upgrading Tool	Output	Expert Profile	Duration	Result	Milestone Survey
Skills							
Management							
Investment	Diversification of production	Technological audit	Detailed implementation and investment plan for the setting up of a new tanning line for bovine skins	Expert in tanning technologies	5 days	Increase competitiveness through product diversification	Final discussion of the proposed plan with company management
Skills							

Marketing

Item	Needs	Upgrading Tool	Output	Expert Profile	Duration	Result	Milestone Survey
Skills							
Management	Improve marketing capabilities in new sectors	Tutoring / consulting from experts	Market strategy for the new products	Expert in international leather markets	5 days	Develop a capability to tackle new markets with the new products	Final confrontation with the company management on the proposed strategy
Investment							

Conclusion

The very special nature of this company (tannery of crocodile skins) on the one hand and the good level of organization and efficiency of the current processes, do not allow to draft a complete and general upgrade plan. As a strategic evolution, the company declared its intention to expand to new markets and with new products, moving progressively towards to bovine hides tanning. Hence the few actions proposed are aimed at giving TON PHAT the basic technological and market skill to tackle that mission.



VIII. VINH THONG MANUFACTURING (SHOE COMPANY)

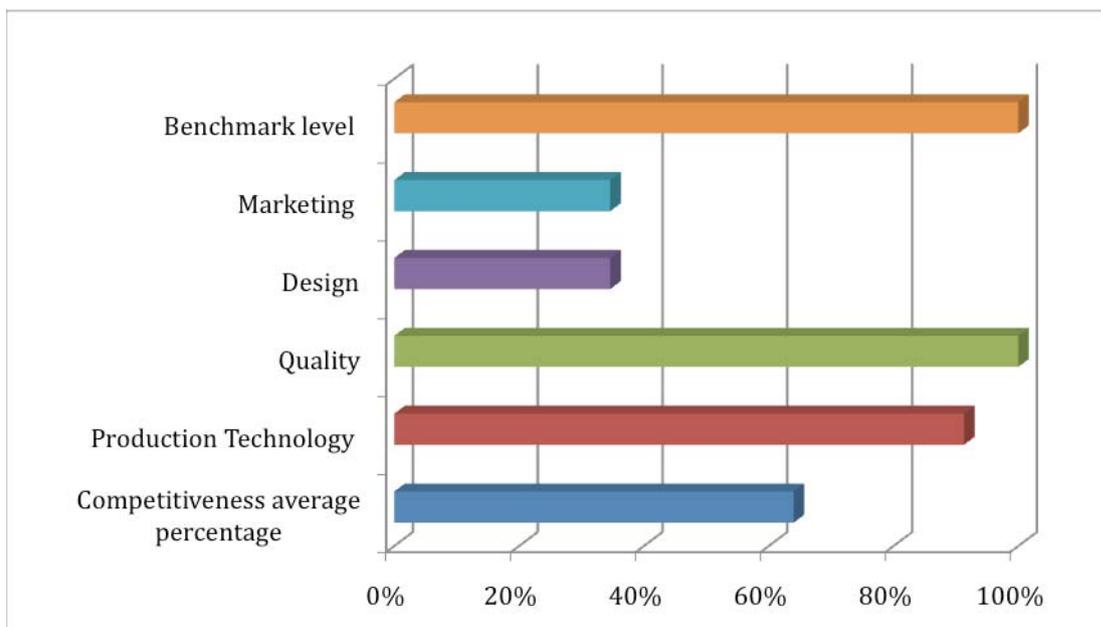
The main article produced by the company is the Sandal and it represents 95% of the whole production. The remaining 5% is represented by a sport shoe in canvas. The product is manufactured basing upon samples sent by the customer As regards specific models, they also provide special materials. The pattern-making department is only asked to grading the series of numbers basing upon the sample sent by the purchaser. Plastic lasts are purchased on the Domestic market. VINH YHONG has a workforce of 422 units for a daily production of almost 9000 pairs, at an average cost of 3 US\$. The totality of the production for export, for brands the company works for as OEM.

SWOT Analysis

Strength	Weakness	Opportunities	Threats
Punctuality of deliveries Good knowledge of the market Premises belonging to company Diversified customers Good experience in purchasing Regular supplying of raw materials Absence of amortizations	Obsolete equipment Labour's scarce efficiency	Diversification of production Increasing production Improving quality Increasing export Partnership with foreign enterprises	Competition from countries with low labour costs Instable international market Local competition that offers better products

Competitive analysis

The graph summarizes the outcomes of the competitive analysis of the company.





The company performs a sufficient level of competitiveness (64%) and meets the requirements to obtain good results while upgrading the current assets. Apparently the lack of design is consequence of the policy of the company (OEM producer).

Competitiveness average percentage	64%
Production Technology	91%
Quality	100%
Design	35%
Marketing	35%
Benchmark level	100%

Upgrading Action Plan

In the tables of the next section specific actions are suggested for the four key areas identified (Production Technology, Quality, Design and Marketing) , based on the SWOT analysis for the company, on its declared future strategies and on the general impression gathered during the company visit.

Production Technology

<i>Item</i>	<i>Needs</i>	<i>Upgrading Tool</i>	<i>Output</i>	<i>Expert Profile</i>	<i>Duration</i>	<i>Result</i>	<i>Milestone Survey</i>
Skills	Improve worker skill and effectiveness of on the job training	On the job training program	Training materials and methodology	Experts in shoe manufacturing process (esp. stitching)	10 days	Improve workers skill and faster learning curve	Mid term assessment of worker level of skill
Management	Improvement of working environment and working conditions	In depth field analysis	Document and plan for the safety of workers and the work place	Expert in safety of the workers and ergonomics	5 days	Improved working conditions for the workers	Final discussion of the plan with the company
Investment	Modernization of the processing equipment	Technological audit	Detailed investment plan in new technology in key processes	Expert in shoe manufacturing technologies	5 days	Increase in process efficiency, quality consistency and higher competitiveness	Discussion of the plan with the company



Marketing

<i>Item</i>	<i>Needs</i>	<i>Upgrading Tool</i>	<i>Output</i>	<i>Expert Profile</i>	<i>Duration</i>	<i>Result</i>	<i>Milestone Survey</i>
Skills							
Management	Improve marketing capabilities	Marketing course	Marketing guidelines and marketing strategy document	Expert in marketing of footwear	10 days	Consolidate marketing approach and define market strategy	Mid term confrontation with company management and final discussion of the plan
Investment	Improve market visibility	Participation in exhibition and fairs	Define list of fairs to participate in and plan participation	Advisors from fair organizers in the target countries	5 days of assistance for event planning	Increased company visibility and better knowledge of international markets	Discussion of the plan with the company

Conclusion

Once more most of the needs of this company are very much in line (in the domain of production technologies and marketing) with those ones of the other footwear manufactures and they leave room for a possible set of joint actions. For the first time a specific need in terms of personnel training is indicated ; this calls for dedicated on the job training actions to be carried on either in the company or at specific external structure, like a service and training centre.



IX. HOA CA CROCODILE COMPANY LTD.

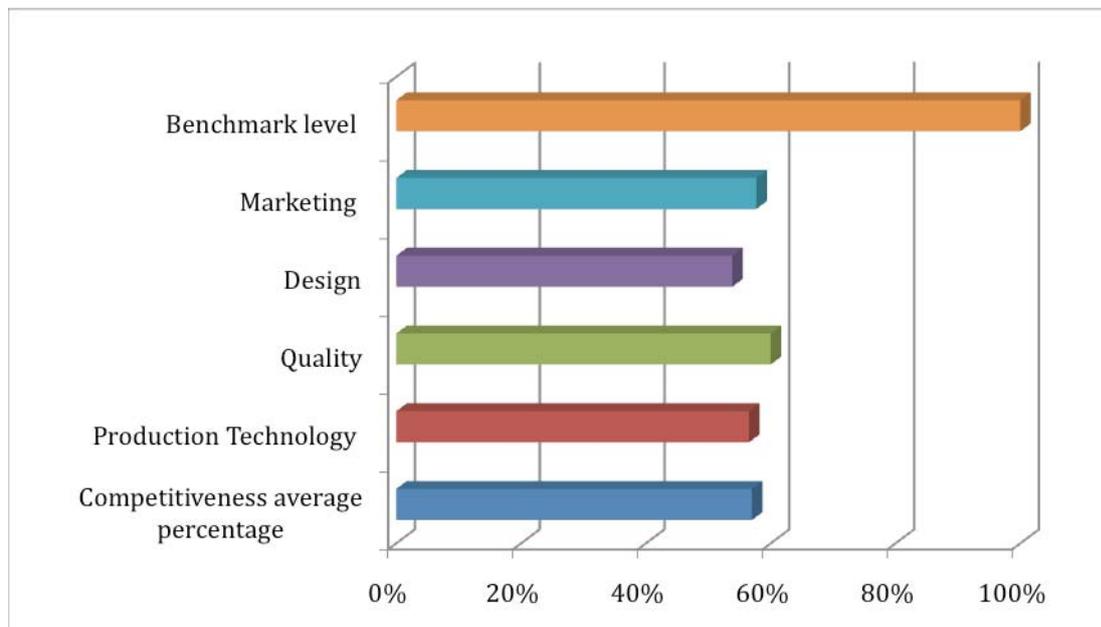
This is the second of the two tanneries visited, specialized in crocodile skins. The enterprise is divided into two units, not far one another: the first one houses animals' farming and the manufacturing of leather articles like bags, wallets and belts. The second unit houses the tannery. The total number of employees is 90 in all the different departments of the company. End products are primarily sold in the domestic market. HOA CA is well known on the Domestic market for the quality of its products as well as for the exclusive manufacture of some articles

SWOT Analysis

Strength	Weakness	Opportunities	Threats
Very wide and well lightened productive units Good localization of activities Premises belonging to the company Absence of amortizations Skilled workers Good knowledge of the market	Low productivity Obsolete equipment Insufficient creativity of new models of leather articles Incomplete equipment	Increase quality Improve productivity Start marketing actions to directly sell on the International markets	Local competition that offers a better product

Competitive analysis

The graph summarizes the outcomes of the competitive analysis of the company.



The level of competitiveness is put on the tune of 57%, compared to a good performance of 80% and an optimum of 100%. The several assets are well balanced and there are the bases for upgrading.



Competitiveness average percentage	57%
Production Technology	57%
Quality	60%
Design	54%
Marketing	58%
Benchmark level	100%

Upgrading Action Plan

In the tables of the next section specific actions are suggested for the four key areas identified (Production Technology, Quality, Design and Marketing) , based on the SWOT analysis for the company, on its declared future strategies and on the general impression gathered during the company visit.

Production Technology

<i>Item</i>	<i>Needs</i>	<i>Upgrading Tool</i>	<i>Output</i>	<i>Expert Profile</i>	<i>Duration</i>	<i>Result</i>	<i>Milestone Survey</i>
Skills							
Management							
Investment	Modernization of tanning machines for cow hides	In depth technological audit	Implementation and investment plan	Expert in tanning technologies	5 days	Improved efficiency and competitiveness	Final discussion of the plan with company management
	Improve mechanization level of leather goods production	In depth technological audit	Implementation and investment plan	Expert in leather goods machines technologies	5 days	Improved throughput, efficiency and competitiveness	Final discussion of the plan with company management

Design

<i>Item</i>	<i>Needs</i>	<i>Upgrading Tool</i>	<i>Output</i>	<i>Expert Profile</i>	<i>Duration</i>	<i>Result</i>	<i>Milestone Survey</i>
Skills	Improve design skill	Training course in leather goods design	Training curriculum and materials	Designer of leather goods	10 days	Improved ability in design and higher creative content in articles	Mid term assessment of skill achieved and learning level
Management							
Investment							



Marketing

<i>Item</i>	<i>Needs</i>	<i>Upgrading Tool</i>	<i>Output</i>	<i>Expert Profile</i>	<i>Duration</i>	<i>Result</i>	<i>Milestone Survey</i>
Skills							
Management	Improve marketing capabilities in new sectors	Marketing course	Marketing guidelines and marketing strategy document	Expert in marketing of leather goods	5 days	Consolidate marketing approach and define market strategy	Discussion of plan with company management
Investment							

Conclusion

The needs of Hoa Ca are similar to those ones of the other kin company analyzed before. Its greater involvement in the manufacturing of finished leather goods (bags, wallets and belts) , whose sale potential is not fully exploited due to inadequate process technologies and insufficient production efficiency, justify the proposed actions in the production technology domain with the indicated upgrade plan. Here too a need is evident of a professionalization of the design work and an increase of the creative contents in the products themselves that motivate the actions planned in the design and market areas.



X.- 32 JOINT STOCK COMPANY (SHOE COMPANY)

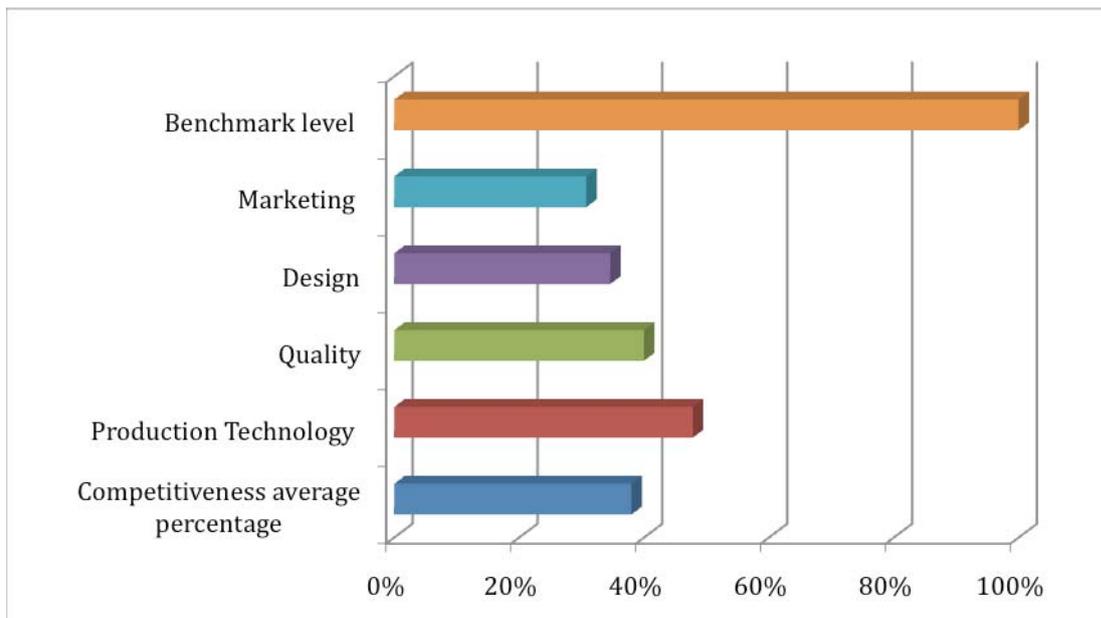
This enterprise is a Joint Stock Company whose majority belongs to Government: 51% belongs to the Ministry of Armed Forces and 49% belongs to other shareholders. Its production includes: men shoes with leather upper and rubber or TPR soles, military boots in canvas with vulcanized rubber outsole and casual men, lady and kids shoes in canvas with vulcanize rubber outsoles. They produce more than 4500 pairs a day with 50% of the whole production exported in different European countries and in Australia. The remaining 50% is sold on the Domestic market through an internal organization. Shoes are sold also with the company brand ASECO.

SWOT Analysis

Strength	Weakness	Opportunities	Threats
Wide and well lightened units Good knowledge of the market Premises belonging to company Diversified customers Good experience of purchasing Regular supplying of raw materials Localization of activities Absence of amortizations	Low productivity ·Insufficient procedures of quality control Obsolete equipment Workers' low technical level Incomplete equipment	Diversification of production Increase of productivity Improvement of working organization Reduction of costs to consolidate market position	Instable local market Local competition that offers the same product at a better price

Competitive analysis

The graph summarizes the outcomes of the competitive analysis of the company.





Low knowledge of best practices gives to this company a low grade of competitiveness, up to the tune of 38% compared to an acceptable level of 60%. A lot of investments in terms of tangible and intangible assets.

Competitiveness average percentage	38%
Production Technology	48%
Quality	40%
Design	35%
Marketing	31%
Benchmark level	100%

Upgrading Action Plan

In the tables of the next section specific actions are suggested for the four key areas identified (Production Technology, Quality, Design and Marketing) , based on the SWOT analysis for the company, on its declared future strategies and on the general impression gathered during the company visit.

Production Technology

<i>Item</i>	<i>Needs</i>	<i>Upgrading Tool</i>	<i>Output</i>	<i>Expert Profile</i>	<i>Duration</i>	<i>Result</i>	<i>Milestone Survey</i>
Skills							
Management	Reorganization of production lines for better efficiency	In depth field analysis	Detailed implementation plan for new organization	Expert in shoe production processes	10 days	Increase in the efficiency of the production unit	Final discussion of the plan with the company
Investment	Modernization of the processing equipment (focus on cutting and skinving)	Technological audit	Detailed investment plan in machinery and technology	Expert in shoe manufacturing technologies (specialization in cutting and skiving)	5 days	Increase in process efficiency, quality consistency and higher competitiveness	Discussion of the plan with the company



Quality

<i>Item</i>	<i>Needs</i>	<i>Upgrading Tool</i>	<i>Output</i>	<i>Expert Profile</i>	<i>Duration</i>	<i>Result</i>	<i>Milestone Survey</i>
Skills	Improve training on leather quality assessment	Training course	Training curriculum and material	Expert in leather assessment and cutting	5 days	Improved skill in leather assessment, higher quality, better materials utilization	Final confrontation with company management on results achieved
Management	Improve product quality (focus on cutting)	Quality audit	Report on quality audit	Expert in product and processes quality control	5 days	Improvements in quality management and consistency	Final confrontation with company management on results achieved
Investment							

Marketing

<i>Item</i>	<i>Needs</i>	<i>Upgrading Tool</i>	<i>Output</i>	<i>Expert Profile</i>	<i>Duration</i>	<i>Result</i>	<i>Milestone Survey</i>
Skills							
Management	Improve marketing capabilities	Marketing course	Marketing guidelines and marketing strategy document	Expert in marketing of footwear	10 days	Consolidate marketing approach and define market strategy	Mid term confrontation with company management and final discussion of the plan
Investment	Improve market visibility	Participation in exhibition and fairs	Define list of fairs to participate in and plan participation	Advisors from fair organizers in the target countries	5 days of assistance for event planning	Increased company visibility and better knowledge of international markets	Discussion of the plan with the company

Conclusion

Once more the upgrade analysis has a lot of elements in commons with the other companies of the same group (shoe manufacturers) especially in terms of production technologies and market; as requirements specific of this enterprise here we have in focus leather cutting and in particular quality assessment of leather; this calls once more for specific on the job training actions (at the company or at a dedicated training and service centre) as well as for a general improvement of the quality awareness of the company and of its staff.



XI. HOANG THANG LEATHER CO. LTD.(TRADING COMPANY)

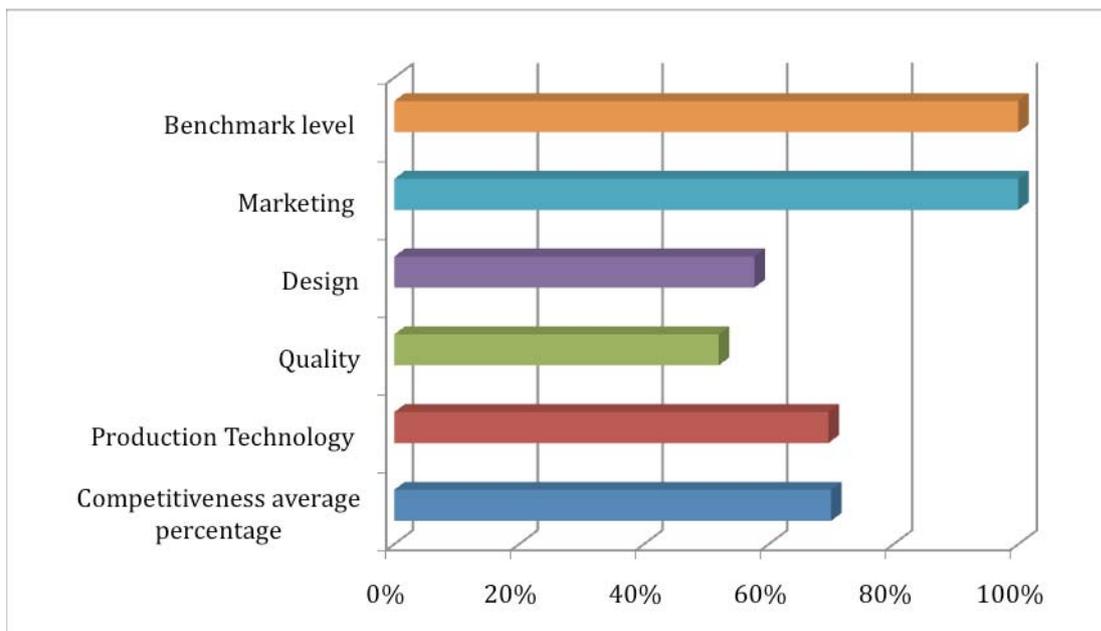
The company is involved in both production and trading of footwear; as far as the production division is concerned, the company manufactures roughly 2000 pairs a day of work rubber boots, especially for the fishing industry and 130.000 pairs per year of work and safety boots with vulcanized rubber sole; the production facilities of the company were not analyzed. The company deals a lot also with trading, and in particular with the import of natural leather from KOREA and MALAYSIA, the trading of medical articles in cotton and the purchase of finished shoes from FAMILY BUSINESS, later sold to supermarkets or local shops and markets.

SWOT Analysis

Not enough elements for a SWOT analysis are available.

Competitive analysis

A competitive analysis for this company was attempted on the basis of the scarce elements that were gathered during the meeting; so its reliability level is much lower than the other ones presented in previous sections.



A company with well balanced skills and assets, with more than an acceptable level of competitiveness (70%) , in need of expansion, that will be able to upgrade its performance.

Competitiveness average percentage	70%
Production Technology	70%
Quality	52%
Design	58%
Marketing	100%
Benchmark level	100%



Upgrading Action Plan

As for the SWOT analysis not enough elements are available to suggest a detailed upgrade plan.

Conclusion

It was not possible to visit the manufacturing facilities of the company so only limited elements were gathered about its activity, besides those ones given during the meeting at the trading company. So no detailed upgrade plan can be drafted; it is recommended to complete the survey of the company at the next possible occasion.



XII: HO CHI MINH CITY INDUSTRY AND TRADE COLLEGE

The college is located in the area of Ho Chi Minh City, it was founded in 1976 by the Ministry of Light Industry; in 2009 it passed under the control of the Ministry of Commerce and Trade and it assumed the current designation. It provides training and education for many different sectors including leather and footwear. In 2010 65 students in this sector were trained with a total staff of 7 teachers. More recently the college organized a specific course of footwear pattern making in collaboration with the local footwear association.

SWOT Analysis

Non applicable to this case.

Competitive analysis

Non applicable to this case.

Upgrading Action Plan

Non applicable to this case.

Conclusion

The footwear department of the college is well equipped with computers and CAD workstation, with a small cutting room, two fully fledged stitching rooms with a good number of machines and basic machinery for the lasting operations; whilst CAD, cutting and lasting are not really featuring state of the art technologies, the stitching lines are good enough for basic and advanced training activities, Concerning the other sections (CAD, cutting and making) an upgrade plan is advisable, also as a form of cooperation with other initiatives (creation of a training and service centre) foreseen in the scope of the SME cluster development project.



XIII. THANH LONG SHOES

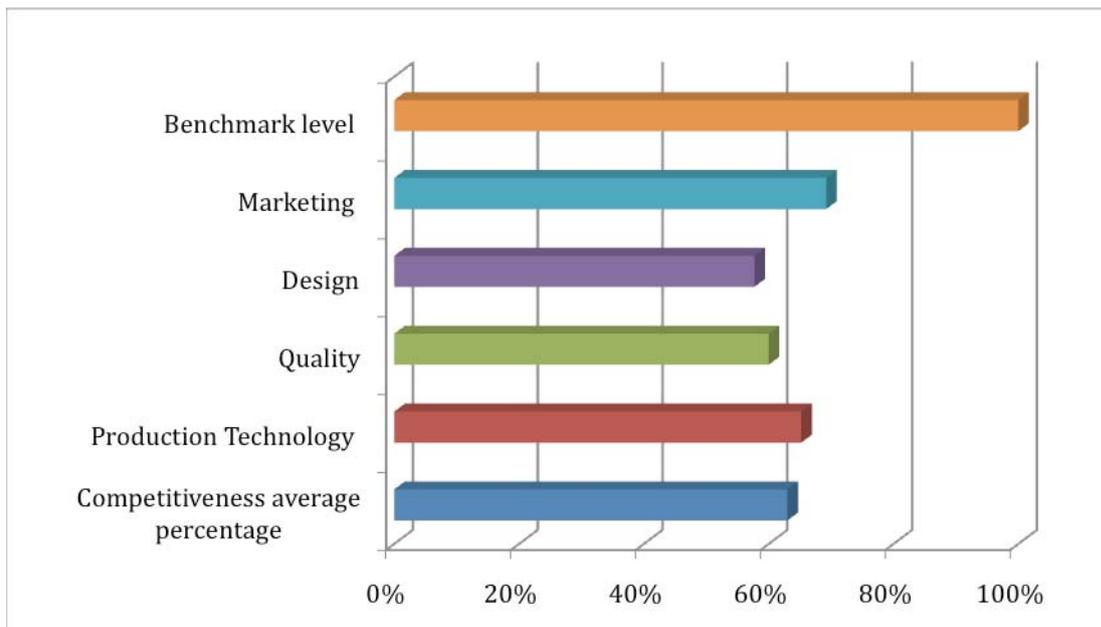
The shoe company was founded 20 years ago and is specialized in the production of high heel lady shoes with leather upper and kid sandals in synthetic; the daily production throughput is approximately 350 pairs. The product (100%) is sold on the Domestic market; customers are market and supermarkets' retailers Market's customers pay 50% at delivery and 50% after 1 month. On the contrary, supermarkets pay at time of delivery, when the new purchase is delivered. In other words, supermarkets pay when they have sold the purchased product. Typical selling price for lady shoes is around 30 US\$ while for kid sandals is 4 US\$.

SWOT Analysis

Strength	Weakness	Opportunities	Threats
Good knowledge of the market Diversified customers Premises belonging to company itself Absence of amortizations Good experience in purchases Regular supplying of raw materials	Low productivity Scarce procedures of quality control Obsolete equipment Incomplete equipment Lack of marketing strategies Badly managed rooms	Diversify production Move to new premises Improve working organization Increase productivity Reduce costs to consolidate the position on the market Begin exporting	Instable local market Local producers that sell the same item at a better quality and price

Competitive analysis

The graph summarizes the outcomes of the competitive analysis of the company. Well balanced quality level, according to the domestic market, with an acceptable competitive position up to the tune of 63%. That needs an upgrading work plan for export quality standardized production and market approach.





Competitiveness average percentage	63%
Production Technology	65%
Quality	60%
Design	58%
Marketing	69%
Benchmark level	100%

Upgrading Action Plan

In the tables of the next section specific actions are suggested for the four key areas identified (Production Technology, Quality, Design and Marketing) , based on the SWOT analysis for the company, on its declared future strategies and on the general impression gathered during the company visit.

Production Technology

<i>Item</i>	<i>Needs</i>	<i>Upgrading Tool</i>	<i>Output</i>	<i>Expert Profile</i>	<i>Duration</i>	<i>Result</i>	<i>Milestone Survey</i>
Skills							
Management	Reorganization of production lines for better efficiency	In depth field analysis	Detailed implementation plan for new organization	Expert in shoe production processes	10 days	Increase in the efficiency of the production unit	Final discussion of the plan with the company
Investment	Increase the mechanization level	Technological audit	Detailed investment plan in machinery and technology	Expert in shoe manufacturing technologies	5 days	Increase in process efficiency, quality consistency and higher competitiveness	Discussion of the plan with the company

Quality

<i>Item</i>	<i>Needs</i>	<i>Upgrading Tool</i>	<i>Output</i>	<i>Expert Profile</i>	<i>Duration</i>	<i>Result</i>	<i>Milestone Survey</i>
Skills							
Management	Improve product quality	Quality audit	Quality document and guidelines	Expert in product and process quality control	10 days	Increased quality awareness and consistency	Discussion of the plan with the company
Investment							



Design

Item	Needs	Upgrading Tool	Output	Expert Profile	Duration	Result	Milestone Survey
Skills	Improve design skill for fashion and comfort	Course in shoe design with focus on creative design and foot comfort	Training syllabus and material	Expert in shoe design	10 days	Improved ability in creative design and more attractive products	Mid term assessment of achieved skills of the trainees
Management							
Investment							

Marketing

Item	Needs	Upgrading Tool	Output	Expert Profile	Duration	Result	Milestone Survey
Skills							
Management	Improve marketing capabilities	Marketing course	Marketing guidelines and marketing strategy document	Expert in marketing of footwear	10 days	Consolidate marketing approach and define market strategy	Mid term confrontation with company management and final discussion of the plan
Investment	Improve market visibility	Participation in exhibition and fairs	Define list of fairs to participate in and plan participation	Advisors from fair organizers in the target countries	5 days of assistance for event planning	Increased company visibility and better knowledge of international markets	Discussion of the plan with the company

Conclusion

In the case of Thanh Long shoes once more the needs in the Production technologies, Quality and Market areas are very similar to those of the other shoe companies visited and can be satisfied in the frame of a set of common training / upgraded initiatives. A more specific demand in the design area emerges, with a focus on creative design and foot comfort that can represent a topic of interest also for other companies and calls for a more specific training actions and for a particular profile of the expert to be selected.



XIV. NGOC SY (FAMILY SHOE BUSINESS)

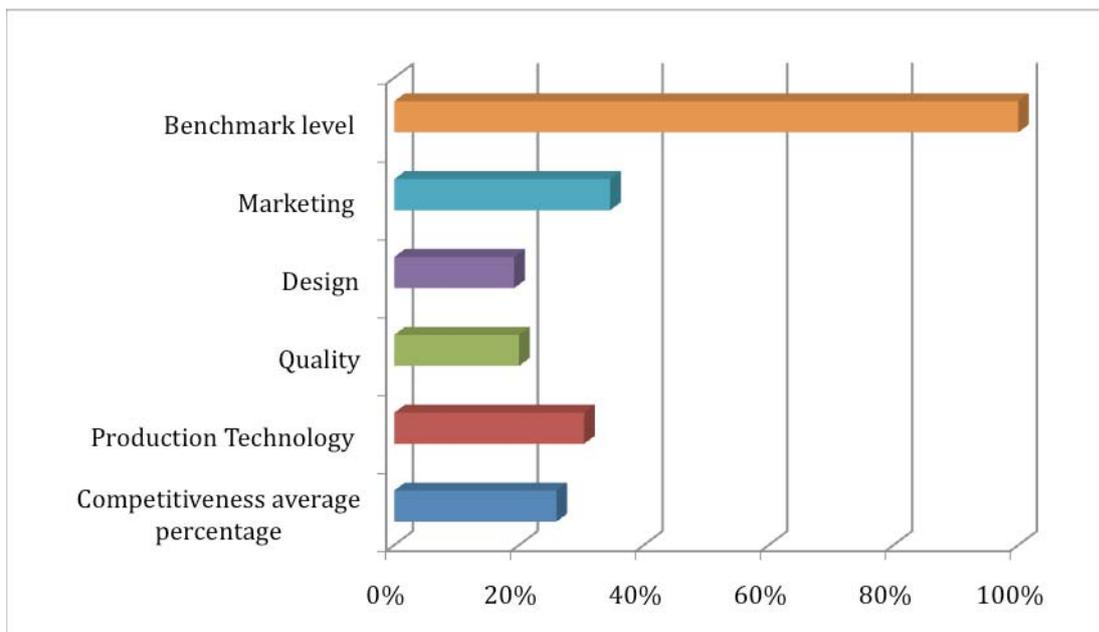
It is a small artisan enterprise, also defined as family shoe business. It produces lady's shoes L. XV type, shoe model "Chanel", with plastic high heel, natural and synthetic upper, sole in synthetic. The daily production is about 70 - 100 pairs, produced with the brand is the one of their customer. Pattern-making and grading are carried out inside the family business itself. There are about 10 people working in the shopfloor; many manufacturing processes are carried out outside, like for example upper stitching and cutting. The following operations are carried out internally: Insole beading, heel covering, Insole manufacturing, sole application and sole pressing to shoe. Sales are only on the Domestic market

SWOT Analysis

For this size of company, no SWOT analysis is possible due to the lack of structured information and the very limited nature of the business.

Competitive analysis

A competitive analysis of the company was done; yet, due to the very limited information available, its validity has to be taken with a certain amount of care



A competitive position equal to 26% compared to a 60% acceptable level. Marketing is very poor, but first an upgrading of the the technology, quality and design management is needed.

Competitiveness average percentage	26%
Production Technology	30%
Quality	20%
Design	19%
Marketing	35%
Benchmark level	100%



Upgrading Action Plan

In the tables of the next section specific actions are suggested for the four key areas identified (Production Technology, Quality, Design and Marketing) , based on the SWOT analysis for the company, on its declared future strategies and on the general impression gathered during the company visit.

Production Technology

Item	Needs	Upgrading Tool	Output	Expert Profile	Duration	Result	Milestone Survey
Skills	Training in footwear manufacturing	On the job training on the various operations of shoe making	Training syllabus and material	Expert in shoe manufacturing	5 days per module	Improved skill of workers ; faster learning curve	Final check up of the acquired skill
Management							
Investment	Increase the mechanization level (insole construction)	Technological audit	Detailed investment plan in machinery and technology	Expert in shoe manufacturing technologies	5 days	Increase in process efficiency, quality consistency and higher competitiveness	Discussion of the plan with the company

Quality

Item	Needs	Upgrading Tool	Output	Expert Profile	Duration	Result	Milestone Survey
Skills							
Management	Improve product quality	Quality audit	Quality document and guidelines	Expert in product and process quality control	10 days	Increased quality awareness and consistency	Discussion of the plan with the company
Investment							

Design

Item	Needs	Upgrading Tool	Output	Expert Profile	Duration	Result	Milestone Survey
Skills	Training in footwear design	Training courses in basic shoe design and pattern making	Training syllabus and material	Expert in shoe design	5 days per module	Improved skill of workers ; faster learning curve	Final check up of the acquired skill
Management							
Investment							



Conclusion

This company, although belonging to the same sector (footwear), is of a different category and is part of the vast network of “family business” whose needs and demands are somehow different from those ones of the larger and more structured companies, Besides some general common needs in the area of production technologies (basic mechanization), the intervention here has to be mostly focused on strengthening the company from the very fundamental aspects of its operation. So basic training needs in production and design tasks are there and have to be addressed in the proper manner; due to the wide span of these topics a modular training structure must be thought of and modules aggregated, company by company, depending on the areas in which the company is weakest.



XV. THANH LIEM LEATHER FOOTWARE PRODUCTION UNIT (FAMILY SHOE BUSINESS)

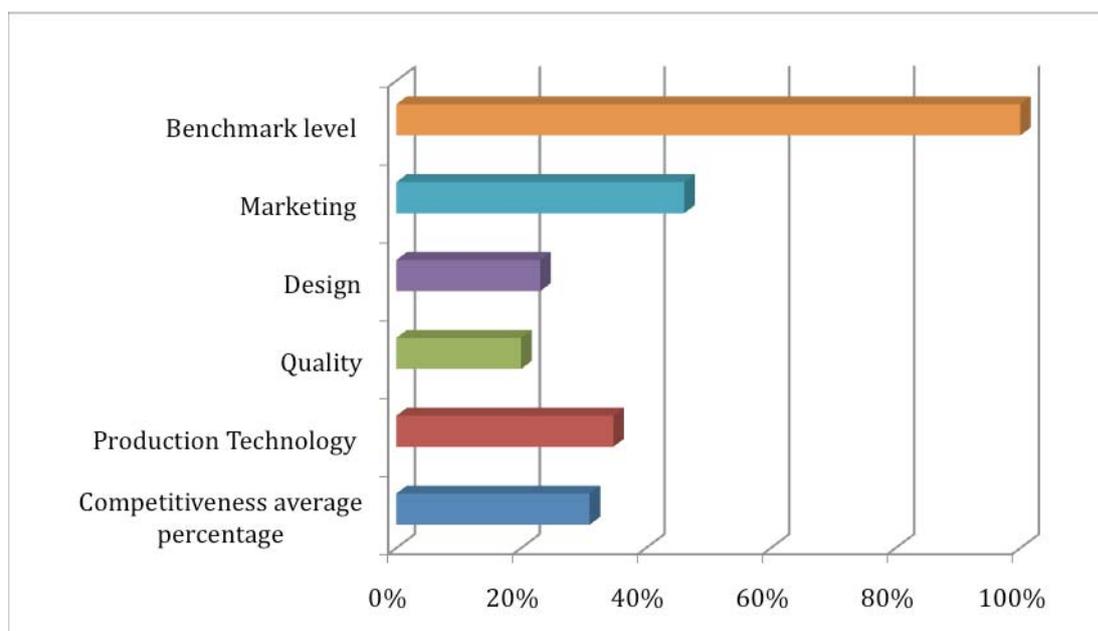
The activity started in 1999. THANH LIEM produces man's SANDALS – SLIPPERS for the local market. It produces about 100 pairs per day. Sole is made of PU and upper is made of leather. Upper is sewed to sole with manual stitching. The product's final price: US\$ 6,00 – 7,00 – 8,00; Uppers are manufactured outside the company which employs directly 15 workers. Machinery is almost non-existent, given the type of manufactured product.

SWOT Analysis

For this size of company, no SWOT analysis is possible due to the lack of structured information and the very limited nature of the business.

Competitive analysis

A competitive analysis of the company was done; yet, due to the very limited information available, its validity has to be taken with a certain amount of care



Average competitiveness is put on the tune of 31%, an acceptable level for upgrading by means of individual short terms intervention should be equal 60% (compared to a good level equal 80%), below that the T.A. intervention should be supported also by new investment in all surveyed areas.

Competitiveness average percentage	31%
Production Technology	35%
Quality	20%
Design	23%
Marketing	46%
Benchmark level	100%



Upgrading Action Plan

In the tables of the next section specific actions are suggested for the four key areas identified (Production Technology, Quality, Design and Marketing) , based on the SWOT analysis for the company, on its declared future strategies and on the general impression gathered during the company visit.

Production Technology

Item	Needs	Upgrading Tool	Output	Expert Profile	Duration	Result	Milestone Survey
Skills	Training in footwear manufacturing	On the job training on the various operations of shoe making	Training syllabus and material	Expert in shoe manufacturing	5 days per module	Improved skill of workers ; faster learning curve	Final check up of the acquired skill
Management							
Investment	Increase the mechanization level (insole construction)	Technological audit	Detailed investment plan in machinery and technology	Expert in shoe manufacturing technologies	5 days	Increase in process efficiency, quality consistency and higher competitiveness	Discussion of the plan with the company

Quality

Item	Needs	Upgrading Tool	Output	Expert Profile	Duration	Result	Milestone Survey
Skills							
Management	Improve product quality	Quality audit	Quality document and guidelines	Expert in product and process quality control	10 days	Increased quality awareness and consistency	Discussion of the plan with the company
Investment							

Design

Item	Needs	Upgrading Tool	Output	Expert Profile	Duration	Result	Milestone Survey
Skills	Training in footwear design	Training courses in basic shoe design and pattern making	Training syllabus and material	Expert in shoe design	5 days per module	Improved skill of workers ; faster learning curve	Final check up of the acquired skill
Management							
Investment							



Conclusion

As it can be seen needs for this company are very much in line with ones of the other company of the same group (small family business); this allow to think in terms of general, common actions for this kind of companies.



XVI. PHI DUNG PRODUCTION UNIT (FAMILY SHOE BUSINESS)

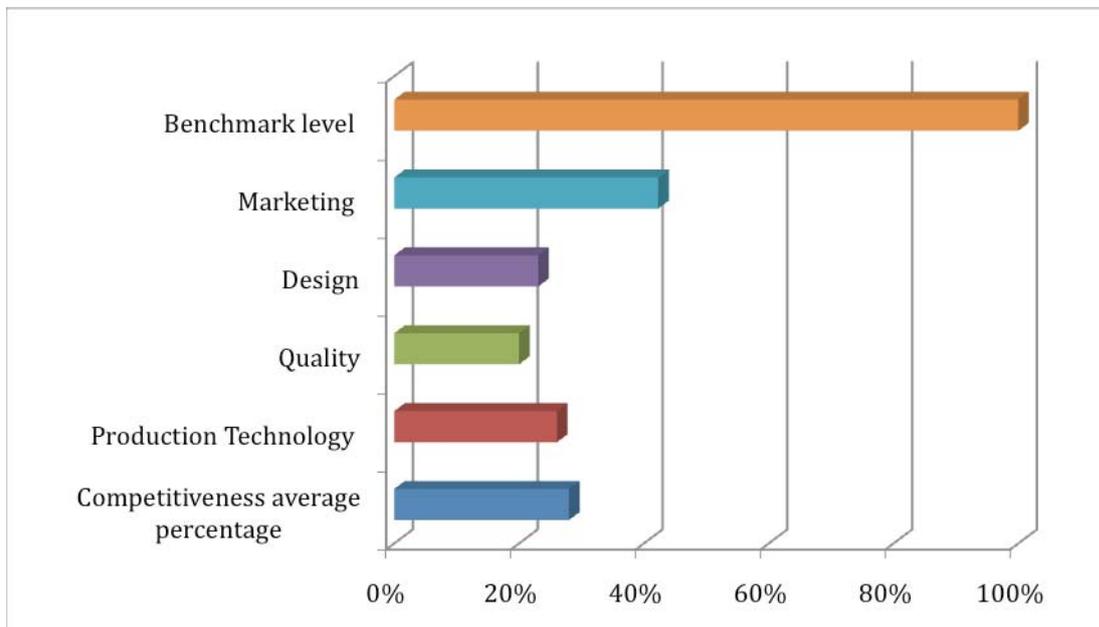
The company produces man's shoes with leather upper and TPR sole (marked REAL LEATHER) with a production of about 30 – 40 pairs per day. Items are sold on the local market. There are about 20 workers in the unit and machines are very simple, typical for a artisan kind of production.

SWOT Analysis

For this size of company, no SWOT analysis is possible due to the lack of structured information and the very limited nature of the business.

Competitive analysis

A competitive analysis of the company was done; yet, due to the very limited information available, its validity has to be taken with a certain amount of care



Competitive position up to the tune of 28%. Technology, Quality and design are behind the level of marketing acknowledgment and managing skills. Networking and new investments are needed.

Competitiveness average percentage	28%
Production Technology	26%
Quality	20%
Design	23%
Marketing	42%
Benchmark level	100%

Upgrading Action Plan

In the tables of the next section specific actions are suggested for the four key areas identified (Production Technology, Quality, Design and Marketing) , based on the SWOT analysis for the company, on its declared future strategies and on the general impression gathered during the company visit.



Production Technology

Item	Needs	Upgrading Tool	Output	Expert Profile	Duration	Result	Milestone Survey
Skills	Training in footwear manufacturing	On the job training on the various operations of shoe making	Training syllabus and material	Expert in shoe manufacturing	5 days per module	Improved skill of workers ; faster learning curve	Final check up of the acquired skill
Management							
Investment	Increase the mechanization level (insole construction)	Technological audit	Detailed investment plan in machinery and technology	Expert in shoe manufacturing technologies	5 days	Increase in process efficiency, quality consistency and higher competitiveness	Discussion of the plan with the company

Quality

Item	Needs	Upgrading Tool	Output	Expert Profile	Duration	Result	Milestone Survey
Skills							
Management	Improve product quality	Quality audit	Quality document and guidelines	Expert in product and process quality control	10 days	Increased quality awareness and consistency	Discussion of the plan with the company
Investment							

Design

Item	Needs	Upgrading Tool	Output	Expert Profile	Duration	Result	Milestone Survey
Skills	Training in footwear design	Training courses in basic shoe design and pattern making	Training syllabus and material	Expert in shoe design	5 days per module	Improved skill of workers ; faster learning curve	Final check up of the acquired skill
Management							
Investment							

Conclusion

Once more the needs for this shoe family business unit are very much the same of all the others of the same categories; common action lines are to be foreseen in order to respond to the most urgent demands.



XVII. GIAY VIET FOOTWARE JOINT STOCK COMPANY(SHOE COMPANY)

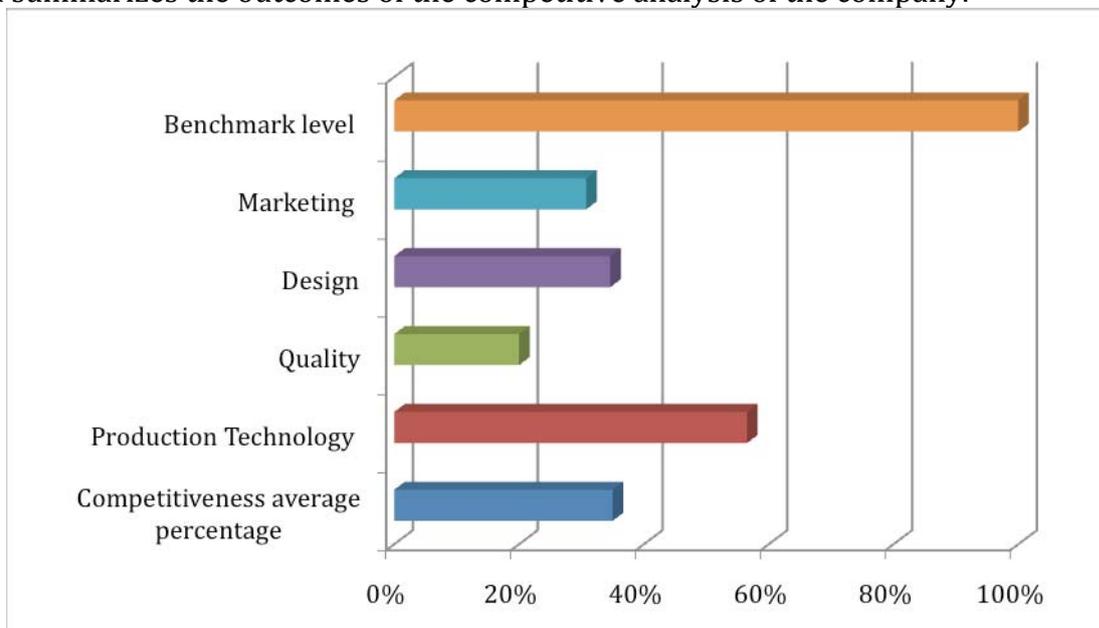
The company manufactures men and lady shoes, sandals and slippers both in natural leather and synthetic materials; some of the models have rubber outsoles for whose production the company owns a dedicated factory. The daily production is more than 1500 pairs ; roughly 10% of production is exported to the USA. The remaining 90% is sold in the domestic market through a network of 35 sale points belonging to the same industrial group. The market was rather stable in the past years. In 2011 there was a decrease due to market's instability, above all as regards increases in the prices of raw materials.

SWOT Analysis

Strength	Weakness	Opportunities	Threats
Good knowledge of the market Shops belonging to the group Good experience in purchasing Premises belonging to company itself Regular supplying of raw materials Absence of amortizations	Low productivity Absence of quality control procedures Obsolete equipment Low technicality of people in charge of production Incomplete equipment Workers' scarce efficiency Spaces unsuitable to manage production	Diversification of production Increase of productivity Improvement of working organization Reduction of costs Introduction of quality control systems	Instable local market Local competition that offers a better product

Competitive analysis

The graph summarizes the outcomes of the competitive analysis of the company.



Average competitiveness is put on the tune of 35%, and quality is the weakest sector between all assets. An acceptable level for upgrading by means of individual short terms intervention should be equal to 60% (compared to a good level equal 80%), below that the T.A. intervention should be supported also by new investment in all surveyed areas. .



Competitiveness average percentage	35%
Production Technology	57%
Quality	20%
Design	35%
Marketing	31%
Benchmark level	100%

Upgrading Action Plan

In the tables of the next section specific actions are suggested for the four key areas identified (Production Technology, Quality, Design and Marketing) , based on the SWOT analysis for the company, on its declared future strategies and on the general impression gathered during the company visit.

Production Technology

<i>Item</i>	<i>Needs</i>	<i>Upgrading Tool</i>	<i>Output</i>	<i>Expert Profile</i>	<i>Duration</i>	<i>Result</i>	<i>Milestone Survey</i>
Skills	Training in footwear manufacturing	On the job training on the various operations of shoe making	Training syllabus and material	Expert in shoe manufacturing	5 days per module	Improved skill of workers ; faster learning curve	Final check up of the acquired skill
Management	Reorganization of production lines for better efficiency	In depth field analysis	Detailed implementation plan for new organization	Expert in shoe production processes	10 days	Increase in the efficiency of the production unit	Final discussion of the plan with the company
Investment	Modernization of the processing equipment	Technological audit	Detailed investment plan in machinery and technology	Expert in shoe manufacturing technologies	5 days	Increase in process efficiency, quality consistency and higher competitiveness	Discussion of the plan with the company

Quality

<i>Item</i>	<i>Needs</i>	<i>Upgrading Tool</i>	<i>Output</i>	<i>Expert Profile</i>	<i>Duration</i>	<i>Result</i>	<i>Milestone Survey</i>
Skills							
Management	Improve product quality	Quality audit	Quality document and guidelines	Expert in product and process quality control	10 days	Increased quality awareness and consistency	Discussion of the plan with the company
Investment							



Design

<i>Item</i>	<i>Needs</i>	<i>Upgrading Tool</i>	<i>Output</i>	<i>Expert Profile</i>	<i>Duration</i>	<i>Result</i>	<i>Milestone Survey</i>
Skills	Improve design skill	Training courses in basic shoe design and pattern making	Training syllabus and material	Expert in shoe design	5 days per module	Improved skill of workers ; faster learning curve	Final check up of the acquired skill
Management							
Investment							

Conclusion

This company belongs to the category of larger manufacturer rather than the small family business units; its needs and demands are on one side in line with those of the other shoe makers analyzed in the first sections of this report, in particular in terms of process technologies and quality issues. It shares with the other smaller companies a relevant need in the area of shoe design capability (also in relation to a lack of attractiveness in the products the company offers to the market) that calls for a specific upgrade actions in terms of specific training programs on this topic.



XVIII. LIEN HUNG (FAMILY SHOE BUSINESS)

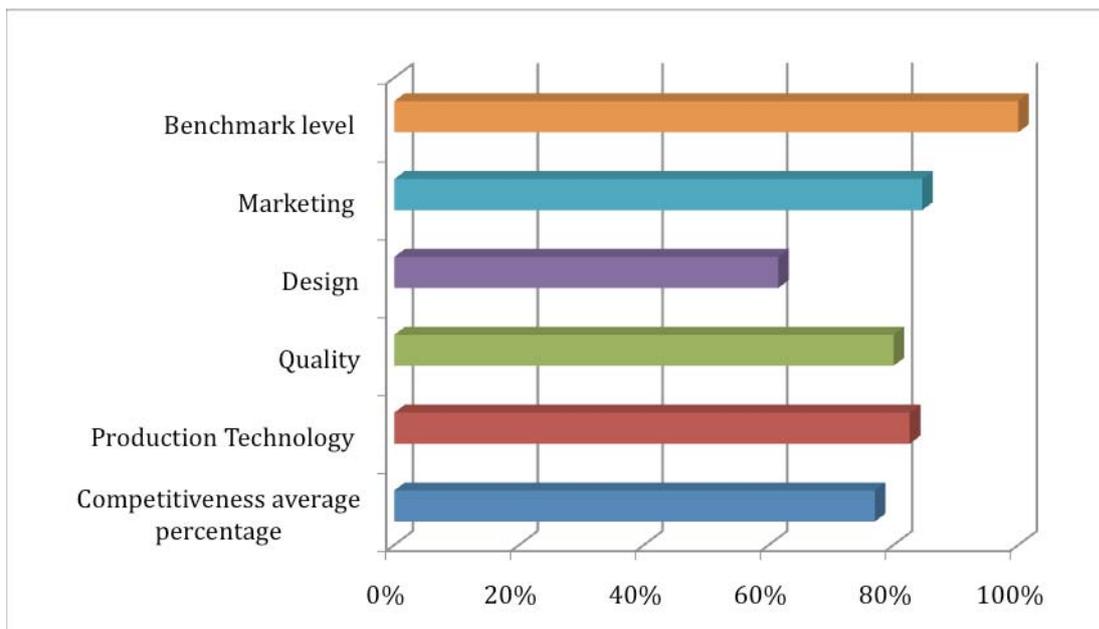
This family business established in 1990. They produce every type of shoes. They have an excellent style, in line with market requests; in their range of products there are very good “CAR SHOE” models, very well manufactured, with matching accessories sold at a price of US\$ 15,00. Models are designed by the family business itself, getting ideas from the web. The company plans to open a new bigger factory, to gather the different productive units. They currently produce about 200 pairs per day and the manufacturing processes are carried out in three different spaces, not far one another. A share of 10% - 20% of the whole production is exported to LAOS and CAMBODIA, while the rest is sold on the Domestic market. The level of mechanization of the company is good.

SWOT Analysis

For this size of company, no SWOT analysis is possible due to the lack of structured information and the very limited nature of the business.

Competitive analysis

A competitive analysis of the company was done; yet, due to the very limited information available, its validity has to be taken with a certain amount of care



A manufacturer of quality, with a competitive level up to the tune of 77%

Competitiveness average percentage	77%
Production Technology	83%
Quality	80%
Design	62%
Marketing	85%
Benchmark level	100%



Upgrading Action Plan

In the tables of the next section specific actions are suggested for the four key areas identified (Production Technology, Quality, Design and Marketing) , based on the SWOT analysis for the company, on its declared future strategies and on the general impression gathered during the company visit.

Production Technology

Item	Needs	Upgrading Tool	Output	Expert Profile	Duration	Result	Milestone Survey
Skills							
Management	Improve production efficiency and throughput through larger plant	In depth technological audit	Project and implementation plan for the new factory	Expert in shoe production technologies	5 days	Better work organization, higher efficiency and increased competitiveness	Final discussion of the plan with the company management
Investment	Modernization of the processing equipment	Technological audit	Detailed investment plan in machinery and technology	Expert in shoe manufacturing technologies	5 days	Increase in process efficiency, quality consistency and higher competitiveness	Discussion of the plan with the company

Quality

Item	Needs	Upgrading Tool	Output	Expert Profile	Duration	Result	Milestone Survey
Skills							
Management							
Investment							

Design

Item	Needs	Upgrading Tool	Output	Expert Profile	Duration	Result	Milestone Survey
Skills	Improve design skill	Training courses in basic shoe design and pattern making	Training syllabus and material	Expert in shoe design	5 days per module	Improved skill of workers ; faster learning curve	Final check up of the acquired skill
Management							
Investment							



Marketing

<i>Item</i>	<i>Needs</i>	<i>Upgrading Tool</i>	<i>Output</i>	<i>Expert Profile</i>	<i>Duration</i>	<i>Result</i>	<i>Milestone Survey</i>
Skills							
Management							
Investment							

Conclusion

This company, despite being a small family business, manufactures products with a good quality level and has a workforce with a high ability; its expansion plans to move to a new location into a larger manufacturing unit are worth being supported by appropriate upgrade actions for the definition of the best layout and the selection of the right machines. A development of the company abilities in the design domains is also to be addressed with the participation of its designers in specific training courses to improve their capabilities and upgrade their skills.



XIX. HIEN SHOE PRODUCTION UNIT(FAMILY SHOE BUSINESS)

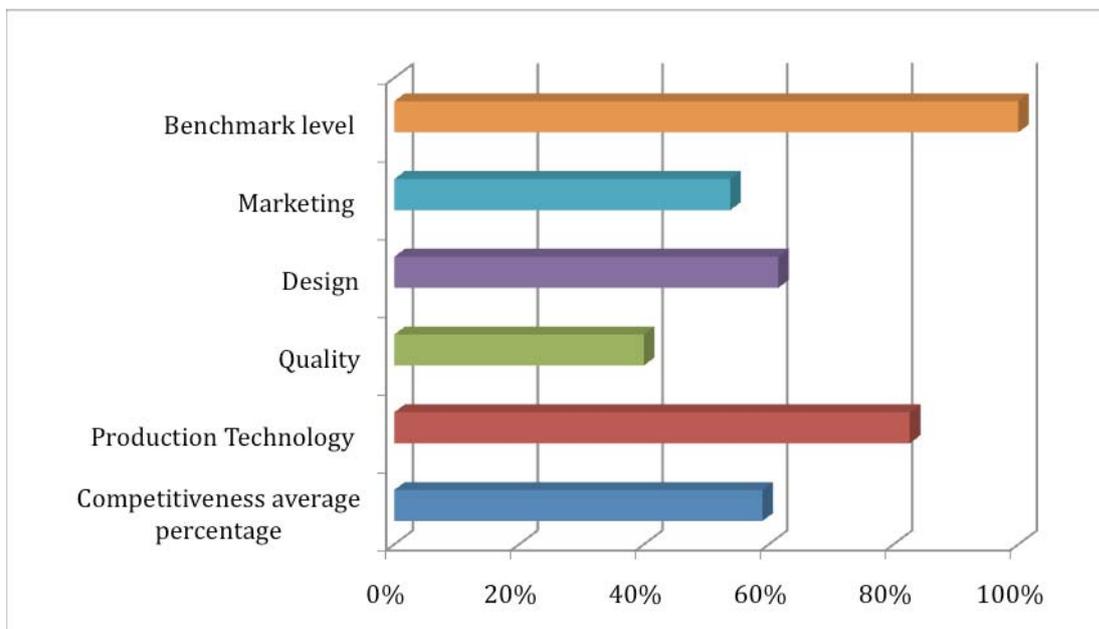
This lab started its activity in 1990. They manufacture about 100 pairs per day. Items are the following ones: 80% Lady – Leather and synthetic leather upper with a minimum selling price for synthetic shoe of US\$ 5,00 and 20% Man – Synthetic upper / Synthetic sole with a price per pair of US\$ 10,00. Materials are purchased on the local market; pattern-making and grading is done by the family business itself. Projects for the future are to improve productivity as well as quality.

SWOT Analysis

For this size of company, no SWOT analysis is possible due to the lack of structured information and the very limited nature of the business.

Competitive analysis

A competitive analysis of the company was done; yet, due to the very limited information available, its validity has to be taken with a certain amount of care



The level of competitiveness is put on the tune of 59%, compared to a good performance of 80% and an optimum of 100%. The several assets are well balanced and there are the bases for upgrading.

Competitiveness average percentage	59%
Production Technology	83%
Quality	40%
Design	62%
Marketing	54%
Benchmark level	100%



Upgrading Action Plan

In the tables of the next section specific actions are suggested for the four key areas identified (Production Technology, Quality, Design and Marketing) , based on the SWOT analysis for the company, on its declared future strategies and on the general impression gathered during the company visit.

Production Technology

Item	Needs	Upgrading Tool	Output	Expert Profile	Duration	Result	Milestone Survey
Skills							
Management	Reorganization of production lines for better efficiency	In depth field analysis	Detailed implementation plan for new organization	Expert in shoe production processes	10 days	Increase in the efficiency of the production unit	Final discussion of the plan with the company
Investment	Increase the mechanization level	Technological audit	Detailed investment plan in machinery and technology	Expert in shoe manufacturing technologies	5 days	Increase in process efficiency, quality consistency and higher competitiveness	Discussion of the plan with the company

Design

Item	Needs	Upgrading Tool	Output	Expert Profile	Duration	Result	Milestone Survey
Skills	Improve pattern making skill	Pattern making courses	Training syllabus and material	Expert in shoe design (esp. pattern making)	5 days	Better quality, improved efficiency and higher product standards	Final check up of the acquired abilities
Management	Improve product quality	Product design tutoring	Guidelines for product quality	Expert in product development	10 days	Increased product attractiveness	Intermediate check of findings and confrontation with company management
Investment							

Conclusion

The needs for this small family unit are once more in line with the general demands of this group of companies and can be included in a set of common upgrade actions; yet there are some specific requirements (in the area of pattern making and in product quality tutoring) that appear in this case for the first time. It is likely that actions in these domains could be interesting and helpful also for the other companies and hence they can be included as additional topics for the general actions.



XX. VIET TIEN SHOES(FAMILY SHOE BUSINESS)

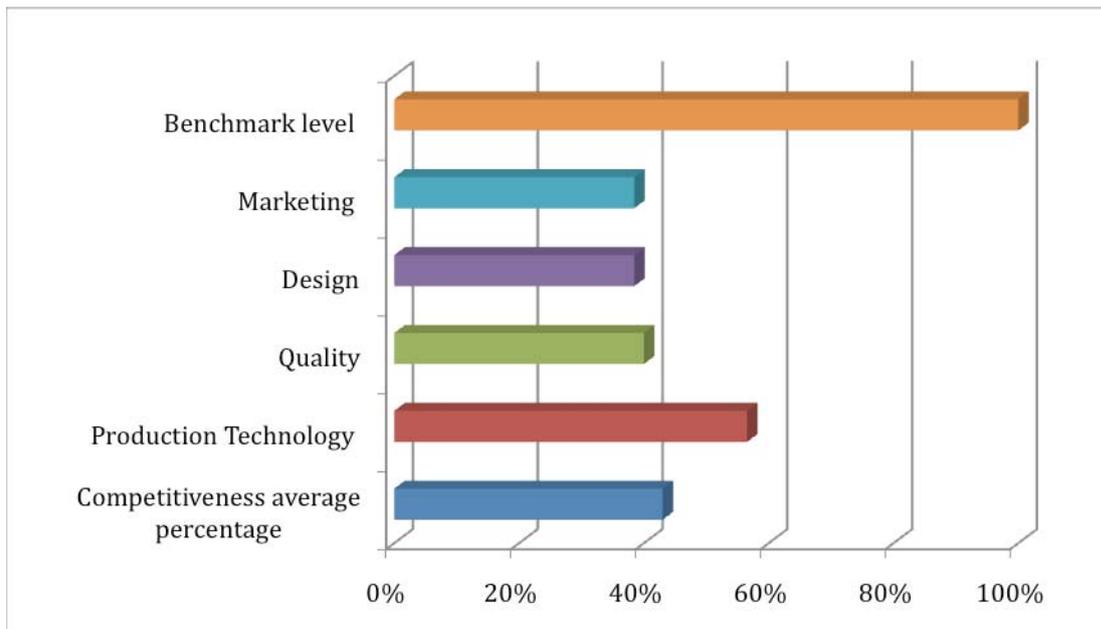
They currently produce Flip-flops in EVA with a daily production: 500 / 600 pairs .They cooperate with other 4 labs and with a registered brand: VITISHO. The price per pair is about US\$ 1,00. Products are exclusively sold on the local market. Their customers export in different countries such as Cambodia, Europe and Thailand. Workers are about 40 (counting all the connected labs). The unit only uses one piece of equipment: a small mechanical cutting machine, all the other operations don't require any machine, only labour. They plan to move to a bigger space and in starting the production of lady's shoes.

SWOT Analysis

For this size of company, no SWOT analysis is possible due to the lack of structured information and the very limited nature of the business.

Competitive analysis

A competitive analysis of the company was done; yet, due to the very limited information available, its validity has to be taken with a certain amount of care



Average competitiveness is put on the tune of 43%. An acceptable level for upgrading by means of individual short terms intervention should be equal to 60% (compared to a good level equal 80%), below that the T.A. intervention should be supported also by new investment in all surveyed areas. .

Competitiveness average percentage	43%
Production Technology	57%
Quality	40%
Design	38%
Marketing	38%
Benchmark level	100%



Upgrading Action Plan

In the tables of the next section specific actions are suggested for the four key areas identified (Production Technology, Quality, Design and Marketing) , based on the SWOT analysis for the company, on its declared future strategies and on the general impression gathered during the company visit.

Production Technology

Item	Needs	Upgrading Tool	Output	Expert Profile	Duration	Result	Milestone Survey
Skills							
Management	Improve production efficiency and throughput through larger plant	In depth technological audit	Project and implementation plan for the new factory	Expert in shoe production technologies	5 days	Better work organization, higher efficiency and increased competitiveness	Final discussion of the plan with the company management
Investment	Increase the mechanization level	Technological audit	Detailed investment plan in machinery and technology	Expert in shoe manufacturing technologies	5 days	Increase in process efficiency, quality consistency and higher competitiveness	Discussion of the plan with the company

Quality

Item	Needs	Upgrading Tool	Output	Expert Profile	Duration	Result	Milestone Survey
Skills							
Management							
Investment							

Design

Item	Needs	Upgrading Tool	Output	Expert Profile	Duration	Result	Milestone Survey
Skills	Improve design skill	Training courses in basic shoe design and pattern making	Training syllabus and material	Expert in shoe design	5 days per module	Improved skill of workers ; faster learning curve	Final check up of the acquired skill
Management							
Investment							



Marketing

<i>Item</i>	<i>Needs</i>	<i>Upgrading Tool</i>	<i>Output</i>	<i>Expert Profile</i>	<i>Duration</i>	<i>Result</i>	<i>Milestone Survey</i>
Skills							
Management							
Investment							

Conclusion

For this last family business unit we have needs very similar to the majority of the companies of this group, with priorities in upgrading into larger and better organized production units, with a higher level of mechanization. Very basic , background needs that go together with the similar ones in the design domain in which these companies need to invest to improve the quality of their products and to update their design skills.



4. General action plan for the sector

The individual upgrade plans give a clear picture of the specific situation of the companies involved, of their current situation in terms of market positioning, competitiveness, organization and production efficiency, within the validity of the filed analysis; it must be remembered that in this first phase of the field activity, due to the relatively high number of the companies involved and the short period of time allotted for the activity, the visits at the premises of the company took a maximum of half a day. This means that they were barely sufficient for first initial assessment of the needs but certainly not adequate for any serious upgrade action.

There is a second factor to be borne in mind: the heterogeneity of the sample of companies involved; among them we have one tannery, two crocodile skin tanneries (also producers of leather goods), a die maker, a trading company, a college, eight fully fledged shoe manufacturers and six so called “family shoe business” production units. Hence synthesizing a set of common actions out of these very diverse, individual needs is not an easy exercise. Nonetheless, we can identify in the expressed needs some common paths that can be summarized as follows:

- **Process reorganization;** this is common to shoe factories, family business units and tanneries. The work to be done involves a careful filed analysis whose final goal is to suggest a more or less extensive reorganization of the company manufacturing processes, mostly with the aim of improving work organization, throughput, efficiency and productivity. These activities, in order to be effective, require a great deal of time and they imply a deep understanding of the present situation of the companies. As an additional complication, this kind of intervention spans through different sectors (tanning and shoe making) as well as through different sizes of companies. An appropriate methodology and approach (also to reduce to the minimum costly missions of international experts) must be defined.
- **Process / machinery modernization;** this further need comes often in parallel with the previous one but in other cases emerges as a specific focus areas; it stems from the relatively old and inefficient (sometimes also insufficient) machine setup at the various companies. The actions to be done here are in the direction of suggesting a specific upgrade path in the direction of expanding / modernization the equipment of the companies. The ideal outcome of this activity would be a “technology purchase plan” that includes the total amount of the investments which are necessary to improve the shop floor situation. Although no financing means are available in this project to support the purchase of such equipment, the plans could represent a viable starting point to access other kinds of financial instruments both at the national and international levels (such as dedicated credit lines)
- **Improvement of working conditions;** this is a very relevant area and, for some of the companies which were visited, the need is very serious and urgent and it requires a careful field analysis to identify the critical situation and to suggest the best organizational / modernization approaches to improve the situation and introduce adequate standards in terms of safety of the workers and of wealthy working conditions
- **Quality audits;** this again is a need felt by the majority of the companies from two main standpoints: quality audit to assess the presence in the manufacturing process of practices that negatively affect the quality of the finished products so that these aspects are eliminated, but also to increase the workers’ and the company staff’s awareness for the quality issues. As a second standpoint, this need is also felt as a training necessity to improve, at a company general level, the understanding of such quality issues and their relevance for the competitiveness of the companies.
- **Market expansion;** not all the visited companies have a large enough dimension to really think of expanding in international markets (which is the main meaning of this indicator); for the smaller ones



, individual or collective actions to strengthen or improve their positioning in the domestic markets. For the larger ones, the need is more evident and it encompasses both actions in terms of skill build up (dedicated training courses) or direct support to strategy definition, including the participation in fairs and exhibitions abroad. This kind of need lends itself to integrate with other initiatives of the SME cluster development project such as twinning actions (in particular with Italian companies) and B2B actions aimed at facilitating the identification of partners for the Vietnamese companies both in terms of OEM relationships and of retail / commercial agreements. In one of the following chapters a specific proposal on B2B initiatives and on the related methodological approach is presented.

- **Training needs;** finally training takes a great share of the relevant needs of virtually all the companies of the cluster involved in this first audit phase. Skill upgrading / strengthening are felt at various levels and in different forms by large footwear companies, small family business units, tanneries. We can identify two distinct paths: “on the job” training for workers involved in shop floor tasks both in shoe companies and in tanneries, including also training on quality issues and “high level” training on topics like marketing, shoe design and pattern making, product development, CAD / CAM course for mould and shoe design and bag design.

This is a general highlight of the most relevant needs that emerge clearly from the company audit that was completed in the past months; there are some clear patterns to be followed to satisfy these needs and to achieve a general upgrading of the companies of the leather / footwear sector as it is in the scope of SME cluster development project. A correct balance between the fulfilment of these needs (to achieve the project goals) and the resources available within the allocated budget of the project must nevertheless be found. Hence two implementation proposals are presented here that represent a useful integration to other actions that can be put in place and that might offer a solution to the problem of gathering adequate resources to complete all the foreseen activities.

4.1. Dedicated general training syllabus

This first proposal aims at satisfying, at the most general level, the training needs that emerged from the company visits; it relies on the presence of the Ho Chi Minh City College and of its teaching staff to organize (with the assistance of international experts provided by the project) dedicated training course on the following topics:

1. HIGH LEVEL COURSES

- Shoe design and pattern making (also including CAD)
- Bag and leather goods design
- Product development
- Marketing
- Quality and quality control
- Costing
- Production organization and management

2. TRAINING ON THE JOB

Specific training programs to be organized to prepare new workers for their job or to enhance / consolidate the abilities of the current ones, in the following areas:



Leather assessment and cutting
Stitching
Making and finishing

These courses address the needs of the shoe companies, both the large and smaller ones; other specific courses (on tanning technologies and processes, on mould making and so on) may be organized depending on the size of the demand (perhaps involving other interested companies besides those ones of the initial group) and the availability of funds.

As said before the organization of these courses relies on the possibility of using (at least initially) the facilities of the College and the support of its teaching staff; this implies verifying the training syllabus of the College to see if similar teaching topics are present and, in case, expanding / improving the contents and the teaching methodologies with the assistance of the project experts (teach the teachers programs). It is advisable nevertheless that teaching in the first editions of these courses is covered directly by the experts of the project. Last but not least especially for the training on the job, the facilities of College (machinery) are of a certain help; but it must be noticed that most of the equipment present in the school are not up to date and modern and they would not be ideal for the level of training that we aim at providing. Hence a different approach should be thought of as suggested in the following section.

Creation of a service / training centre

In the original formulation of the Vietnamese SME cluster development project it was foreseen that for each one of the three target cluster, a service centre would have been created to support all the activities aimed at facilitating the upgrading and technological improvements of the local companies in order to achieve the general goals set forth by the project. In the view of the outcomes of the audits done so far and of the initiatives described in previous section, the centre appears to be a necessity. The centre was in fact planned to have its own workshop with a complete set of modern machines and technologies, with the aim of providing services of various nature: training, technology transfer and service manufacturing (for samples and small runs). In such a scenario, on the job training (as well as the practical chapters of the other courses listed above) could be done in the premises of the centre, using the facilities and the equipment available there. The Centre, besides having its own autonomy, can become in all respect the “modern” workshop of the College where dedicated training programs for the staff of the companies are organized (with involvement of the teachers of the College) but where also the normal students of the college can go for their regular training periods.

And finally through this structure most of the dedicated and individual upgrading actions become possible; in fact not only the companies will have access to the facilities of the Centre to familiarize with the most recent technologies and to carefully evaluate their adoption, but through the staff of the Centre the specific technological audits and in depth field analysis can be effectively performed. The Centre will have in fact a permanent staff of experts (in part locals and in part international experts in regular temporary missions at the Centre) who can provide the Vietnamese companies with the necessary assistance and complement the audit and survey activities with practical tests and demonstration at the facilities of the centre. In such a perspective the creation of the centre must be regarded as a top priority in the whole scope of the project.



4.2. B2B initiatives and methodologies

Problem to be addressed

What is the specific problem that requires solution (perceived needs and constraints in the target country's sector)?

Upgrade the technologies applied in the whole chain, from tanning to leather goods and footwear manufacturing to achieve an higher level of vertical integration between the different sub-sector of the leather area

Target group(s)

What are the prime and the end beneficiaries of the project?

Beneficiaries of the project are first the enterprises that participated to the SMEs Cluster development Programme of UNIDO, and following all sectarian stakeholders.

Objective(s) of the project

How will the target group benefit from the project? How will the results of the activity help to solve the problem.

Number 3 main objectives may be identified: (1) improvement of the DFI (direct foreign investments) in the sector taking advantage of the wide availability of OEM skills in Vietnam (2) upgrading of the technology and know how transfer from Italy to the local sector; (2) contribution to build up a common "being part of a district" conscience between the Vietnamese entrepreneurs, with the purpose of creating mutual strength among the several sub-sectors of the cluster, and of increasing such strength through the process of vertical integration

Expected results

What are the results expected from the activity?

The foreseen results will be:

1. new joint venture investments of the private sector in the LLPI (Leather & Leather Products Industry) sector;
2. Technical assistance between private entrepreneurs of the selected enterprises;
3. upgrading of some productive units with the assistance of the Italian private sector or its intermediate agencies;
4. Trade businesses between the Vietnamese and Italian LLPI sectors.

Planning

1. Preliminary start up
2. Set up of the project plan
3. Identification of the companies to invite to visit Italy
4. Distribution of the company profiles between the Italian entrepreneurs
5. Organization of the mission and logistics
6. Mission to Italy with the entrepreneurs



B2B Business Mission

- i. **Set up:** a letter of request for the Business mission, written by UNIDO, will be addressed to Assomac or other intermediate agencies in Italy to host the mission.
- ii. **Needs Assessment:** based on the survey individual reports and thru the Industrial association of the leather cluster SLA, it will possible to select the companies between those that participated to the SMEs programme and identify their needs.
- iii. **Acknowledgment:** some analysis of the sector and the single enterprises in Vietnam already exist, based on the preliminary mission to Vietnam of the expert appointed by UNIDO, but an updated questionnaire will be filled in Vietnam with the support of the SLA/UNIDO team.
- iv. **Selection in Italy of the partners for the B2B meetings:** based on the acknowledgment of the information about the Vietnamese sector and the individual companies that will be achieved by the team, it will be possible to select the Italian companies that will match with the profiles of the Vietnamese enterprises, their skills, their leather sub-sector, their location and their categories of needs.
- v. **Implementation of the B2B Meetings:** The mission will be complete with 2 days event, including an introductive Symposium, and the B2B meetings.

Task: Matching of the Italian an Vietnamese Enterprises of the Leather Sector

- 1st phase: HCMC
 - *Start up with contact between the UNIDO/SLA and the Italian Antenna.*
 - *Clarification of communication procedures.*
 - *Knowledge of the local context.*
- 2nd phase s: Preparation of the prospecting plan
 - *Organization by the Consultant of his schedule*
 - *Program of work 2 months timetable*
 - *Lists of enterprises to contact*
 - *Research of information of the participant companies*
 - *Planning of the preliminary visit in Italy of an expert of UNIDO/SLA*
- 3rd phase: Execution of the prospecting plan of visits to Italy
 - *For all missions of prospecting, the following rules will be applied:*
 - *The Antennas in Italy will act as agents of the UNIDO/SLA for visits to enterprises; the taken appointments should be notified to the Partner therefore with a sufficient time limit.*
 - *In the target districts the Antenna/Agent will have to:*



- *to take contact with enterprises;*
- *to prepare files by enterprise ;*
- *to assure the follow-up of actions that should succeed after the mission in direct investment and technical assistance view, not for trades.*

➤ *4th phase: Set up of the business mission*

- Approval of the logistic plan.
- Confirmation of the itinerary of visits an the 2 days event calendar
- Organisation of the T/R flight tickets for the participants (including hotel booking, visas and the other logistic issues).
- Newsletter to inform both partners and participants about the business mission's schedule

□ *5th phase: Business mission to Italy*

- Trip organisation: t/r tickets, hotel, local trasnsort etc...
- Event organisation: agreement with the intermediary agency, assignment of tasks, for the conference room, for the reception, secretariat, translation, folders etc....
- 2 days event
- Feedback meeting

Profile of the Antenna/ Agent

- A well known and respected actor (locally) within the referred clusters

T.O.R. for the Antenna/ Agent

Preliminary assessment

- Preliminary briefing of the expert with the UNIDO coordinator
- Acknowledgment of the Vietnamese company profiles
- Preparation of a plan of visits/contacts of “matching” Italian companies
- Submission to UNIDO of the plan of visits and interviews for approval
- Preparation of the plan schedule

Profiles

- Preparation of the company profiles of the companies to be visited
- Distribution of the company profiles of the Vietnamese tanneries
- Reports about the companies that have been contacted



Set up

- ❑ Preparation of the schedule for the visits
- ❑ Preliminary visit of the companies with one representative of SLA/UNIDO

Output

- ❑ Reporting indicating the “matching” opportunities
- ❑ Identification of at least 10 companies with specific topics and potential of business to be discussed during the B2B

Timetable

- ❑ Inception and inception report 5 (five) w/d
- ❑ Each selected company 1 (one) w/d, (total envisaged: 10 w/d)
- ❑ Compilation of the profiles, for each company 1/2 (half) w/d (total envisaged: 5 w/d)
- ❑ Each visited company with the SLA/UNIDO expert(s)-1 (one) w/d
- ❑ Preparation of the event 5 (five) w/days
- ❑ Attending to the event 4 (four) w/d
- ❑ Reporting 2 (two) w/d

4.3. Creative support for collection development

Based on 15 weeks/job (5dd/w) for a lady collection realization with concept of “**Autochthon and Original Collection**” for export.

Project idea

The meaning of Autochthon collection is to realize something of original and new through a deep research into the traditions, the culture, the past style of life of the Country where we are in.

Only with a good knowledge of the Country it's possible to get out ideas and understand how it's possible to use the local resources to produce a new line for the international market avoiding ethnic aspects.

The Set up

It's necessary a deep research into the Country looking for typical and old traditions, taking a look of the museums, of any local traditional markets including artisan and ethnic ones, watching the life style in and outside the big cities, also understanding the country life.

Once got out the ideas it's possible to start trying to put the new concepts into trendy styles for footwear and leather goods



Profile of the expert

Main competences

- He knows the stylistic and fashion trends.
- He is able to catch the innovative characteristics of a component, accessory or object.
- He knows the supplying sources for the trends.
- He tries to know elements that can influence fashion in the footwear sector.
- He sufficiently knows the footwear models.
- He knows how to create a set of samples / collection.
- He knows how to structure a collection bent on a given objective.

Techno-professional abilities

- He is able to catch particulars, he knows how to observe, what to see and search to create stylistic ideas;
- He applies himself in the stylistic research and in the choice and study of materials to create trends and style lines.
- He is able to transform the idea into a commercially valid and technically realizable project.
- He is able to use the materials of the footwear sector to get the desired creative result.
- He makes use of technical solutions and materials accurately searched and studied to create new models.
- He is able to creatively choose and couple colours.
- He carries out tests to avoid surprises when the model is launched into production, in particular with new materials.
- He succeeds in revising the models, introducing highly valued cues at a stylistic level and expression of ability from the technical point of view.
- He must, in the role of designer, be able to understand, catalogue and interpret the choice of the segment of destination of the product, designing targeted collections.

Knowledge of transversal competences

- He has sufficient knowledge on the productive economic sector of reference.
- He has sufficient knowledge of market, customer satisfaction and coherence in marketing.
- He is able to profitably relate with customers and purchasers.
- He is able of getting by in meetings with the person in charge of sales, with the person in charge of designing and with the agents.
- He has a sufficient ability in relating with the owners, the pattern-makers and with the working place.
- He tries to anticipate with the person in charge of the production the possible problems of model manufacturing.
- He makes use of the contact with the productive reality making it become a stimulus to creativity through the knowledge of the materials used and the suggested possibilities of innovation.

Workplan

1th Week: Work in the Country

- Meeting with local Organization and evaluation of the selected Companies.
- Companies visits for better understanding of their capability and type of production.
- Verification of the equipment and available materials such as last, heel, components in each selected Company.
- Verification of the additional available shoe components in the Country.

2th,3th and 4th Week: Work in the country

- Research of the concepts for the collection.
- Research of materials for the collection development.



- Research for providers and suppliers of components and materials to be realized.

5th and 6th Week: Work “home based”

- Drowning and sketching the main lines of the “Autochthon Collection”, considering about 10/15 shoes models and 10 leather goods models.

7th, 8th Week: Work in the Country.

- Training to the selected Companies on the new development.
- Order to the providers and suppliers of new materials and components for the collection.

9th, 10th, 11th, 12th, 13th and 14th Week: Work in the Country

- Beginning of collection development for the different styles in each Company, developing the new patterns
- Checking and collecting the new materials and components.
- Realizing collection prototypes in each Company.
- Realizing the final collection, ready for the international market including the merchandise related to the collection.

14th Week: market assistance

- Assistance for attending to an International trade fair in Italy.

5. *Prioritization*

The Clustering Program may be seen as a road map to achieve an integrated cluster between the several sectors of the local LLPI, by means of several activities, between them the most important are the implementation of a common program of internationalization and several individual programs of upgrading.

Two level are envisaged:

- 1) **Macro level** - The individual programs of upgrading needs a partnership between the Stakeholders of the Private Sector and the UNIDO/SLA through a local Service Centre, to whom it will be transferred part of the funds for the implementation. The T.A. programs will be funded by the stakeholders plus some co-finance budget obtained by the funded Service Centre.
- 2) **Micro level** - In the very beginning of the clustering project, it is envisaged to organize some common activities, like single workshops related to the HIGH Level Courses, an initial audit, problem solving oriented, related to the “Training on the Job” (or Coaching) objectives, the “B2B” selected meetings, and the “Creative Collection”, as depicted in the following table:



Activities	Intervention	Task assignment	Benficiaries	envisaged timetable	
HIGH LEVEL COURSES	Workshop	Expatriated	30 + companies	7	W/weeks
Shoe design and pattern making (also including CAD)	"	"	"	1	W/weeks
Bag and leather goods design	"	"	"	1	W/weeks
Product development	"	"	"	1	W/weeks
Marketing	"	"	"	1	W/weeks
Quality and quality control	"	"	"	1	W/weeks
Costing	"	"	"	1	W/weeks
Production organization and management	"	"	"	1	W/weeks
TRAINING ON THE JOB	Audit	Expatriated	10 compnaies	6	W/weeks
B2B	T.A.	Expatriated	20 companies	12	W/weeks
Creative Collection	T.A.	Expatriated	10 companies	15	W/weeks
<i>Total weeks</i>				<i>40</i>	
<i>Total days</i>				<i>200</i>	