



Building up a Business Strategy of VIET Competence Joint Stock Company for The Period of 2019-2024

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Abstract

In the context of global economic integration and Industrial Revolution 4.0, supporting industries is important for the industrialization and modernization of every country, especially in developing economies like Vietnam. The supporting industry helps to determine the cost of production, enhancing the added value of the final product and the competitiveness of the enterprise.

The supporting industry for Vietnam's automobile industry has been facing many challenges such as imported tax in Association of South-East Asian Nations (ASEAN) at 0% in 2018, competition from foreign rivals leading to domestic manufacturers facing two options: producing in moderation and will invest when better markets or withdrawal from Vietnam and producing in other ASEAN countries.

Viet Competence Joint Stock Company (VCC), established in 2010, is an enterprise operating in the supporting industry with two main segments: notably automation machinery manufacturing and precision engineering. VCC's major customers are Foreign Direct Investment and automobile manufacturers from Japan, South Korea, etc. Therefore, VCC needs to build its strategic business to respond to market changes, to develop sustainably, to locate its resources effectively and to expand clients.

Keywords: Business Strategy, Viet Competence, Supporting Industry, Vietnam



1. Introduction

Supporting industry provides the fundamental for all other industries, considered one of the key factors helping to boost the country's economic growth in the global competition landscape. The supporting industry plays an important role in (i) enhancing competitive edges of industrial products and accelerating industrialization in breadth and depth; (ii) drawing FDI capital flow in industry and driving domestic SME growth; (iii) boosting technological transfer and applying advanced techniques to production; (iv) creating job opportunities.

Viet Competence Joint Stock Company (VCC), established in 2010 operates mainly in two segments, notably automation machinery manufacturing and precision engineering. VCC' major customers include Foreign Direct Investment and automotive manufacture companies. As a result, VCC has been facing a great number of challenges and difficulties as of now and in the future. The number of customers has not risen in the past years because they have been awaiting the change of policy and long-term solutions specified for the automobile industry by the Government. In addition, it is impossible for VCC to supply supporting equipment to electronics sector due to failure to meet requirement of progress.

As a result, VCC is required to build up the business strategy to determine long-term and primary targets, effectively choosing action plans out and distributing necessary resources.

2. Theoretical framework

2.1 Concept and role of business strategy

2.1.1 Concept

The business strategy relates to objectives and helps enterprises reach the targeted objectives. According to Fred R. David, "Business strategy indicates the tool to reach the long-term objectives".

Also, business strategy refers to a variety of commitments and actions taken by a company to gain the competitive advantage by utilizing the core capabilities in a certain market (Violina P. Rindova & Charles J. Fombrun, 1999).

2.1.2 Role of business strategy

To help the enterprise determine the objectives, basic guidelines and orientation stated for its production and business

To make firm basis of stating policies and decisions on production and business, catching up with the market's fluctuations.

Help to promote the effectiveness of utilizing resources, enhance the competitiveness of enterprises, ascertaining the sustainable development.

2.2 Procedures of building up business strategy in the enterprise

2.2.1 Vision and Mission

Business strategy is built on basis of vision and mission of the enterprise, entirely guiding the enterprise, hence, becoming its long-haul strategy. The procedures of building up the business strategy consists of the following steps

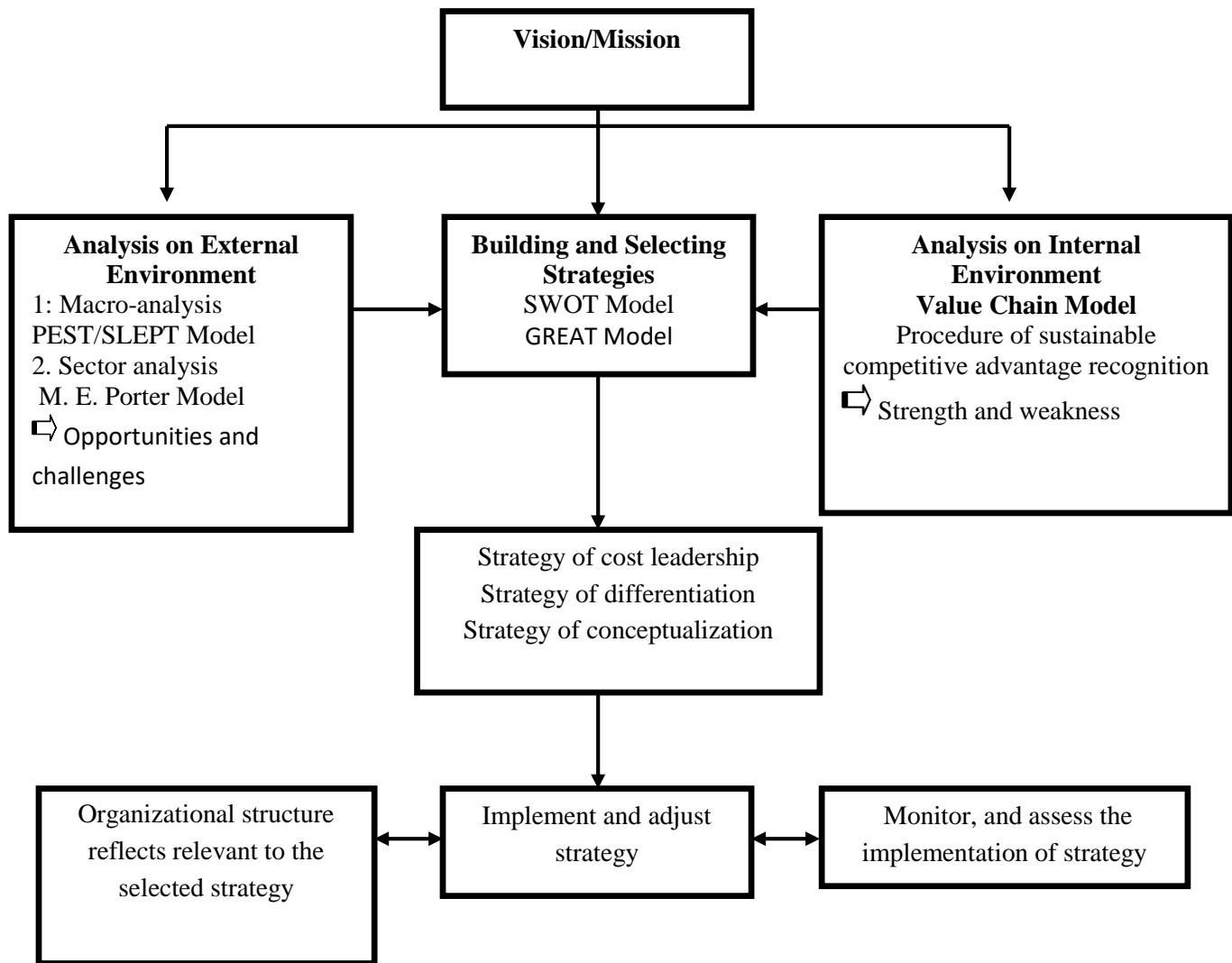


Figure 1: Procedure of building up business strategy

Source: Curriculum material of Strategic Management 2012 by HSB

Vision

Indicates an image, a standard, a unique and ideal icon in the future, as well as the certain entity that the enterprise seeks to obtain and become.

Mission

Mission indicates a statement aimed to notify the enterprise’s existence where its values and dominating principles are determined.

2.2.2 Analysis on external environment

This aims to define opportunities and challenges for the enterprise.

Analysis on macro environment

Macro environment refers to forces within the national economy composed of international, political – legal, economic, technological, cultural – social, demographics, etc.

Table 1. General forces of macro environment

Political – Legal (P)	- Antitrust law - Tax law - Adjustment philosophies	- Labor law - Education policy and philosophy
Economic (E)	- Inflation rate - Interest rate - Trade balance - Budget balance	- Personal savings rate - GDP Enterprise’s savings rate
Cultural – Social (S)	- Labor force - Labor diversification - Attitude towards work quality	- Attention to Environment - Job relocation and career love - Change in concept of products and service
Technology (T)	- Product improvement - Knowledge application	- Private centralization and support from the Government in terms of research and development
Natural environment - demographics	- Climate, ecology - Population - Age structure - Geographical distribution	- Ethnic communities - Income distribution
International environment	- Important political events - Basic global market	- Emerging industrialized countries - Difference in nature of institutional culture

Analysis on sector's environment

Model of 5-force made by Michael E. Porter: a framework helping the management realize opportunities and threats in a sector addressed by the enterprise (Michael E. Porter, 1980).

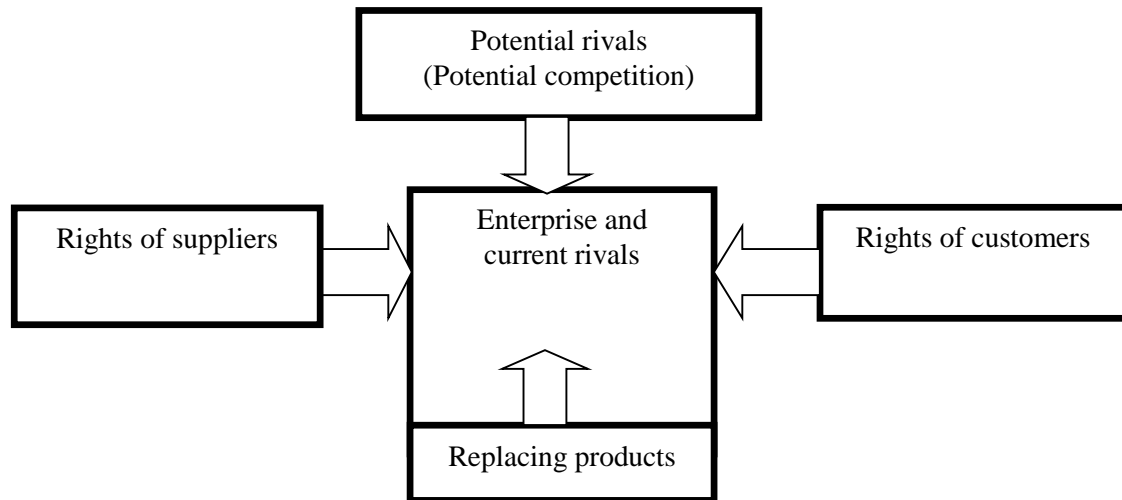


Figure 2. Competitive capability model by M. Porter

2.2.3 Analysis on internal environment

Strategists are required to assess main factors affecting internal activities of enterprise, consisting of its value chain and core capabilities such as financial, organizational, and directional and management procedures, production process, marketing, research and development, and value chain. Analysis on internal environment is aimed to recognize current and future resources, providing the enterprise competitive advantages. Also, it helps to see through the obstacles of keeping the competitive advantages.

2.2.4 Value chain

Value made by an enterprise is measured by the volume that customers are ready to pay for the enterprise's products or services. To obtain a competitive advantage, functional department either offers the value at lower cost compared to the rival's or differentiate its products to offer a higher selling price in the market.

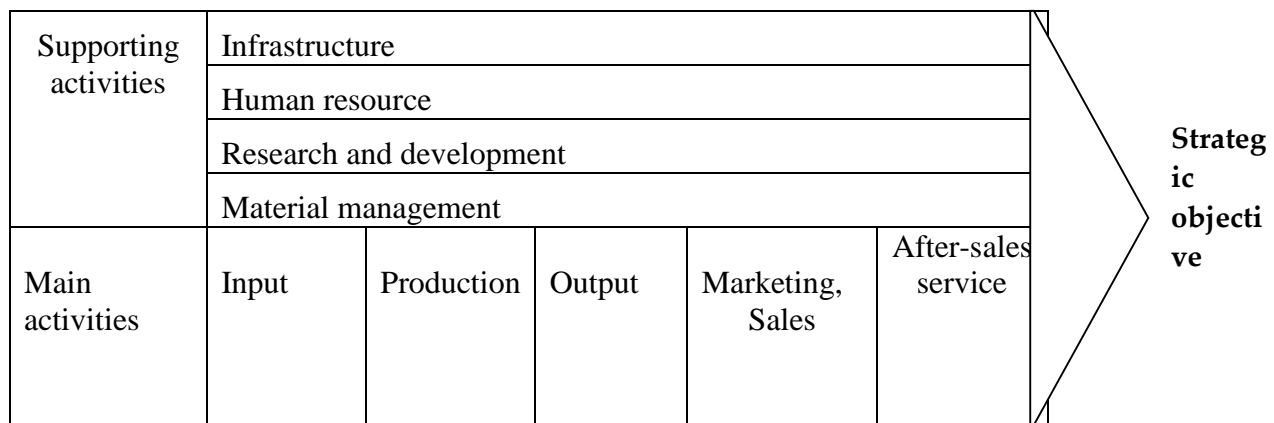


Figure 3. Value chain Scheme

Source: M. Porter (1980). Competitive Advantage: Creating and Sustaining Superior Performance

2.3 Strategic tools

2.3.1 SWOT matrix

SWOT matrix analysis provides a strategic analysis tool, helping to review and assess the enterprise's stature and orientation.

Table 2. SWOT matrix

	Opportunity (O) (List opportunities)	Threat (T) (List threats)
Strength (S) (Mark out the enterprise's strength)	S-O Strategy: Use strength to take advantage of opportunities	S-T Strategy: Use strength to limit threats
Weakness (W) (Mark out the enterprise's weakness)	W-T Strategy: Overcome weakness by taking advantage of opportunities	W-T Strategy: Minimize weakness and avoid threats

We can combine the main factors of the in/external environment analysis under SWOT matrix after collecting and marking them out.

S-O: Build strategy to deploy the enterprise's strength, making use of external opportunities.

S-T: Build strategy to deploy the enterprise's strength, avoiding external threats

W-O: Build strategy to address and limit the enterprise's weakness, making use of external opportunities.

W-T: Build strategy to address and limit the enterprise's weakness., avoiding external threats

Upon completion of these 4 combinations, the enterprise can optimally deploy the strength, as well as limit risks and challenges, and gradually minimize its weakness.



2.3.2 GREAT Model

The research utilizes GREAT model (stands for G: Gain, R: Risk, E: Expenses, A: Achievability, T: Time to perform targets), helping to effectively select strategy in following steps:

- Step 1: Score each strategic plan under 1-5 scale according to 5 criteria as below:

G (Gain): The bigger the strategy's gain (target reached) is, the higher the score is

R (Risk): The higher the strategy's risk is, the lower the score is

E (Expense): The bigger the strategy's expense is, the lower the score is

A (Achievability): The higher the strategy's availability is, the higher score is

T (Time): The more relevant the strategy's time is, the higher the score is

5 = Excellent; 4 = Good; 3 = Average; 2 = Weak; 1 = Very weak

- Step 2: Give weight to the assessment criteria, based on the importance of each criterion in regarding to the enterprise's business and production

- Step 3: Sum up scores of each strategic scheme to select the optimal strategy.

2.4 Basic business strategy

The required bases to build an enterprise's competitive strategy include (Michael E. Porter, 1980):

(1) Customers' requirement, or satisfy what?

(2) Targeted Customers, or satisfy whom?

(3) Particular capabilities, how can customer's requirement be satisfied?

Each company in its industry determines itself its basis by making use of existing advantages in either aspect, namely cost advantage and product differentiation. Through the utilization of these advantages, companies altogether follow three same strategies: (i) Cost leadership, (ii) Product differentiation, (iii) Centralization.

3. Analysis on real status of building VCC's business strategy for the period of 2019 - 2024

3.1 Overview of Viet Competence Joint Stock Company

VIET COMPETENCE COMPANY is a joint stock company founded by 5 members in July 2010, sought to bring the value of "Vietnamese Hands and Brains to Go Global".

Website: <http://www.vicotech.com.v>

Charter capital: Vietnam Dong (VND) 34,000,000,000

VCC's products are divided into 4 main groups:

- Group 1: Automated equipment system comprises assembly chain, automated testing machines, custom automated machines

- Group 2: Machine design dedicated to parts suppliers in automotive and motorbike industry.

- Group 3: Commercial products: To play role as commercial representative supplying industrial products and equipment to foreign firms, notably Conex, Gravotech, Gradienlens, etc.

- Group 4: VCC-branded products: Vacuum machines, 3 & 4-pivot robots

By December 2018 VCC records 158 employees that are experienced, qualified, and skilled at industrial machines design and manufacture, and precision engineering. By working on advanced and properly invested facilities, VCC’s staff is much more skillful and professional, building trust with domestic and international customers.

Table 3. VCC’s production results since 2016 – 2018

Target		2016	2017	2018
Revenue (Million USD)		3.36	4.58	6.81
On-year		-18%	+35.4%	+48.7%
Residual rate (%)		0.15%	0.15%	<0.1%
Cost (Million USD)		2.54	2.81	2.18
Product delivery quality	Product defect (period)	6	9 (No serious defects)	<6 (No serious defects)
	Term violation (period)	7	2 (No serious defects)	<2 (No serious defects)
Outsourcing rate				<4%
Work accidents (period) (Serious)		0	0	0

Source: VCC’s financial statements through years

VCC aims at Japanese corporations so the company vitally prioritizes the quality, proved by the recognized ISO 9001-2008 certificate that has been developed and implemented since the establishment.

3.2 Analysis on forces impacting VCC’s development

3.2.1 External factors

Macro-factors – PEST model

Political and legal force (P)

As a member of World Trade Organization (WTO) for over 10 years since October 7, 2006, Vietnam has freshly promulgated or amended number of important legal documents, notably the Constitution 2013, Law on Enterprise (2005, 2014), Law on Investment (2005, 2016), Civil Law (2015), Law on Land (2013), etc. A wide range of business obstacles have been eliminated. The international integration has pushed the Vietnamese Government’s state management to shift the mandatory manner to the development and respect offered to the freedom of business, in line with the market rule. This has helped private sector’s newly established enterprises to increase from 60,000 in 2007 to 110,000 in 2016, making up total 612,000 existing enterprises.

Vietnam’s political environment is stable, investment and business environment are transparent, featured by the rigorous administrative reform, driving the private sector to develop.

As a result, these favorable conditions ensure VCC’s business development.

Economic force (E)

For the period of 2010 – 2015, Vietnam signed tens of new-generation bilateral and multi-lateral Free Trade Agreements (FTA), followed the commitment itinerary by the ASEAN Economic Community (AEC) since 2016 and finished the Comprehensive and Progressive Trans-Pacific Partnership (CPTPP). Accordingly, FDI capital stably flew into Vietnam, particularly derived from big corporations such as Samsung, Toyota, Canon, etc. This has been considered the capital source and output for the supporting industry.

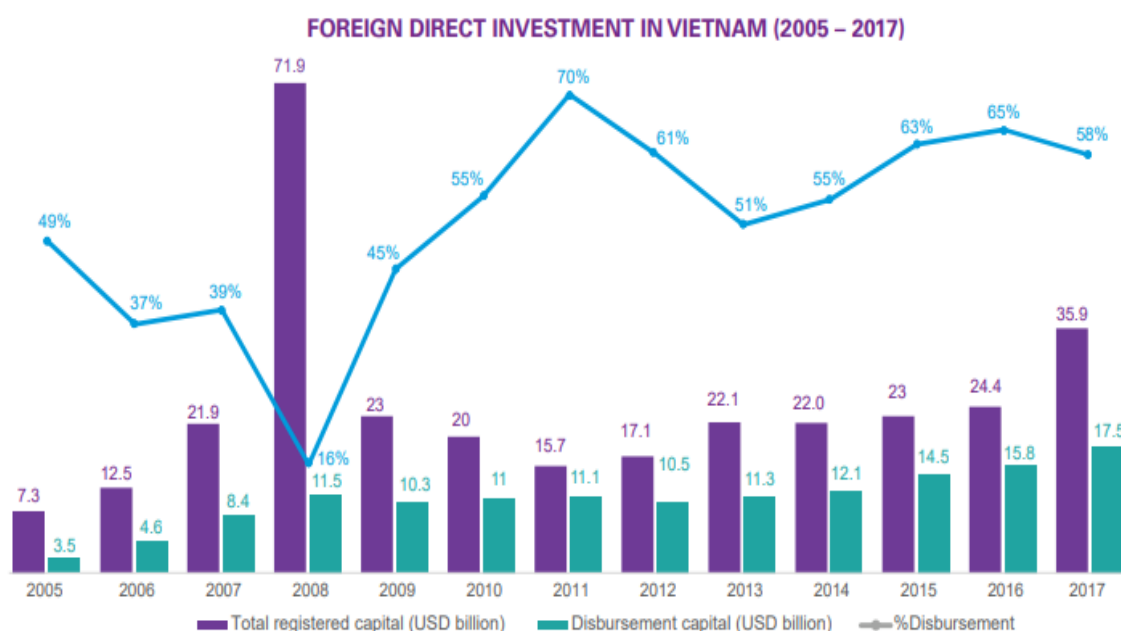


Figure 4. FDI capital in Vietnam has been allocated for the period of 2005 - 2017

Source: Vietnam Ministry of Planning and Investment

However, macro-economy has not seen the substantial status, the State’s budget balance has reflected difficulties, the overspending has posted high, public debt has rapidly risen, the pressure of debt payment has remained big, creditability has been sub-standard, the bad debt and restructure of weak joint stock commercial banks have improperly handled, the mobilization of foreign investment resources has registered limited, and economic restructure attached to the renewal of growth model has kept slow.

The above-mentioned factors have generated both challenges and opportunities in production and business for the supporting industry’s enterprise like VCC.

Cultural and social force (S)

Vietnamese people are highly regarded for the diligence, skillfulness and well - education with the highlighted literacy rate of over 90 percent of population. Income per capita rapidly increased from USD 130 in 1990 to USD 2,400 in 2017. The consumption of luxury goods such as cars, smart



mobiles has risen accordingly, certainly influencing on the development structure of construction, electricity, electronics that refers to the supporting industry's output.

Technological force (T)

The application and transfer of advanced technology gain special attention in Vietnam. Technological and scientific research and application are prioritized as to enhance production's capacity, quality, and performance. This enables VCC to assert its capabilities in domestic automated machine design and manufacture sector

In addition to 4 forces of PEST model, other forces such as demographics highlighted by a young population, and globalization also have certain influence on VCC in the context of rigorously global economic integration.

Analysis on sector's environment

Overview of the sector

**** In regard to mechanic***

According to the data issued by Vietnam Association of Mechanical Industry (VAMI), Vietnam records 3,100 mechanic-specialized enterprises, including 450 state-owned enterprises, 1,250 community bases and 156 private enterprises. Total capital of mechanic enterprises posts over USD370 million, mechanic-related foreign investment capital registers USD2.1 billion, 50 percent of which made up by automobile and motorbike sector, and consumer goods assembly sector.

Vietnam's mechanical engineering technology has been out-of-date, inexperienced and in expertise in terms of casing, molding and surface processing, deteriorating product quality. Also, metal manufacturing has been subjected to outdated equipment and machines.

**** In regard to automotive industry:***

The rate of private car ownership in Vietnam remains low compared to the region. The household car ownership records around 10% in Vietnam, whereas 53% and 93% in Philippines and Malaysia, respectively. Followed by the commitment made by AFTA and WTO on lowering automobile import tax, the car prices are expected to sharply decline, and a variety of regional automobile brands are introduced in Vietnam. Featuring the growth of demands and supply, Vietnamese automobile car market is expected to keep booming in upcoming period.

*** Motorbike industry:**

Motorbikes occupy 90 percent of vehicles in Vietnam, expected to increase up to 33 million by 2020. Around 60 Japanese, Italy and Taiwanese enterprises are operating motorbike production and installation in Vietnam. Vietnam's motorbike production capacity obtains 5 million a year.

The supporting industry dedicated to the motorbike production and installation in Vietnam can produce 70 percent of parts and accessories instead of totally importing from other countries earlier. However, their quality is unstable, and the price is high.

Current rivals

The number of enterprises participating in the market of automated machine design and manufacture is still limited, primarily divided into two groups including three big enterprises, notably VCC, Tri Cuong Industrial Company Limited (TCI), and Vietnam CNC & Technology

Application JSC (CNC) that occupy 55 – 60 percent of market share; and small enterprises, making up about 5-7 percent of market share each.

VCC is facing tough competition from TCI and CNC. However, VCC is highly appreciated for its businesslike investment, modern management model, good product quality control and delivery. TCI is highly regarded for its financial capability and method of marketing and CNC is highly judged for its machines, technology, and designers.

Compared with the competitors, VCC dominantly occupies market share despite small difference, making VCC put more efforts to keep and expand the market share.

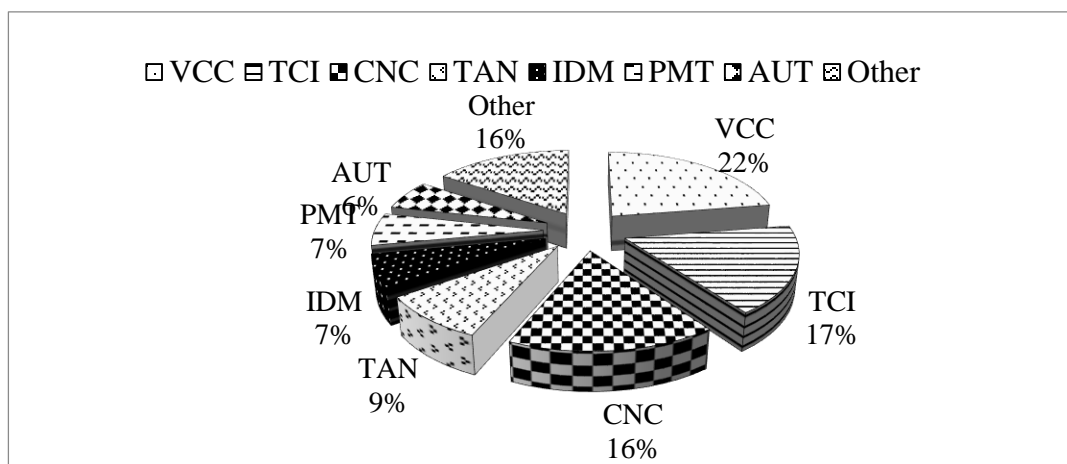


Figure 5. Market share among VCC and competitors

Source: VCC's Business Department

Potential rivals

VCC's potential rivals are foreign invested enterprises, international groups' affiliates and subsidiaries entitled to operate in Vietnam, owning financial and technological capabilities.

Rights of customers

Customers also have great impact on the enterprise's production and business. VCC's targeted customers include FDI enterprises working in motorbike and automobile sector. Since safety and high precision are required for automobile and motorbike sector, customer can set demanding requirements aimed at reducing price or bargaining to have better products and services.

Rights of suppliers

Regarding the supporting industry in general and in particularly VCC, enterprises including VCC must import materials and parts in Vietnam, resulting from the small quantity and lacking in types of sources. When it comes to the import, the enterprises face difficulties in searching, negotiating with the suppliers, delivery cost, and dealing with middlemen, etc.

VCC recognizes the importance of suppliers, thereby expanding the trading, aimed at both internal and market supply.

Threats of replacement products and services

VCC can't find any replacement product except for robots in mechanical and automation sector.

Opportunity and challenge assessment

Followed by the analysis on VCC's external factors, opportunities and challenges are taken into consideration to find out the impact of these factors on VCC's business strategy in the upcoming period.

Table 4. VCC's opportunities and challenges

OPPORTUNITIES (O)	CHALLENGES (C)
1. Stable political environment, supporting industry encouraged by the Government 2. Global economic integration is reinforced, raising the investment opportunities of industrial construction, energy, and infrastructure 3. Open and large opportunity of accessing to advanced science and technology 4. High economic growth pace, increasing demand of automated machine, expanded potential market 5. Open-door policy facilitates enterprises to co-operate and adopt highly qualified personnel from investing countries.	1. Inconsistent and asynchronous policy, taking long time to implement 2. The fluctuation of global economy greatly causes the unstable macro-economy policy, accounted for the inflation, rising interest rate, depreciated currency, resulting in investment and installation cost. Total supply slowly rises, and the consumption market is still narrow. 3. Global economic integration, together stable political environment on one hand facilitates new enterprises to participate in the market, but on the other hand attracts foreign investment, increasing rivals with advanced management methodologies. 4. Direct rivals make big pressure on VCC in production and business

Source: Authors Analyzed

3.2.2 Analysis on internal factors

Human force

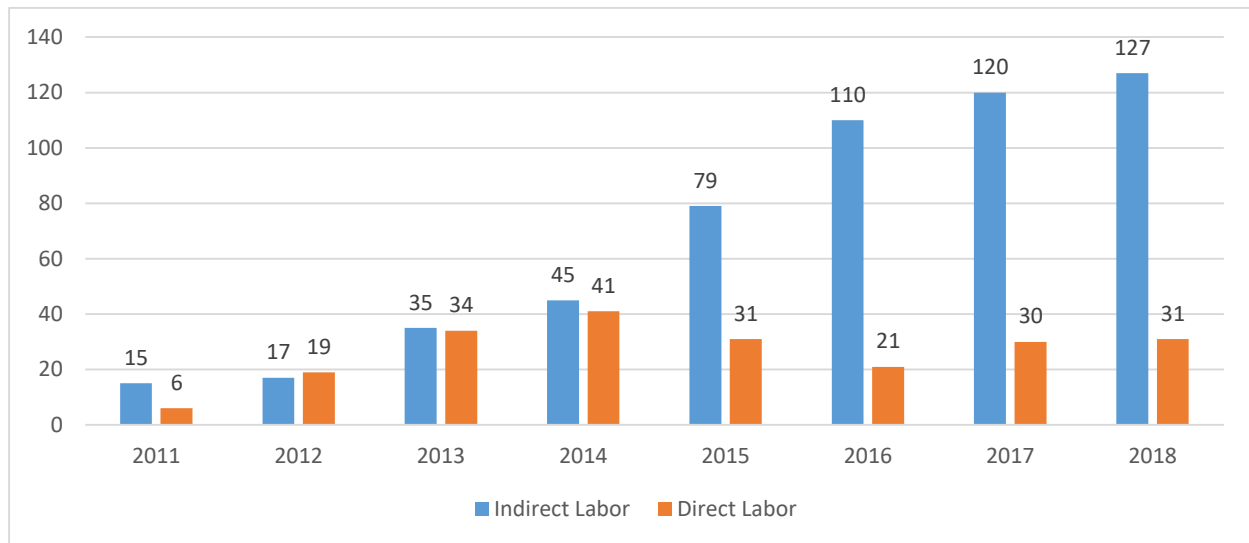


Figure 6. VCC's number of employees for the period of 2011-2018

Source: Financial statements throughout the years

By December 2018, VCC's the number of laborers records 158, in which indirect laborers make up 30, direct laborers register 120 that are experienced, technically qualified, and skilled in design, industrial machine manufacture, and precision mechanical engineering, helping VCC to build up trust with local and foreign customers.

The company offers two-system salary, including salary for expert and salary for management, to attract and retain highly qualified staff.

VCC has not fulfilled the plan of developing a long-term human resource, and the update training has not been systematized for individual position.

Growth Rate

Having definite advantage of accessing to FDI enterprises, the company pay great attention to researching and learning from know-how and experiences of regional developed countries, combined with production and management matching Vietnam's conditions and environment, thereby driving the effectiveness, quality, and progress of products.

Financial capability and potential

Below are some targets that reflect VCC's financial status

Table 5. VCC’s production and business result since 2016-2018

No.	TARGET	UNIT	Result		
			2016	2017	2018
1	Net revenue	VND Billion	89.82	74.45	100.81
2	Total cost	VND Billion	81.98	67.39	90.76
3	After-tax profit	VND Billion	8.17	7.36	9.15
5	Ownership capital	VND Billion	24.04	28.90	43.64
6	Total asset	VND Billion	37.77	64.59	74.09
7	Payable debt ratio/ Ownership capital	Times	0.4	1.23	0.70

Source: VCC financial statements throughout the years

VCC’s targets are quite good and experience the on-year growth for 3 years studied

Corporate governance

Growing in the industrial Japanese working environment, VCC’s board of management (BOM) learned how to apply the businesslike and proper management model to the company.

Planning and implementation monitoring: Frequently organize BOM’s meetings to gather the suggestion about the company’s development strategy planning. Since 2017 the company has implemented ERP to optimize sales, production, accounting, and internal communications, minimizing procedures, increasing productivity, and standardizing processes.

Building and developing the organization: Focus on building up corporate culture, pay special attention to develop human, facilitate staff to participate in short-term training courses, address and instruct the staff that understand and join hands to build the company in line with the vision and mission accordingly.

Managers: Young, dynamic, creative, full of skill and spirit, and responsible. The board of managers exposes qualified corporate governance, obtaining fruitful results trusted by the customers and partners.

Quality governance: VCC’s targeted customers are Japanese companies and corporations that set demanding requirements of quality and delivery progress. As a result, the company shall utilize a variety of methodologies such as 5S, Kaizen, PDAC, etc. to monitor the production process, quality control, as well as continuously suggest about initiatives and improvement, etc.

Marketing

VCC’s image, stature and reputation have been ascertained towards Japanese investor community. VCC’s brand development and identity have been properly implemented, including the commitment to the guideline that considers product quality as a competitive advantage, together with a seamless corporation identify program (CIP), and copyright registration for some products. Marketing, and propaganda are deployed and gradually achieve certain results.

However, VCC has not yet built up a proper marketing strategy, resulting in the inactive and patched up marketing and promotion.



Determine outstanding capabilities and substantial competitive advantages

Determine outstanding capabilities

VCC determines its core capability as “**High quality product supply with optimal performance and state-of-the-art technology.**”

To determine VCC’s core capability in objective way, the research chooses to assess with standard score. It is done by interviewing experts for verification and analysis. The assessment procedure includes two targeted groups:

External group: Consist of the queried experts who work in the same sector. The assessment criteria provided to the interviewees are in the table 5 below. The compared companies are Tri Cuong Industrial Company Limited, Vietnam CNC and Technology Application JSC.

Table 6. Assessment result of external experts

No.	Assessment criteria	VCC	TCI	CNC
1	Market share	9	8	6
2	Managers	9	7	7
3	Human resource	8	7	7
4	Machine, equipment	7	7	9
5	Brand	9	8	8
6	Quality, progress	10	8	7
7	Research & development	5	4	6
8	Financial capability	7	8	6
9	Marketing	5	8	6
10	Information technology	9	5	7
11	Corporate culture	9	7	7

Source: Authors Analyzed

Internal group: Consist of VCC’s managers. The provided assessment criteria remain unchanged.

Table 7. Assessment result of internal group

No.	Assessment criteria	VCC	TCI	CNC
1	Market share	10	9	8
2	Managers	10	8	9
3	Human resource	9	9	9
4	Machine, equipment	8	8	10
5	Brand	9	9	10
6	Quality, progress	10	8	7
7	Research & Development	4	4	6
8	Financial capability	6	7	7
9	Marketing	5	7	4
10	Information technology	10	6	8
11	Corporate culture	9	7	8

Source: Authors Analyzed

The collected assessment results of external experts and internal company clearly indicate VCC’s outstanding capabilities on par with other rivals in terms of market share, managers, quality and progress, and corporate culture.

Determine substantial competitive advantage

Followed by the result of analysis, assessment and comparison, the correlative evaluation on the competitive advantage between VCC and rivals as below:

Table 8. VCC Comparison of VCC’s competitive advantage

Criteria	Precious	Rare	Difficult to imitate	Quite big difference	Coincidence with success factor	Ratio
Market share	Y	N	N	N	Y	2/5
Leaders	Y	Y	Y	Y	Y	5/5
Human resource	Y	Y	N	Y	Y	4/5
Machine, equipment	N	N	N	N	N	0/5
Brand	Y	Y	Y	N	N	3/5
Quality, progress	Y	Y	Y	Y	Y	5/5
Research and Development	N	N	N	N	N	0/5
Financial capability	N	N	N	N	N	0/5
Marketing	N	N	N	N	N	0/5
Information technology	Y	N	N	Y	Y	3/5
Corporate culture	Y	Y	Y	Y	Y	5/5

Source: Authors Analyzed

In which: Y – competitive advantage exists, N – no competitive advantage

Evaluation on strength and weakness

After the analysis on the company’s internal environment, core capability is compared with other rivals’, and outstanding capability as well as substantial competitive advantage are determined. The above analysis result can help determine VCC’s strength and weakness, included in this category table:

Table 9. VCC’ strength and weakness analysed

Strength (S)	Weakness (W)
1. Good quality products and satisfactory delivery progress 2. Dynamic and decisive managers, capable of planning and managing production and business in versatile and effective manner using advanced ERP. 3. Diverse human resource, highlighting skilled, experienced, creative, and responsible staff 4. A solid fundament of corporate culture, featuring united and committed team 5. Advantageous market share in automated machine segment of automotive industry	1-. Unvarying customers, mostly Japanese companies, and corporation 2- Lack of marketing network for the company’s brand promotion. 3- Simple finance management method, lacking in a risk management barrier 4- Incomplete management and monitoring procedures, needing adjustment to match the nature of construction and market change. 5- Unsystematized training, instable training quality 6- Not yet expandable in terms of production such as motorbike manufacture.

Source: Authors Analyzed

3.2.3 VCC’s overall goal

At VCC the core value is transmitted and understood by all staff, and all the thoughts and actions are aimed to uphold and ascertain it.

- **Vision**
 ‘To become Vietnam’s leading automation company in the supporting industry’
- **Missions**
 - + Asserting and upholding Vietnamese values
 - + Devoting to the society’s happiness and development
- **Core values**
 - + Satisfying customers with high-quality products and services
 - + Catching up with the trend, promoting the internal ability
 - + Respecting nature, integrating into the community
 - + Building up and developing the company on basis of individual respect.
 - + Boldly creating, properly act, radical implementing
 - + Co-operating and challenging with future in teamwork spirit
 - + Continuously completing oneself and satisfying the trusts



4. Select Viet Competence JSC's business strategy for the period of 2019-2024

4.1 Select Viet Competence JSC's business strategy for the period of 2019-2024

4.1.1 Using SWOT matrix to select business strategy

The analysis result of VCC's in/external environment helps to find out the opportunity (O), challenges (C), strengths (S), and weakness (W).



Table 10. SWOT Analysis

	<p style="text-align: center;">Strength (S)</p> <ol style="list-style-type: none"> 1. Good quality products and satisfactory delivery progress 2. Dynamic and decisive managers, capable of planning and managing production and business in versatile and effective manner using advanced ERP. 3. Diverse human resource, highlighting skilled, experienced, creative, and responsible staff 4. A solid fundament of corporate culture, featuring united and committed team 5. Advantageous market share in automated machine segment of automotive industry, and good relationship with Japanese partners 	<p style="text-align: center;">Weakness (W)</p> <ol style="list-style-type: none"> 1. Unvarying customers, mostly Japanese companies, and corporation 2. Lack of marketing network for the company's brand promotion. 3. Simple finance governance, lacking in a risk management barrier 4. Incomplete management and monitoring procedures, needing adjustment to match the nature of construction and market change. 5. Unsystematized training, instable training quality 6. Not yet expandable in terms of production such as motorbike manufacture.
<p style="text-align: center;">Opportunities (O)</p> <ol style="list-style-type: none"> 1. Stable political environment, supporting industry encouraged by the Government 2. Global economic integration is reinforced, raising the investment opportunities of industrial construction, energy, and infrastructure 	<p>SO strategy – Use strength to take advantage</p> <p>S3+O3: Strategy of cost reduction, and production optimization</p> <p>S1, S5+O1: Strategy of traditional market centralization</p>	<p>WO strategy – Subdue weakness, take advantage of external opportunities</p> <p>W3+O3: Cost reduction, and production optimization strategy</p>



<p>3. Open and large opportunity of accessing to advanced science and technology</p> <p>4. High economic growth pace, increasing demand of automated machine, expanded potential market</p> <p>5. Open-door policy facilitates enterprises to cooperate and adopt highly qualified personnel from investing countries.</p>		
<p>Threat (T)</p> <p>1. Incomplete domestic political environment, inconsistent and achromatic policy, taking long time to implement</p> <p>2. The fluctuation of global economy greatly causes the unstable macro-economy policy, accounted for the inflation, rising interest rate, depreciated currency, resulting in investment and installation cost. Total supply slowly rises, and the consumption market is still narrow.</p> <p>3. Global economic integration, together stable political environment on one hand facilitates new enterprises to participate in the market, but on the other hand attracts foreign investment, increasing rivals with advanced management methodologies.</p>	<p>ST strategy - Use strength to avoid challenges</p> <p>S1+T4: Strategy of product differentiation</p>	<p>WT strategy – Subdue weakness, reduce external threats</p> <p>W1+T3: Strategy of traditional market centralization</p>



<p>4. Direct rivals make big pressure on VCC in production and business</p> <p>5. Limited number of high-qualified human resource</p>		
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Strategy 1: The strategy of cost reduction, and production optimization pushes VCC to uphold the strength of highly technical labor force, offer the best solutions and methodology of manufacture, utilize the technology, science, and technique relevant to each project, minimize indirect costs, save resources up to reduce product price, ensuring the market competitiveness.

Strategy 2: Strategy of traditional market centralization relies on the company's existing advantage, reputation, capabilities, and the trust from the traditional partners, better providing product that satisfy the demands of the traditional, loyal, and strategic customers.

Strategy 3: The strategy of product differentiation, done by focusing on product quality, applying technological solutions, equipment, and machine, together with human resource and suitably synchronous implementation so that the production can achieve over expected progress, safety, and high-quality.

4.1.2 Using GREAT model to select the optimal strategy

GREAT model is utilized to select the strategy for VCC. The weight is assessed between 1 and 5 scale and follows the criteria in the table 9

Table 11. Select the optimal strategy – GREAT model

No.	Assessment Criteria	Weight	Strategy 1		Strategy 2		Strategy 3	
			Assessment	Result	Assessment	Result	Assessment	Result
1	Gain	0.3	5	1.5	5	1.5	4	1.2
2	Risk	0.15	3	0.9	4	1.2	5	1.5
3	Expense	0.2	3	0.9	5	1.5	3	0.9
4	Achievability	0.25	3	0.9	4	1.2	4	1.2
5	Time	0.1	3	0.9	3	0.9	5	1.5
	Total	1.0		5.1		6.3		6.3

Source: The authors calculated with reference to the high-level personnel

The result score indicates the optimal business strategy for VCC are the Strategy 2 as traditional market centralization and the Strategy 3 as product differentiation. This proves that VCC has big advantage in production and assemble of high-quality and effective machines. In addition, the company gains the trusts, supports and high appreciation from the traditional partners.

As a result, we would like to recommend the orientation of development in the next period as follows:

Table 12. Recommended orientation of development

Period	2019 – 2024	By 2030
Target	High-tech company	Creative company
Primary directions of implementation	- Found research department - Separate trading company, and manufacturing company	- Become a Group model - Entirely concentrate on research - Develop Hi-Tech VCC-branded products

	<p>-Expand local market nationwide, expand business and take the first place of market share</p> <p>- Totally participate in supply chain</p>	<p>- Boost production and bussiness in foreign countries.</p>
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Conclusion

Industrial Revolution 4.0 leads to rapid changes in technology, products, and markets. Therefore, to achieve the business strategy, VCC should set specific solutions to implement product differentiation strategy and focus strategy. These solutions need to be regularly evaluated and adjusted to fit with the fluctuations of domestic and international markets.

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