

# International Distribution and Supply Chain Networks Linking Vietnam and Australia



## **Geoffrey Thomas**

ISS Institute/TAFE Fellowship

Fellowship funded by Skills Victoria,  
Department of Innovation,  
Industry and Regional Development,  
Victorian Government



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# Executive Summary

*Beyond immediate shortages, Victoria's future depends on a workforce with skills in the right areas and at the right levels to meet changing industry needs and the demands of businesses operating in global market.*

*Securing Jobs for Your Future, 2008, Jacinta Allan, Minister for Skills and Workforce Participation*

The aim of this Fellowship was to gain first hand experience of the involvement of Australian companies in Vietnam, with particular regard to logistics and supply chain opportunities upon Vietnam's entry as a member of the World Trade Organisation.

Managers of Australian companies interviewed described a business environment in which other international companies were also competing. All agreed that there were opportunities in Vietnam, but cautioned that there were also many issues which were unique to that country, as outlined in this report.

A significant trend is the increased supply chain and logistics support that Vietnam may be able to provide for southern China, from the Red River Delta region adjacent to Hanoi. This is an area of immense growth which the government is attempting to develop in a sustainable manner.

One of the rationales for this Fellowship was to address a skills gap that pertains to the importance of developing an international perspective in course curriculum and design. The need to develop this perspective is essential to both industry and students alike.

It is apparent that there is very little requirement to take an international perspective into account when assessing students under National Training Packages unit requirements, even for such an obvious candidate as the Diploma of Business (International Trade). Whilst units can be contextualised, it is usually undertaken solely on the basis of an individual companies' requirements only. Such an inward perspective may not be suitable when developing Australia's future global business leaders.

As a consequence of the Fellowship, Thomas subsequently lead a very successful study tour for International Marketing students to Ho Chi Minh City, and further presented his findings at the 'Partnerships for World Graduates Conference' held in Melbourne in November, 2007, sponsored by RMIT University.

At RMIT Business TAFE, Thomas is developing a Diploma of Logistics Management which complements global supply chains and international business. This course was further enhanced through a network of conferences, seminars and workshops lead by the Fellow in October 2008, with a particular emphasis upon sustainable supply chains.

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# *Abbreviations and Acronyms*

AQF	Australian Qualification Framework
CEETIA	Centre for Engineering of Towns and Industrial Areas, Hanoi University of Civil Engineering
CILTA	Chartered Institute of Logistics and Transport, Australia
HCMC	Ho Chi Minh City, Vietnam (formerly Saigon)
DIRD	Department of Innovation, Industry and Regional Development
DOTARS	Department of Transport and Regional Services
ISS Institute	International Specialised Skills Institute
LAA	Logistics Association of Australia
OTTE	Office of Training and Technical Education (now Skills Victoria)
TAFE	Technical and Further Education
TDL	Transport, Distribution and Logistics
WTO	World Trade Organisation

# Acknowledgments

Geoffrey Thomas would like to thank the following individuals and organisations who gave generously of their time and their expertise to assist, advise and guide him throughout the Fellowship program.

## **Awarding Body - International Specialised Skills Institute (ISS Institute)**

**We know that Australia's economic future is reliant upon high level skills and knowledge, underpinned by design and innovation.**

The International Specialised Skills Institute Inc (ISS Institute) is an independent, national organisation, which has a record of nearly twenty years of working with Australian industry and commerce to gain best-in-the-world skills and experience in traditional and leading-edge technology, design, innovation and management. The Institute has worked extensively with Government and non-Government organisations, firms, industry bodies, professional associations and education and training institutions.

The Patron in Chief is Sir James Gobbo AC, CVO. The ISS Institute Board of Management is Chaired by Noel Waite AO. The Board comprises Franco Fiorentini, John Iacovangelo, Lady Primrose Potter AC and David Wittner.

Through its CEO, Carolynne Bourne AM, the ISS Institute identifies and researches skill deficiencies and then meets the deficiency needs through its *Overseas Skill Acquisition Plan (Fellowship Program)*, its education and training activities, professional development events and consultancy services.

Under the Overseas Skill Acquisition Plan (Fellowship Program) Australians travel overseas or international experts travel to Australia. Participants then pass on what they have learnt through reports, education and training activities such as workshops, conferences, lectures, forums, seminars and events, therein ensuring that for each Fellowship undertaken many benefit.

As an outcome of its work, ISS Institute has gained a deep understanding of the nature and scope of a number of issues. Four clearly defined economic forces have emerged out of our nearly twenty years of research. The drivers have arisen out of research that has been induced rather than deduced and innovative, practical solutions created - it is about thinking and working differently.

### **A Global Perspective. 'Skills Deficiencies' + 'Skills Shortages'**

Skill deficiencies address future needs. Skill shortages replicate the past and are focused on immediate needs.

Skill deficiency is where a demand for labour has not been recognised and where accredited courses are not available through Australian higher education institutions. This demand is met where skills and knowledge are acquired on-the-job, gleaned from published material, or from working and/or study overseas. This is the focus of the work of ISS Institute.

There may be individuals or firms that have these capabilities. However, individuals in the main do not share their capabilities, but rather keep the IP to themselves; and over time they retire and pass way. Firms likewise come and go. If Australia is to create, build and sustain Industries, knowledge/skills/understandings must be accessible trans-generationally through nationally accredited courses and not be reliant on individuals.

Our international competitors have these capabilities as well as the education and training infrastructure to underpin them.

Addressing skill shortages, however, is merely delivering more of what we already know and can do to meet current market demands. Australia needs to address the **dual** challenge – skill deficiencies and skill shortages.

# Acknowledgments

Identifying and closing skills deficiencies is vital to long-term economic prospects in order to sustain sectors that are at risk of disappearing, not being developed or leaving our shores to be taken up by our competitors. The only prudent option is to achieve a high skill, high value-added economy in order to build a significant future in the local and international marketplace.

## **The Trades**

The ISS Institute views the trades as the backbone of our economy. Yet, they are often unseen and, in the main, have no direct voice as to issues which are in their domain of expertise. The trades are equal, but different to professions.

The ISS Institute has the way forward through its 'Master Artisan Framework for Excellence. A New Model for Skilling the Trades', December 2004. The Federal Government, DEEWR commissioned ISS Institute to write an Australian Master Artisan School, Feasibility Plan.

In 2006, ISS Institute Inc. set up a new ISS advisory body, the **Trades Advisory Council**. Members are Ivan Deveson AO; Martin Ferguson AM, MP, Federal Labor Member for Batman; Geoff Masters, CEO, Australian Council of Educational Research; Simon McKeon, Executive Chairman, Macquarie Bank, Melbourne Office; Richard Pratt, Chairman, Visy Industries and Julius Roe, National President Australian Manufacturing Workers' Union.

## **Think and Work in an Holistic Approach along the Supply Chain - Collaboration and Communication**

Our experience has shown that most perceive that lack of skills is the principal factor related to quality and productivity. We believe that attitudes are often the constraint to turning ideas into product and a successful business; the ability to think laterally, to work and communicate across disciplines and industry sectors, to be able to take risks and think outside the familiar, to share – to turn competitors into partners.

Australia needs to change to thinking and working holistically along the entire Supply Chain; to collaborate and communicate across industries and occupations - designers with master artisans, trades men and women, Government agencies, manufacturers, engineers, farmers, retailers, suppliers to name a few in the Chain.

## **'Design' has to be seen as more than 'Art' discipline – it is a fundamental economic and business tool for the 21st Century**

Design is crucial to the economic future of our nation. Australia needs to understand and learn the value of design, the benefits of good design and for it to become part of everyday language, decision making and choice.

Design is as important to the child exploring the possibilities of the world, as it is to the architect developing new concepts, and as it is to the electrician placing power points or the furniture designer working with a cabinet-maker and manufacturer. As such, design is vested in every member of our community and touches every aspect of our lives.

Our holistic approach takes us to working across occupations and industry sectors and building bridges along the way. The result has been highly effective in the creation of new business, the development of existing business and the return of lost skills and knowledge to our workforce, thus creating jobs - whereby individuals gain; industry and business gain; the Australian community gains economically, educationally and culturally.

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# Acknowledgments

## Fellowship Sponsor

The Victorian Government, Office of Training and Tertiary Education (now Skills Victoria) is responsible for the administration and coordination of programs for the provision of training and further education, adult community education and employment services in Victoria and is a valued sponsor of the ISS Institute.

Thomas would like to thank them for providing funding support for this Fellowship.

## Employer Support

Thomas would like to acknowledge the support of RMIT University Business TAFE School for providing some of the time required to undertake the Fellowship and associated activities.

## Fellowship Supporters

### In Australia

- **Austrade**  
Rebecca Ball, Business Development Manager, Melbourne
- **Logistics Association of Australia**  
Tony Davidson, Business Development Manager
- **TDT Victoria**  
Ian MacMillan, Executive Officer, and Jennifer Gilbert, Project Officer
- **Victoria University**  
Kerrie-Anne McPhee, Curriculum Maintenance Manager, Transport and Distribution

### In Vietnam

- **Bluescope Steel Vietnam Limited**  
Martin Bradley, Vice President, Customer Service and Supply Chain Management
- **Linfox**  
Graham Spillane, General Director, Ho Chi Minh City
- **Royal Melbourne Institute of Technology, Vietnam**  
Patrick Griffiths, Research Linkages Coordinator, Ho Chi Minh City
- **SembLog-SGN Vietnam Co Ltd (Division of Toll Holdings Australia)**  
Dennis Lim, General Director, Ho Chi Minh City

## Peak Organisations and Key Representatives Impacted by the Fellowship

### Government

- Federal Government – Austrade, DOTARS, Industry Skills Councils
- State Government – Victoria: DIIRD, Skills Victoria and equivalent bodies in other states
- Local Government – Ports and airports of Melbourne, Sydney and Brisbane

# Acknowledgments

## Businesses

- Directly – Bluescope Steel
  - Toll Holdings
  - Metro Cash and Carry, Victoria
- **Bluescope Steel**

The Phu My plant provides an opportunity to fully understand and appreciate the challenges of undertaking supply chain activities in Vietnam, and the infrastructure that supports the plant. This is 1.5 hours drive from Ho Chi Minh City, Vietnam.
- **SembLog-SGN Vietnam Co Ltd (Division of Toll Holdings Australia) Ho Chi Minh City**

Toll is a diversified logistics company, which has significant links to other important supply chain partner companies. Toll provided the opportunity to more readily understand links between companies, and strategies for establishing these links.
- **Metro Cash & Carry Vietnam**

Metro operates bulk grocery stores throughout Vietnam, including cold chain logistics. The purpose was to discover how this works in the context of an equatorial climate, and whether the company faces any significant infrastructure issues.
- Other businesses impacted indirectly through formal and informal networks.

## Professional Associations

- Logistics Association of Australia
- Australian Institute of Export
- Supply Chain and Logistics Association of Australia
- Chartered Institute of Logistics and Transport Australia
- Chartered Institute of Purchasing and Supply
- Australian Institute of Management
- Australian Institute of Purchasing and Inventory Control

## Education/Training

- TDT Australia
- TDT Victoria
- University and TAFE institutes – courses related to international supply chain and logistics management

## Media

- Supply Chain Review
- Materials Handling Australia

# About the Fellow

**Name:** Geoffrey Thomas

## **Qualifications**

- Master of Education, Melbourne University, 2000. Thesis: *'Moving across global borders'*
- Graduate Diploma in Education, Melbourne University, 1995
- Fully qualified teacher with the Victorian Teaching Service Registration Board, 1995
- Master of Business (Logistics), Royal Melbourne Institute of Technology, 1992. Thesis: *'Quality Management of Logistics Service Companies'*
- Graduate Diploma Purchasing and Materials Management, Royal Melbourne Institute of Technology, 1991
- Bachelor Applied Science, Royal Melbourne Institute of Technology, 1990, Majoring in Physics and Mathematics

## **Memberships**

- Member of Logistics Association of Australia
- Member of Supply Chain and Logistics Association of Australia
- Member of the Victorian Government Department of Industry, Innovation and Regional Development, Supply Chain Partner Reference Group

Over a career of more than twenty-five years, Thomas has been at the leading edge of logistics and supply chain activities based in Melbourne. He has held responsible positions in the Aerospace Industry and Automotive Industry, and was the Assistant General Manager of the Society of St Vincent de Paul (Vic) during the recession.

For the past decade, Thomas has been a Diploma Coordinator for a leading TAFE in the areas of logistics and supply chain management, and his students have won numerous awards. He is a former editor of the Logistics Association of Australia Journal: *'Logistique'* and is a former National Chair of Education for the Australian Institute of Purchasing and Materials Management.

Currently Thomas is teaching the Advanced Diploma of International Trade, and is working on his PhD examining supply chain metrics and sustainability. He has provided consultancy services to a range of well-known local and international companies. Away from this, Geoff's interests are his family, amateur theatre and bushwalking.

# The Fellowship Program

The purpose of the Fellowship was to undertake an overseas study program in Vietnam, to gain a comprehensive understanding in the field of international distribution networks, building international business and client networks, evaluating international market opportunities, and managing international purchasing and global freight operations.

## Aim of the Fellowship

The aim of this Fellowship was to gain first hand experience of the involvement of Australian companies in Vietnam.

## Specific Areas of Study and Development

- Investigate supply chain models involving the following companies:
  - Bluescope Steel
  - Metro Cash and Carry Vietnam
  - Toll
  - Linfox Logistics (Vietnam)
- Investigate opportunities for Australian companies in Vietnam.
- Investigate current trends and new opportunities in logistics and supply chain management in the context of Vietnam.
- Identify opportunities for Australian companies whereby Vietnam can be a part of their supply chains.
- Identify key stakeholders.
- Develop strategies to promote logistics and supply chain opportunities in Vietnam to Australian industries.

## Ongoing Areas for Development

- Investigate opportunities in Vietnam to support Australian industries, and reciprocal opportunities.
- Identify strategies of logistics and supply chain management best practice as observed in the Vietnamese context.
- Develop best practice case studies which can be disseminated throughout Australia.
- Develop ongoing education programs through ISS Institute, RMIT Business TAFE and other educational institutions and associations.

## The Skills/Knowledge Gaps

The Australian Transport, Distribution and Logistics (TDL) industry sector is efficient, but needs to recognise that best practices are usually to be found in overseas contexts. Whilst Australia is internationally recognised as an excellent primary producer, TDL best practices are usually to be found in the countries of our trading partners, where throughput volumes are many times higher than our own.

Vietnam has one of the fastest growing economies in the world, but has had to overcome many difficulties, including past international trade sanctions.

The country has been highly innovative in solving its economic problems and looks to countries such as Australia to be an equal partner in its future growth.

# The Fellowship Program

By investigating the Vietnamese context, the aim was to be able to return to Australia equipped with strategies, knowledge and ideas which would enable the Fellow to advise, instruct, promote and improve the overall performance of international trade for Australian companies.

Australia is perceived to be a country where managers take few risks, and it can be argued that this undermines the performance of Australian companies. We must turn overseas to observe how industry leaders are becoming successful, through innovative practices and strategies.

Leadership through education is an important pathway to advance Australian industries. In partnership with industry, government bodies and associations, skills and knowledge will be quickly disseminated throughout TDL and other networks.

To obtain the necessary information, the following activities were undertaken during the course of the Fellowship –

- Obtain qualitative data from Austrade Vietnam on Australian companies operating in Vietnam.
- Analyse the context of the Vietnamese container industry to discover how the country is coping with projected world growth which doubles every 5-10 years.
- Explore opportunities for Australian supply chain solutions, such as software export sales.
- Investigate whether Vietnam has any supply chain, logistics or transport innovation that could be imported into Australia to assist Australia's economic advantage.
- Investigate how 'cold-chain logistics' operate in the Vietnamese context.
- Investigate if commerce graduates of Vietnamese universities consider Australia to be a potential partner in future supply chain opportunities.

These objectives were achieved by –

- Undertaking an overseas study program in Vietnam to gain a comprehensive understanding of logistics and supply chain management as it operates in that country.
- Undertaking site visits to Vietnamese-based operations of Australian companies.
- Surveying final year students of a Master of Commerce degree program in Hanoi, Vietnam.
- Undertaking site visits to important logistics infrastructure, such as the container port at Cai Lan in Quang Ninh province.
- Meeting with representatives of the Vietnamese Chamber of Commerce to discuss opportunities for bilateral trade between Vietnam and Australia.

## Educational Opportunities

### International Marketing

The following unit elements of the Business Services Training Package would be enhanced through an international component in their assessment.

- **BSBMKG603A – Manage the marketing process**  
Evaluate and improve strategic marketing performance
- **BSBMKG604A – Develop and manage direct marketing campaigns**  
Evaluate direct marketing campaign effectiveness

# The Fellowship Program

- **BSBMKG605A – Evaluate international marketing opportunities**

Investigate international business and e-commerce marketing opportunities

- **BSBMKG606A – Manage international marketing programs**

Evaluate and improve international marketing performance and co-assessment with the previous unit - BSBMKG605A

Currently, assessments for these units are intended to be undertaken locally. They were developed for local companies and yet they would be ideal for an international context.

Thomas proposes that students undertaking these units be encouraged to go to another country, to collect and analyse relevant primary data centred on companies of their choice based in their country of choice.

In October, 2007, Thomas led a group of eight students to Ho Chi Minh City, Vietnam. Whilst there, they liaised with company marketing representatives on a project of their choice (refer to attachments).

- **BSBPUR504A – Manage Supply Chain**

This unit has specific Australian requirements, such as knowledge of legislation, codes of practice and national and international standards, but has no compulsion to obtain international knowledge, for example:

- Sale of Goods Act
- Trade Practices Act
- Contract law

These can all be learnt in the context of Australia, but supply chains are often formed across international borders.

Whilst in Vietnam, the Vietnamese Supply Chain Association was founded, with the following members:

### List of Supply Chain Association of Vietnam Member Companies

Unilever	Holcim	Canon	KCC
ICI	Shell	Adidas	Ikea
Frieslan Foods	Vina Milk	Nike	Metro
Bluescope Steel	Nestle	Terramar	Kuehne-Nagel VN.
KCC	SCJ	PGI	RMIT University
BAT	Kinh Do Food	Pepsi	Metro
Cartridge World	Cargill	BP	APL
VBI	Sony	Bakenet	PWC

# The Fellowship Program

Each of these companies is represented by either their supply manager, operations manager, or a person in a similar position in the organisation.

In other countries, a similar resource could be developed which would enhance student learning and assessment opportunities.

## Current Education and Training Study Opportunities

### Intercultural Communication

A search on the NTIS website on 2/7/07 for 'intercultural' returned the following result:

**Search Results**

Your search for **intercultural** returned 0 items.

Sort by:

Clearly there are no intercultural units currently being offered in Australia. Also, courses in 'international trade' (searched NTIS website on 2/7/07) all expired at the end of 2007:

**Search Results**

Your search for **international and trade** returned 5 items.

5 Accredited courses

Sort by:

Result	Code	Title	Type	Status
1	21384VIC	Advanced Diploma of Business (International Trade) Expires 31/12/2007	Accredited course	Active
2	21382VIC	Certificate IV in Business (International Trade) Expires 31/12/2007	Accredited course	Active
3	40188SA	Certificate IV in International Trade Operations Expires 31/12/2005	Accredited course	Active
4	21383VIC	Diploma of Business (International Trade) Expires 31/12/2007	Accredited course	Active
5	40189SA	Diploma of International Trade Management Expires 31/12/2005	Accredited course	Active

# The Fellowship Program

'Cross cultural' returned six results, but the only two units that relate to international cross culture are BSBDIV701A and BSBIND302A. However, these are meant for the context of the international education industry.

<b>Search Results</b>				
Your search for <b>"cross cultural"</b> returned 6 items.				
6 Units				
Sort by: <input type="text" value="Title"/> <input type="button" value="Sort"/> <input type="button" value="Modify search"/> <input type="button" value="New search"/>				
Result	Code	Title	Type	Status
1	RTD5910A	Contribute to regional planning process	Unit	Online
2	RTD6504A	Coordinate the preparation of a regional resource management plan	Unit	Online
3	BSBDIV701A	Develop crosscultural communication and negotiation strategies	Unit	--
4	RTD6505A	Map regional issues and stakeholders	Unit	Online
5	HLTHIR4A	Work effectively in a cross cultural context with Aboriginal and Torres Strait Islander people and o	Unit	Offline
6	BSBIND302A	Work effectively in the international education services industry	Unit	--

There appears to be a major shortfall in preparation of students in developing international trade skills, which needs to be addressed.

For example, there is no requirement to learn a language, or to have a demonstrable level of proficiency in a language, other than English. This continues, under the new International Business Diploma and Advanced Diploma, which became operational in 2008.

The study was primarily to investigate the Vocational Education and Training sector, although it is noted in this report the emergence of school-based programs involving overseas participation. In higher education, some universities offer overseas study tours, which provide at least one or two electives against a formal study program. Within these study tours, participants are able to meet with senior executives of major multinational companies.

# The Australian Context

The current state of the TDL and Supply Chain Industries in Australia is only constrained by the vision and perceptions of industry managers and supervisors and their view of where their organisations are heading.

In the past, many students undertaking Diploma of Logistics courses have stated that they could not understand why the senior executives of their company did not have an international perspective. This is further evidence of the perceived risk aversion of Australian managers (*Doogue, 2001*).

A SWOT (strengths, weaknesses, opportunities and threats) analysis provides a useful avenue for summarising the current situation and the implications of addressing, or not addressing, the need for ongoing skills development within the TDL and Supply Chain Industries.

## SWOT of TDL and Supply Chain Industry Skills in Australia

Strengths	Weaknesses
<ul style="list-style-type: none"> <li>Existing frameworks to develop operators, supervisors and managers</li> <li>Government and industry associations recognise the need to develop appropriate skills acquisition</li> <li>Australia's leading role in commodity exports</li> <li>Australia's significant education student destination</li> </ul>	<ul style="list-style-type: none"> <li>Few teaching staff have appropriate international skills and knowledge or experience</li> <li>Many training companies provide operational skill level development (AQF 1-4) but higher level skills development is usually left to the public providers, such as TAFE's or universities</li> <li>Risk aversion of management</li> </ul>
Opportunities	Threats
<ul style="list-style-type: none"> <li>Sustainable supply chains</li> <li>Asia Pacific region is considered to be the future world growth engine</li> <li>Company success can be linked with an increased international focus</li> </ul>	<ul style="list-style-type: none"> <li>A global slow down or recession may limit education opportunities, as companies divert cash flows away from training and development</li> <li>Increased competition for government funding may limit development of internationally focused courses</li> <li>Overseas competitors usually have an international focus</li> </ul>

In the past, provision of vocational training was a fairly simple matter; to develop operators who could produce products or services efficiently and effectively, especially according to a 'Taylorist' (or 'Stakhanovite' in Soviet Russia) paradigm. During the 1980s and with the advent of the Australian Qualifications Framework in the 1990s, it became increasingly apparent that the pool of supervisors and management drawn from the operator levels were in dire need of intensive broad-based development which highlighted communications, networking, team-building and problem solving skills, and the ability to adapt to a significantly changing environment in terms of technologies and the requirements of customers.

## The Australian Context

These trends have continued to affect work places, but instead of being locally-based or observed phenomena, local workplaces are now very much affected by global threats and opportunities. Managers who don't appreciate the globalisation of supply chains will have significantly reduced capacity to respond or to anticipate the changes that will affect them, their customers, their workers or their organisations.

The Australian Transport, Distribution and Logistics Industry is well established and highly efficient by world standards. Unfortunately, Australia now accounts for less than 1% of world trade, and this figure is falling.

Australia was and always will be at the mercy of geography, so it is important that bilateral relationships are formed with those countries that are more favoured for international trade opportunities.

Vietnam has just joined the world trade organisation (WTO), it is the second or third fastest growing nation in the world, and is a unique bridge to Australia's other important trading partners – China and the USA.

Australia was one of the first countries to recognise the Government of the Socialist Republic of Vietnam after their long war of independence. Vietnam looks now to Australia for continued support and strongly believes in the benefits that can be derived from mutual understanding and trade. Under the process of 'Doi Moi' or 'Renovation', Vietnam is encouraging Australian businesses to invest heavily in the country, and so far, this has been quite rewarding for the companies involved.

Vietnam is also strongly positioned to complement Australia's trade with China and the USA, and will underpin Australia's prosperity for many years to come. Logistics costs are thought to now represent up to 80% of the costs of doing business with China, but Vietnam is now providing new opportunities to create a much lower logistics cost base.

# The International Context

The overseas program was purposefully designed to explore the identified skills and knowledge gaps and obtain the information necessary for Thomas to return to Australia equipped with the knowledge and ideas to enable him to advise, instruct, promote and improve the overall logistics and supply chain management skills in this country.

## Program Content

The Fellowship Program included visits to various establishments and meetings with individuals involved in logistics and supply chain activities in the Vietnam region. The activities were planned prior to departure, however, on arrival in Vietnam, many contacts provided Thomas with information that led to other significant opportunities that were not known when planning the program in Australia. This was anticipated prior to departing and sufficient time was allowed in the program to include such impromptu visits.

The following site visits and meetings proved to be the most significant in providing information and inspiration.

### RMIT International University, Hanoi

Provider of undergraduate and post-graduate education. The Fellow met with Nguyen Manh Hung, Bachelor of Commerce Lecturer, and Michael Saram, Coordinator, Logistics and Supply Chain Management, Lecturer, Postgraduate Programs.

### Hanoi University of Civil Engineering, Ha Long City

Representative of PCHLP (Peoples Committee of Ha Long Province) Waste Management study on Ha Long Bay. The Fellow met with Professor Tran Hieu Nhue CEETIA. Professor Nhue showed Thomas his report and discussed the need to be careful with the discharge of wastes into the Red River. The problem is increasing due to the rapid industrialisation of the region. International companies need to act responsibly.

### People's Commune of Hanoi, Hanoi

Trade Department and Vietnam Development Forum. The Fellow met with Hoang Thieu. The millennium celebrations of the City of Hanoi were discussed, in particular the need to maintain the character of the old quarters, even though there is a strong need to modernise the availability of services.

### RMIT University Vietnam, Ho Chi Minh City

Research linkages with HCMC. The Fellow met with Dr Patrick Griffiths. Through Dr Griffiths, Thomas was able to be involved in the nascent Vietnam Supply Chain Association of Vietnam, as their first meeting was being hosted at RMIT Vietnam, and he was their representative. Several of the organisations and personnel that Thomas would be meeting with were also part of the Vietnam Supply Chain Association.

### Toll Asia – Semblog-Sgn, Ho Chi Minh City

Integrated logistics company in the Asia Pacific region, providing a complete range of supply chain solutions. The Fellow met with Dennis Lim, Operations Manager. Lim spoke of the difficulties of undertaking business in Vietnam, such as international companies only wishing to source business with other companies of the same nationality. Lim also advised Thomas of the importance of forming joint ventures to minimise risks and develop opportunities in Vietnam. Lim's company is a joint venture between Toll and Semblog, a Singaporean company.

# The International Context

## **Australian Embassy – Austrade, Ho Chi Minh City**

The Fellow met with James Myers, High Commissioner, Trade HCMC. Myers provided Thomas with details of Australian companies operating in Vietnam, and website addresses for the Australian-Vietnamese Chamber of Commerce.

## **Linfox Logistics (Vietnam) Co Ltd**

Transport and logistics provider. The Fellow met with Graham Spillane, General Director. Spillane provided Thomas with a good overview of how his company successfully services the logistics requirements of Unilever (Vietnam). Spillane demonstrated the need to provide long-term benefits for the partnership at the lowest possible costs.

## **Bluescope Steel, Phu My**

Manufacturer and supplier large span pre-engineered steel buildings. The Fellow met with Martin Bradley, Vice President, Customer Service and Supply Chain. Bradley provided Thomas with a tour of the Bluescope plant (see attachments for photos). Bradley's company has been very successful thus far since commencing operations in Vietnam. The building itself is made from colourbond steel, which easily survived the typhoon season. This then became an important selling feature of his company's product.

Bradley identified the need to reduce the relatively high turnover of qualified staff, who think that six months is a reasonable commitment before moving on. Most of the workforce are degree qualified, and once they have a reference from a multi-national company, it is relatively easy to move to another multi-national company offering higher pay and better conditions.

This situation underpinned the formation of the Vietnamese Supply Chain Association, as all multi-national companies were experiencing similar problems. In order to address this situation, the companies sought to develop a unified strategy which included initiatives such as not accepting another staff member until they had completed at least 12 months in another company (the Fellow is not sure if this would contravene any laws in Australia involving the free flow of labour, but it doesn't appear to be an issue in Vietnam).

## **Metro Cash and Carry, Ho Chi Minh City**

Wholesaler offering a mix of food and non-food products to its registered card-holding customers in a national network. The Fellow met with Xavier Thury, Finance and Supply Chain Director. Thury spoke of logistics issues in maintaining supply of grocery items to supermarkets in Vietnam. Whilst the cities of Hanoi and Ho Chi Minh City are well served, there are many issues relating to road transport in the centre of Vietnam which need to be resolved, such as truck hijackings and poorly maintained roads. As the organisation is part of a major multi-national company, inwards supply is not such a problem.

## **Findings**

### **Key Issues**

- Links need to be developed between Australia and countries such as Vietnam with Australia having established itself as the leading provider of university education in Vietnam. This offers a 'bridge' for educators who wish to develop closer links with Vietnam, or through Vietnam to other countries in South East Asia.
- The future of Australia is fundamentally linked to the fortunes of Asia, and as educators, we need to foster links early in the careers of our young people.

## The International Context

- Exchange should be fostered given that one of the key findings was the need for better understanding of a culture which is mainly known to Australia through the 'boat people' of the 1970s or in enclaves such as Richmond or Footscray in Melbourne. There are opportunities for student exchanges between Australia and Hanoi and HCMC in Vietnam, either directly, or facilitated/auspiced by an existing provider, such as RMIT University.
- Many multi-national companies currently operate in Vietnam, and many also have operations in Australia, so developing links with Vietnam appears to be an opportunity for Australian students and educators to increase understanding of how companies operate in a foreign environment.
- There is a need to develop a better understanding of environmental and sustainability issues relating to long term ventures within Vietnam and its region.
- Ha Long Bay, a designated world heritage site, is affected by waste generated by increasing numbers of tourists, and by growing industrial waste along the Red River Delta, between Hanoi and Ha Long Bay.
- Millennium celebrations for the City of Hanoi in 2008 were an opportunity for Australians to work more closely with the City, and focus upon the need for sustainable development. Companies looking to set up operations in Hanoi or in the Red River Delta region need to do so in a manner which is sustainable and which ensures minimum environmental impact.
- The Red River Delta is an area of expansive development similar to the Pearl River Delta region in China, which offers access to potential opportunities in the Yunnan Province of Southern China. In the short term, there are many Greenfield sites for companies to commence operations in a sustainable manner.
- In the long-term, the Red River Delta will provide ready access to the Yunnan Province of China, with 45 million people, and further access to western areas of China, where the Beijing Government would like to develop in the near future, without having to go through the already strained ports of Shanghai or Shenzhen.
- Vietnam Development Forum (<http://www.vdf.org.vn>) demonstrates how Vietnam is linking with other countries in the region to pursue a high growth rate, and demonstrates why Australia needs to become a part of their raw material supply chain. Hoang Thieu advised that the forum, initiated by the Japanese Government, seeks to link international business buyers and sellers with Vietnamese counterparts. The forum has a useful website of links that is continuously updated.
- Multi-national companies tend to support their own national base economies, such as Metro Cash and Carry, which is German. It is very difficult for Australian logistics companies to win tenders for other multi-national companies without entering into joint venture arrangements.
- Bluescope Steel developed an innovative in-line steel colour-bonding manufacturing process. The building housing the manufacturing plant is also colour-bonded, and is a great example of marketing for its products, demonstrating its strength in a cyclone-prone area.
- AusCham is the Australian Chamber of Commerce in Vietnam and is a licensed foreign business group in Vietnam established to represent and promote the interests of Australian business operating in Vietnam (<http://www.auschamvn.org/>).
- The Vietnam e-commerce portal is a useful introduction to Vietnam trade opportunities <http://www.ecvn.gov.vn/Default.asp>. It is auspiced by the Ministry of Trade – Vietnam National E-Commerce Portal, Vinatex building, 25 Ba Trieu Street, Hanoi City, Vietnam Tel: 844-9364164 Fax: 844-9364165

# The International Context

- The Australia-Vietnam Chamber of Commerce has a key role in voicing the viewpoint and concerns of businesses to the two governments. <http://english.vietnamnet.vn/>
- A Vietnam Supply Chain Association will commence, where Vietnamese and multi-national companies will meet to discuss supply chain issues. This is an opportunity to network with people who have similar needs and responsibilities.
- Australian and other international companies are willing to meet with students to discuss their operations in Vietnam.
- Travel to Vietnam for Australians is relatively inexpensive, and most overseas companies operate in either Ho Chi Minh City or Hanoi.
- There is a lot of interest in Australia and Vietnam about each others' countries.
- Vietnam shares a border north of Hanoi with the Yunnan province of southern China, so it may have an important role in developing a supply chain with Southern China.
- The Red River Delta region adjacent to Hanoi is experiencing a high rate of growth, not dissimilar to the Pearl River Delta region of China, and many overseas manufacturing and distribution plants are being set up or are already operating there.
- Companies that develop export market, or manufacturing or distribution plants in situ, such as Bluescope Steel, appear to be leading innovators.
- A nascent supply chain association has begun to represent the interests of multi-national and local companies in Vietnam.
- Although tertiary education flourished during the old Soviet era, with many Vietnamese gaining degrees in Moscow, the past two decades have seen an influx of Western ideas, business techniques and technology, resulting in a huge unsatisfied demand for English language, technology and business type courses.
- Australia, as one of the first countries to recognise the Government of the Socialist Republic of Vietnam, is in a unique position to capitalise on Vietnam's desire to be incorporated into the modern era of globalisation and international trade.

## Options

Australian companies will find that Vietnam is a relatively 'new' market for exports and as such there is an opportunity for good companies to export without having to establish their business in the face of entrenched market leaders.

As an educator, Thomas believes that training and assessment can be developed whereby students can go to Vietnam on study tours, to achieve various outcomes of Advanced Diploma units, such as 'TDTP698B – Develop International Distribution Networks', or 'BSBMKG606A – Manage International Marketing programs'.

In teams, some students could undertake primary research in Vietnam, and other students remaining in Australia could perform analysis and demonstrate business links between Australia and Vietnam.

Whilst there are many university courses on offer, RMIT University is the only fully licensed foreign university operating in Vietnam. It is thus in a unique position to offer a bridge for students and educators to explore this unique country, and to closely monitor its emerging role in global trade.

The Advanced Diploma of Business (International Trade) and the Advanced Diploma of Business (Marketing), which articulate into the Bachelor Degree of Commerce, offer a suitable induction. Opportunities exist to work with many diverse multi-national companies in Vietnam.

# Knowledge Transfer

Knowledge transfer within Australia can be undertaken through forums such as Transport and Distribution Teacher network meetings, which occur at least three times per year. These meetings are auspiced by the Curriculum Maintenance Manager (CMM) of the Transport and Distribution Training Package, and similar meetings are held for other Training Packages, such as Business Services.

Workshops and presentations auspiced by various associations, such as The Logistics Association of Australia (LAA) and the Chartered Institute of Logistics and Transport Association (CILTA) could release information through these organisations' networks. For example, LAA has an evening session once per month where speakers are invited to provide an overview of a particular topic, such as supply chain opportunities in Vietnam.

For teaching and consulting work, case studies involving Vietnamese companies could be developed. Many Western companies are involved in joint venture partnerships and are also usually involved in commerce associations, such as the Australian-Vietnamese Commerce association. These associations meet at least once a month, either in Hanoi or Ho Chi Minh City. These associations provide an invaluable network opportunity for Australians wishing to be involved with Vietnam. Thomas was asked to be a guest speaker at one of their regular dinners upon his next visit, and to run a workshop concerning sustainable supply chains.

A current avenue of disseminating information is via 'Facebook' on the internet. Photos, pod-casts and/or videos could be uploaded, and could be found via key search words, such as 'Australians in Vietnam' or 'supply chain Vietnam'.

Austrade (Federal) and the Department of Infrastructure, Innovation and Regional Development (DIIRD), a Victorian State Government Department, also hold guest speaker and networking events, through which opportunities could be disseminated.

A study tour is another excellent option, when conducted by an experienced person, to gain an in depth overview of a country and its opportunities. Thomas led a study tour to Vietnam in October 2007 (see attachment), focusing on international marketing and international sourcing.

# Recommendations

## Government

In view of the findings, the Australian Federal Government is encouraged to:

- Support the granting of student visas for students from Vietnam so they may come to regard Australia as a supporting foundation for them, similar to the successful Colombo Plan of the 1950s and 1960s.
- Investigate opportunities for Australian and Vietnamese students to be engaged on Austrade projects, linking continued collaboration with educational outcomes
- Support the established Australian education providers in Vietnam, and those wishing to enter the country.
- Encourage recognition of Asia, including Vietnam, as a current and future trading partner. Such recognition could be facilitated through including relevant material in the school curriculum or mandatory introduction to language and culture of a target country, such as Vietnam.
- Through the Industry Skill Council, develop nationally accredited units for the Training Package to cover skills, knowledge and insights as already mentioned in this report.

## Industry

Most Australian industries could be represented in Vietnam. There is off-shore oil and gas potential, agriculture in the Mekong Delta area and opportunities for military cooperation.

In addition, manufacturing and textiles, as well as retail and finance sectors, could also play a role. As such, action could be taken to inform these industries – through forums, seminars, assistance from Austrade and promotional marketing – of the opportunities available in Vietnam.

## Business

Some Australian companies already operating within Vietnam are progressing quite well. Whilst there may be restrictions on company structure, such as the requirement on joint venture partnerships, these can be negotiated with the regional and central governments of Vietnam.

Whilst there has been a tendency to support other companies along national lines, there are also opportunities for Australian companies to support other multi-national companies such as those in supply chain and service activities. Singaporean companies have also been successful, and may provide an opportunity for Australian companies, such as Toll and SembLog of Singapore.

Commerce graduates of RMIT Vietnam are in high demand in Vietnam, particularly for their English language and Commerce skills.

## Professional Associations

LAA and CILTA could formally recognise and support the nascent Supply Chain Association of Vietnam. They could encourage the association by providing resources and opportunities for members in Vietnam to correspond with Australian members and give credit for professional development undertaken in Vietnam.

# Recommendations

## Education and Training

A number of Australian TAFEs are running courses in International Trade and Business, both in Australia and overseas. In the secondary school sector, Haileybury College has commenced a partnership with the International School in Ho Chi Minh City. RMIT University (Vietnam) has university campuses in both Hanoi and Ho Chi Minh City, but as yet does not operate a TAFE in Vietnam.

The units researched are sufficient for building links between Australia and Vietnam, particularly at AQF Level 6 from the Transport, Distribution and Logistics and the Business Services Training Packages.

Staff need to only have a rudimentary knowledge of the language and culture (such as that which could be gained from the Lonely Planet Guide to Vietnam), but a well-developed knowledge of Vietnamese history is very important to understanding Vietnam and its place on the world's stage.

Staff who are thinking of taking study groups to Vietnam, should first contact existing educators there and discuss their plans with them as mentors. Whilst companies are happy to form relationships, managers are also busy and have to specially give of their time. It would be to a teachers advantage if they spent at least one week in the country first prior to leading students, to acclimatise and embed themselves in the culture.

Most educational products, equipment and services are available in Vietnam. It is less costly country compared to Australia, but there are subtle differences, such as different equipment voltages and plugs, which need to be taken into account. Many people speak English, and they are eager to practice their English with foreigners.

In relation to Industry Skills Councils and Industry Training Boards, their role is to develop the skills of Australians, but they need to recognise that skill development is not an isolated exercise. Australians would learn much from analysing, reviewing and assessing how Australian and other international companies succeed in overseas environments, such as Vietnam. If the only major problem is cost, then provision of Fellowships, such as the ISS Institute TAFE Fellowships, should be made more commonplace for interested students studying at AQF Levels 5 or 6.

In relation to careers pathways for teaching staff, it is recommended that some overseas experience be mandatory for appointment to TAFE management, given the nature and background of students, and the needs of globalised industries.

## Community

There are a number of websites devoted to commerce between Australia and Vietnam, which are readily accessible and available. Teachers and students should be able to post news articles on these websites, and they could become an additional forum for educational activities.

## How ISS Institute can be Involved

The International Specialised Skills Institute has the potential to utilise its many contacts to attract funding and work with TAFE, certification groups and other government agencies to assist the growth of links between Australia and Vietnam. In most cases, the lack of funding is the main obstacle that needs to be overcome.

In addition, ISS Institute can facilitate opportunities for seminars, forums and workshops with those in industry and manufacture along the supply chains to help disseminate information and foster understanding across sectors.

# Recommendations

## Further Skill Gaps

For further development of teachers and students, the Fellow recommends learning about Vietnamese introductory language, history and culture; particularly if teachers are chosen to lead a study tour group of students.

Most experienced overseas-born managers in companies based in Vietnam have an excellent grasp of the local language, or have access to skilled interpreters. More senior executives need to be able to negotiate and interpret complex documents within a different legal context. It is important to take advantage of opportunities to study these differences and ensure positive long term results.

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# Attachments



*Cai Lan Port – gateway to Hanoi*



*Port side Cai Lan*



*Cai Lan international container terminal*



*Typical shop front in Hanoi, selling metalware and pipes*



*Typical shop opening to the street In Hanoi*



*Central bus depot, Ho Chi Minh City*



*Both these photos show typical new distribution centres built along the Hanoi to Ha Long Bay Road, Red River Delta*

# Attachments



Bulk material handling, Red River Delta



Ha Long Bay port



Bluescope Steel, Phu My plant



Bluescope Steel, Phu My plant. This photo demonstrates that the same safety standards that operate in Australia also apply in Vietnam



Bluescope Steel, Phu My plant. This photo also demonstrates that the same safety standards that operate in Australia also apply in Vietnam



This area beside the Bluescope Steel Phu My Plant is notable because the adjacent road was built over a former minefield, which had to be de-mined and declared safe, before the road could be built. This is a problem often associated with building in former war zones. The de-mining and all road work was carried out and paid for by Bluescope Steel

RMIT University celebrates 120 years in  
Semester 2, 2007

To celebrate the 120<sup>th</sup> anniversary of RMIT University this year, students who are enrolled in the Advanced Diplomas of Business (International Marketing) or Advanced Diploma of Business (International Trade) undertaking International Marketing (MKTG 7192L or MKTG 7220L) are invited to participate in an opportunity to travel to Vietnam during October, 2007.

**RMIT 120 YEARS**  
**Vietnam Study Tour**



8 Students will be selected based upon the attached selection criteria (see over)

Students are invited to apply for a place on a proposed study tour of Vietnam to complete their assessment for this unit.

RMIT University is supporting the study tour so that the cost to students is only \$800 (all inclusive).

Selected students will be required in Vietnam between Monday 1<sup>st</sup> Oct and Friday 5<sup>th</sup> Oct, 2007.

# Attachments

Students who choose to travel to Vietnam or other locations prior to the commencement date, will do so at their own expense.

To apply, submit a proposal to Caryl Hertz by email:  
[caryl.hertz@rmit.edu.auc](mailto:caryl.hertz@rmit.edu.auc) by 31st July, 2007.

Students shall be selected by a panel, including Geoff Thomas (Teacher – International Trade), Caryl Hertz (Manager - AITM Cluster) and a further independent representative. There is also a possibility of assistance based upon student need if required.

## RMIT 120 YEARS Vietnam Study Tour

### SELECTION CRITERIA:

#### Project Background:

International marketing is the performance of the marketing task across national boundaries. As such, the principles are the same as domestic marketing. However, the environment in which international marketing takes place is different from the domestic environment. The control, which it is possible to exercise over the five “P’s”, is different, and there is a different dimension of complexity to planning the marketing function internationally.

The project entails a current dual assessment across two discipline areas, both on- and off-shore within the Business TAFE School. The primary research relating to the assessable task will be conducted in Vietnam while the onshore students are under going secondary research. And analysis

#### Project Aim: To analyse:

- various elements of the marketing mix in terms of adaptations required
- compare and contrast various methods for entering international markets;
- evaluate the elements of culture as they would apply.
- key issues to be considered and requirements for marketing in Vietnam
- key industry foci include:
  - FMCG
  - Services
  - Manufacturing
  - Retail
  - Financial
  - Other

## Attachments

**Expectations of Students:** Students will work in teams, consisting of 8 primary researchers who will develop questionnaires and arrange interviews with selected key staff in situ, while secondary researchers based onshore at RMIT will provide support, further analysis and report development. Student will submit a detailed progress report regularly to their on-shore team members.

**Eligibility Criteria:** Available to students enrolled in the Advanced Diploma of Business (Marketing) C6053, and the Advanced Diploma of Business (International Trade) C6051, currently undertaking **International Marketing (MKTG 7192L or MKTG 7220L)** during Semester 2, 2007.

Interested students are invited to submit a proposal (up to 2 pages) to Caryl Hertz by email: [caryl.hertz@rmit.edu.au](mailto:caryl.hertz@rmit.edu.au) By 31 July 2007

**Times and Dates:** Mon 1<sup>st</sup> Oct to Fri 5<sup>th</sup> Oct, 2007, 8:30am to 5:00pm

## Attachments

### **RMIT V120 celebratory trip to Vietnam by RMIT Business TAFE students. Report by Geoff THOMAS – Tour Leader**

As Tour Leader, I was responsible for the selection and induction of a group of 10 RMIT Business TAFE students undertaking International Marketing as part of their Advanced Diplomas of Business. I was also responsible for the series of speakers and site visits as part of the tour.

With a short time frame for preparation, I was ably assisted by Caryl Hertz, my manager, and the administration staff of RMIT Business TAFE, notably Ashley McCallum and Glen Melville, as well as the RMIT Education Abroad Unit. Indeed, the shortest path from idea to success is through the team, and our team was superb, which also included Chris Lee and John C Fowler, as International Marketing Teachers.

The tour participants were chosen via a comprehensive selection panel, on the basis of academic success, commitment to teamwork, and willingness to share in RMIT's 120<sup>th</sup> birthday celebrations.

Some of the students chosen are shown here at the Blue Gecko restaurant at the start of the tour. Who left the knives and forks at home?



Also, Geoff and Caryl at the start of the RMIT Marketing lecture.

The study tour was to provide an opportunity for students to gain a comprehensive understanding of International Marketing, in an international context.

Features of the tour were product launch presentations by Unilever: Greg Sullivan Marketing Mgr, and Pepsico: Winnie Khor, Marketing Mgr, as well as HCMC Vietnam Austrade Commissioner: Kevan Dacey, and their respective staffs, and a softball game with RMIT Vietnam students. On the third day, we also visited Metro, to discover how Unilever products were stocked.



Kevan Dacey Austrade  
Commissioner HCMC



Student Group Photo HCMC  
at Pepsico



Jordan and Geoff  
gearing up for Softball

The students were combined into three groups, to prepare a Product Launch, featuring either a Vietnamese product into Australia, or an Australian product into Vietnam. The student projects will be presented to other International Marketing students, and all other staff are invited to attend. In addition, there will be a presentation of our tour at the 120 years: 120 students Vietnam Experience Partnerships for World Graduates Conference Friday November 30, 11:20- 12:20.

Overall, a great success, and I am looking forward to celebrating the 240<sup>th</sup> anniversary.