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# Each business has ITS OWN DIRECTION TO REACH THEIR GOALS, DESPITE THE FLUCTUATIONS OF 2024

The textile garment market in 2024 will continue to face challenges, Vinatex and its member companies have developed specific strategies and directions to achieve their annual targets. One such approach is venturing into niche markets by producing and selling fire-retardant fabrics and apparel, aiming to increase product value. Below are the key points from the discussion with Mr. Le Tien Truong, Chairman of the Board of Vinatex, regarding the opportunities and challenges in the textile garment industry under the new circumstances and Vinatex's strategy for producing fire-retardant fabrics.



## CHALLENGES AND OPPORTUNITIES

The Vietnamese textile industry is facing significant challenges, including labor fluctuations, rising costs, and intense competition. However, there are still positive signals from the market, particularly in the U.S. and Europe.



*Mr. Le Tien Truong  
Party Secretary - Chairman of  
Board of Directors of Vinatex*

## VINATEX'S STRATEGY

Vinatex has begun producing special fabrics, including fire-retardant fabrics - products that require high technical standards and strict legal compliance. These products are expected to be exported to major markets such as the U.S., Indonesia, India, and the Middle East by mid-2024.

In addition, Vinatex is focusing on increasing product value by producing synthetic and natural fiber yarns, as well as developing domestic fashion products.

## GOALS AND FORECASTS

In the first six months of 2024, Vietnam's textile and garment exports experienced growth across five key markets: the U.S. increased by 3.1%, Europe by 0.8%, Japan by 4.9%, South Korea by 2.6%, and China by 4.6%. High-tech products targeting niche markets and new products that meet high customer demand are expected to generate positive outcomes in the coming years. Despite challenges, Vinatex is committed to investing in automation and enhancing labor productivity to continue development in market fluctuations. □



# Total Factor Productivity

# THE COMPETITIVE KEY

# OF VINATEX



Enhancing Total Factor Productivity (TFP) is a key competitive advantage for businesses, particularly in the textile garment industry such as Vinatex. TFP is an indicator that reflects production efficiency through improved utilization of capital, labor, and other factors such as technology, management, and innovation. TFP is divided into four main categories: technical productivity, technological productivity, management productivity, and innovation productivity.



## IMPORTANCE OF TFP

TFP plays a crucial role in improving production efficiency and business development. It includes optimizing resource use, applying modern technology, improving management, and fostering innovation.

## CURRENT PERFORMANCE AT VINATEX

Vinatex has effectively leveraged technical and technological productivity but needs to improve management and R&D productivity through the adoption of modern management solutions and digital transformation.

## RECOMMENDATIONS FOR DIGITAL TRANSFORMATION

Businesses should invest in advanced ERP solutions and enhance digital skills among

employees. Specifically, finding a digital transformation leader is crucial to help businesses adapt to the modern business environment.

## ORGANIZATIONAL MODEL AND TRAINING

Improving organizational models, combining current and new models, will help businesses balance business operations with digital transformation. Training management and developing employees with a focus on specialization and technology skills are essential for maintaining flexibility and efficiency.

## PROPOSALS TO IMPROVE TFP

To enhance TFP, businesses should review and assess readiness and performance indicators of TFP categories, prioritize technology application and innovation, and adequately invest in personnel and management solutions. □



# SPREADING THE COLLECTIVE LABOR AGREEMENT

## In Vietnam's Textile And Garment Industry



**S**ectoral Collective Labor Agreement (CLA) not only provides better welfare for workers, becoming a guideline for businesses to build policies and institutions for workers, but also serves as an opportunity and foundation for companies to stabilize their workforce in the context of increasing labor competition.

This CLA not only maintains the provisions from the previous agreement but also introduces new benefits such as increased meal allowances, gifts for female workers, and support for raising young children.

There are several opinions regarding this new sectoral CLA.



**Ms. Tran Thi Thanh Ha - Member of the Presidium, Head of the Labor Relations Committee, Vietnam General Confederation of Labor:**

"The sectoral CLA has played an important role in improving living standards and stabilizing labor relations over the past 14 years. The Vietnam General Confederation of Labor also highly appreciates the efforts of VITAS and the VTGU in maintaining and enhancing the quality of the CLA, and calls for increased communication and expanded participation of enterprises in the agreement."



**Mr. Vu Duc Giang (Chairman of VITAS):**

"The textile and garment industry is facing significant challenges such as labor migrations, resignations, and one-time social insurance withdrawals. In this context, the CLA serves as a tool for businesses to adjust their policies to take better care of workers, especially the younger workforce."





**Ms. Pham Thi Thanh Tam (President of the Vietnam Textile and Garment Union):**

"The CLA is a crucial factor in strengthening labor relations and improving management quality in the industry. Additionally, I hope the CLA can be expanded beyond the enterprises affiliated with the VTGU, so that more workers can benefit from the agreement."



**Ms. Tran Tuong Anh (Deputy General Director of Hoa Tho Textile and Garment Corporation):**

"Despite the challenges with costs, Hoa Tho remains committed to ensuring workers' rights and implementing additional welfare measures outside of the CLA to retain workers."



**Ms. Nguyen Thi Lien (Deputy General Director of Phong Phu International Joint Stock Company - PPJ):**

"Textile and garment enterprises, including PPJ, are facing many difficulties such as stringent customer standards and rising costs. However, PPJ is committed to fully implementing the provisions of the CLA to ensure the rights of workers."



**Mr. Bach Thang Long (Deputy General Director of Garco 10 Corporation - JSC):**

"Retaining young workers, especially GenY and Gen Z, is particularly challenging as they tend to leave jobs more easily. Therefore, Garco10 is committed to fully meeting the criteria of the CLA and striving to meet additional requirements to retain its workforce." □







## Capturing the Niche market with FLAME RETARDANT FABRICS



Over 4 months after signing of the MOU between Vinatex and Coats Group on the production of flame-retardant fabrics and garments, Vinatex has thoroughly prepared the supply chain, while Coats has actively promoted the market to export the first shipments in 2024. This marks a new step in production, moving away from the increasingly competitive traditional textile manufacturing sector and expanding opportunities in niche markets.

To prepare for this project, Vinatex has invested in infrastructure, equipment, and personnel, while Coats sent experts from India to Vietnam to guide and transfer

technology and production processes. Flame-retardant fabric is one of the key products in Coats Group's five-year development strategy. Vinatex has complete the infrastructure and meet technical requirements set by Coats, although there were initial challenges with using special chemicals and adhering to global standards

At Nam Dinh Textile Garment Joint Stock Corporation (Natexco), preparations for production have been actively underway, with investments in necessary equipment. Natexco has conducted trial production and has successfully controlled the technology from weaving, dyeing, to sewing. Vinatex plans to produce orders worth approximately \$500,000 in August and September 2024 for market penetration.

Vinatex recently achieved a high score of 92/100 in an evaluation conducted by Coats, highlighting the company's readiness in infrastructure and production capacity. The project is on the right way, with efficient operations. Vinatex Chairman, Mr. Le Tien Truong, conducted an inspection and appreciated the efforts of the project management team and related units. At the same time, the Chairman directed them to continue improving to achieve the best results in official evaluations and to complete the orders by the end of 2024 as committed. □



# Domestic fashion CONQUERING VIETNAMESE CONSUMERS with Product Quality



Recently, many Vietnamese fashion brands have aggressively expanded their operation in the domestic market by opening showrooms nationwide. These brands are focusing on product quality, creative designs, and eco-friendly trends to attract Vietnamese consumers and encourage them to prioritize

local products.

Duc Giang Corporation, with its HeraDG brand, has established its position in the Vietnamese fashion market by developing environmentally friendly products and adopting advanced technology. Similarly, Garco10 is expanding its domestic market by opening new stores

and incorporating technology into design and production, particularly focusing on green production.

Although the Vietnamese fashion market faces fierce competition from international brands, many domestic companies have asserted their positions by creating unique product segments and meeting local consumer demands. Vietnamese brands are also actively participating in promotional programs and trade fairs to connect with consumers.

However, given the challenges of competition and changing consumer behaviors, Vietnamese businesses need to innovate their strategies and create a distinct identity to dominate the domestic market. □







## The Representative of Vinatex's share at Enterprises

# A PILLAR for Sustainable Development

Vietnam National Textile and Garment Group (Vinatex) recently held a conference to evaluate the performance of representatives of the Group's share at member enterprises and to acknowledge their efforts during the challenging year of 2023. The representatives shared insights and took positive steps to address limitations and improve their achievements in enterprises operations.

### MR. THAN DUC VIET - CEO OF GARCO10 CORPORATION

Garco10 focuses on developing the system through digital transformation, improving management processes, eliminating intermediaries, and building a development strategy for 2025-2030. The company aims to optimize processes, upgrade equipment, and develop high-quality human resources to enhance competitiveness.

### MR. BUI VAN TIEN - CEO OF VIET TIEN GARMENT CORPORATION

Viet Tien emphasizes the importance of integrating the functional departments of the Group with the enterprise to increase revenue and profit. The company is striving to maintain product quality and delivery times in a highly competitive environment while improving overall productivity and management efficiency.

### MR. NGUYEN HUNG QUY - CEO OF SOUTHERN TEXTILE AND GARMENT CORPORATION (VSC)

VSC focuses on improving management efficiency, expanding markets, developing customer relationships, enhancing product quality, and building human resources to achieve sustainable growth and financial stability.



### MS. NGUYEN THI TO TRANG - CEO OF VINATEX PHU HUNG JSC

The representatives of the Group's share conference provided a comprehensive

view of the member units' operations, helping each representative understand their enterprise's position within Vinatex. Vinatex Phu Hung requires time and support from the Group to recover and improve financial metrics, with a focus on R&D and improving management efficiency. Recruiting and training a young, talented, and resilient team is crucial for the company's growth in challenging times.

### MR. PHAM MINH DUC - CEO OF NAM DINH GARMENT CORPORATION (NATEXCO)

Natexco proposed increasing its charter capital and receiving loan guarantees from the Group to enhance production capacity and competitiveness in the market. The company has transitioned from outsourcing to FOB production but still faces significant challenges regarding capital and favorable interest rates.

### MR. TRAN DINH HIEP - CEO OF PHU BAI YARN JSC

Phu Bai Yarn JSC requests Vinatex's support in training managers to meet the demands of the digital transformation era. The company is also investing in new equipment to ensure sustainable development, while shifting their management model and operational approach to improve collective strength. □



# Businesses couldn't be "CHALLENGE" due to small and hard orders

The textile and garment production in the first seven months of 2024 has shown improvement compared to the same period last year despite many challenges. Vinatex's enterprises are facing new market demands, particularly small, challenging orders with short delivery times. To maintain production, ensure job and income for workers, these enterprises have implemented flexible strategies.



**Garco10:** Adapting to small orders and short delivery times by increasing production flexibility, optimizing labor allocation, and continuously adjusting production plans.

**HUEGATEX:** Focusing on solutions such as consolidating small orders on specific production lines to boost efficiency, adjusting materials, shortening preparation time, and enhancing quality control.

**Hoa Tho JSC:** Building a flexible sewing workforce, improving productivity management on an hourly basis, and emphasizing workforce training and process improvements.

**Dong Xuan Knitting:** Investing in modern machinery, organizing flexible production areas, extending working hours, and training workers to improve productivity and product quality.

By implementing these strategies, these enterprises have maintained stable operations, met strict market demands, and ensured job and income for their workers despite market fluctuations. □





## Application of ERP systems in textile garment enterprises

# BENEFITS, CHALLENGES, AND PREREQUISITES

The textile garment industry is labor-intensive with a complex supply chain. In the context of a global economy driven by technology, the application of information technology (IT) has become crucial for businesses to maintain and enhance their competitiveness. Notably, Enterprise Resource Planning (ERP) systems have proven essential in improving business efficiency and decision-making.

ERP helps integrate internal processes, reduce operational costs, and strengthen coordination between departments, as well as among businesses, suppliers, and customers.

The main benefits of ERP include: improving operational efficiency through automation of manual tasks; enhancing the quality of reporting and decision-making through comprehensive data; improving customer service by reducing order errors; optimizing inventory management by integrating technologies such as QR codes, Bar Codes, or RFID; and increasing transparency within the enterprise.

However, the implementation of ERP also comes with certain risks. First, businesses may face information safety issues, especially when using third-party services or when the internal IT department's capabilities are limited. Second, a lack of understanding about ERP among senior management can lead to failure. Third, the initial investment costs for an ERP system can be a significant burden, and the requirement

for advanced technological knowledge can be a barrier for some employees.

To successfully implement ERP, businesses need a clear business strategy, strong commitment from leadership, and a deep understanding of business processes. Thorough analysis of priority areas for implementation, selecting a suitable ERP provider, and forming a diverse, skilled implementation team are critical factors. Staff training is decisive, with training programs that include both practical sessions and change management to ensure sustainable implementation. □





# OLYMPIC PARIS 2024

## WHEN LUXURY FASHION SURPASSES SPORTSWEAR



The opening ceremony of the Paris 2024 Olympic Games was not just a sports celebration but also marked a significant breakthrough for luxury fashion in this sport arena. High-end brands like Louis

Vuitton, Dior, and others participated, ushering in a new era of combining luxury fashion with global sporting events. This highlights the growing importance of fashion in major cultural events such as the Olympics.

LVMH, the world's leading luxury fashion group, made a substantial investment in the Olympics, with brands like Louis Vuitton and Chaumet aiming to enhance media value and digital engagement. Other brands such as Dior, Ralph Lauren, and Berluti

designed uniforms for national teams, contributing to cultural and creative collections.

This collaboration not only boosts brand value but also changes the approach of luxury fashion towards sports, creating new experiences for consumers. The symbiosis between luxury fashion and sports is reshaping marketing strategies, consumer perceptions, and brand positioning in both fields, opening a new era where the lines among luxury, performance, and popular culture become increasingly blurred.

Luxury Brands Collaborating with National Teams in Uniform Design

- Taiwan with Justin Chou
- USA with Ralph Lauren
- France with Berluti
- Mongolia with Michel & Amazonka

- Canada with Lululemon
- GB with Ben Sherman
- Australia with Sportscraft
- Ireland with LW Pearl by Laura Weber
- Italy with Armani
- Brazil with Riachuelo
- South Korea with Musinsa Standard.







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# TRANSFORMATIONAL LEADERSHIP

**T**ransformational leadership is considered one of the most effective leadership styles in business nowadays. It not only brings about change in individuals and social systems but also encourages subordinates to develop into future leaders. This leadership style emphasizes motivating and inspiring employees, enhancing productivity, and creating a positive work environment.

## KEY ELEMENTS OF TRANSFORMATIONAL LEADERSHIP INCLUDE:

1. Exemplary qualities: Confidence, authority, and a focus on common interests.
2. Ethical behavior: High standards of ability and ethics, earning employees' trust.
3. Inspiration: Setting an appealing vision and motivating employees to strive to achieve goals.
4. Intellectual stimulation: Encouraging innovation within the organization.
5. Individual consideration: Creating a supportive work environment that fosters communication and assists employees.

This leadership style is particularly useful when a business requires change but may not be suitable for start-up or incomplete structures companies.

