

EPCO COMPANY'S EXPERIENCE OF GAINING A FOOTHOLD IN FOREIGN MARKET

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Epco, a limited liability company in district 3, HCMC, is a processing - commercial - export - import organization with a work - force of over 1,000 employees. Its total sales and foreign trade turnover increased by 15% to 20% per year since 1990. For example, its export - import turnover increased from US\$ 3,418,000 in 1989 to 9,960,502 in 1990; 16,490,650 in 1991; 32,497,169 in 1992; 41,322,476 in 1993 and 56,519,883.45 in 1994. Its share - capital was turned over very fast (one time during 20 days) with the working capital of US\$ 2 to 3 million in each turn. Because of help and co-operation of banks and both foreign and local trading partners, Epco could secure needed capital for its fast - developed business.

Its profit has increased fast from VNĐ 188,558,222 in 1990 to 3 billion in 1993 and 8 billion in 1994. There is also a constant increase in average wage for a worker, from VNĐ 120,000 per month in 1989

to 350,000 in 1991; 500,000 in 1992; 600,000 in 1993 and 650,000 in 1994.

Being successful in business, Epco has contributed an increasing sum of money to the public fund, from VNĐ 6,451,522,185 in 1991 (of which

the sales tax is 311,992,000) to 8,759,230,000 in 1992 (sales tax: 1,852,000,000); 23 billion in 1993 (sales tax: 1.9 billion) and 48 billion in 1994 (sales tax: 1.7 billion).

With diverse lines of products, Epco has gained its market share in Asia - Pacific, Australia, Europe and recently, has got a foot in the door of American market. Its strength lies in exporting frozen maricultural products. Epco is the sixth biggest coffee exporter in Vietnam and the biggest one in HCMC. For the first time, it has exported US\$ 2.1 million worth of coffee and frozen seaproducts to the US.

In recent shuffle of export - import tycoons, Epco was ranked among 23 leading import - export companies, and among 4 biggest coffee exporters in Vietnam. In 1994, Epco received a gold cup for its product quality from an American association of quality control.

As for home market, Epco is a big supplier of raw materials of various kinds necessary to many industries. It supplied VNĐ 240 billion

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worth of imported goods in 1993 and VND 500 billion in 1994.

For 12 years, from 1983 to 1995, Epco has developed from a co-operative specialized in processing dried seaproducts into a mixed company and now, a limited liability company whose 40% of share - capital was held by the government, 30% by Vietnam Foreign Trade Bank and 30% by private persons. It has overcome a lot of difficulties on the path to development. The main cause of its success is strong investment based on the right forecast about market trends. The gross investment increased by 12% per year from 1989, especially in 1993 and 1994, Epco invested strongly in three fields: plant of proc-

over 40 skilled workers and some 300 well - trained ones in Epco work - force. Besides sending its workers to a training college or training on job, Epco has offered cash incentives to work harder or to produce high - quality products. So in reality, although the average wage for a worker was around VND 650,000 a month, but some workers of high skill or high labor efficiency could earn from 1.5 to 3 million every month.

Besides intensive investment in improving product quality and producing goods for exportation, Epco has paid attention to imposing labor discipline and improving both material and spiritual lives of workers in order to raise labor efficiency. Over

innovating equipment and technology and improving product quality. By doing so, we can win a bigger share in home and foreign markets.

Epco has faced a lot of difficulties before it could achieve some good results because of its dogged determination and right market forecast.

2. An overall viewpoint of investment is necessary. New investment should be put in not only equipment and technology, but also in the work - force. Grey - matter and technical skill is a decisive factor in raising product quality and innovating technology.

3. The market economy has come into being in Vietnam recently so the sources of capital is very limited.



essing frozen and dried maricultural products; warehouse and hotel. In 1993, its capital increased to VND 22 billion and in 1994, 8 billion more were added. In 1995, its directorate plans to put in some US\$3 million. Due to intensive investment in 1993 and 1994, its product quality was improved and Epco could win its market share in foreign countries, especially in the US, one of the hardest market to please, so in 1994 Epco made a profit of VND8 billion and received a gold cup for its product quality.

Epco not only invested in modern equipment and technology, but also in training its staff in order to help them operate new equipment and produce goods of higher quality for exportation. Up till now, there are

60% of managerial staff have had chances to go abroad to investigate foreign market or to take short-term technical courses. Ten young workers and managers are taking technical and managerial courses in foreign countries now. They will become new management of better skill of the company in the future.

Due to right investment in both equipment and personnel, Epco has gained good results in doing business. From these achievements, the following lessons could be drawn:

1. In the market economy where the competition is very keen, the most important problem is to study the market and set a strategy for investment. Once we decided on investment, we should spare no pains to secure enough capital necessary for

Each company has to make feasibility studies carefully. A good project can persuade the banks to give loans or invest in it. Co - operating with domestic and foreign trading partners in order to secure needed capital and find out a niche in foreign markets is also a matter of great importance.

4. Finally, many measures should be taken to improve both material and spiritual lives of the work - force. A well - planned incentive scheme could encourage the work - force to observe labor discipline and work harder. The development of a company depends on labor efficiency. When the laborers think that their interest is attached to the development of the company, they will try their damndest to improve their efficiency ■