INTRODUCTION AND OVERVIEW
This article will present ABB Business Unit Mineral’s approach and expansion in Vietnam’s emerging cement industry and its experiences in establishing a strong local presence and building an experienced and professional team in Vietnam.

GENERAL SITUATION AND BACKGROUND
Today, Vietnam is the fastest growing country in Asia (after China), with an impressive GDP growth that has averaged 7.4% since 2000, and with an average growth in the industrial sector of around 15%. Following a pre-1990 history of war and widespread poverty, Vietnam is seeing growth in all industries including oil and gas, coal, cement and minerals.

Industrial growth and development, as well as the gradual move of the population from rural to urban areas, has increased the demand for construction and electricity, necessitating a better overall infrastructure throughout the country. The Vietnamese national government has committed to improve the overall infrastructure for these sectors. Power generation capacity, for example, is expected to increase and reach 2900 MW by 2010. Thanks to

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making process that companies must take when approaching such markets. Investing in emerging markets is always a long term strategy, which must be based on careful and extensive market research, establishing and maintaining local contacts and relationships, a good sense of the pulse of the local political climate and economy and finally a fundamental belief by a company’s management and team, that there is business potential or that the potential will develop in the future.

As with investments, the decision to attempt market penetration in an emerging environment also does not happen overnight. Preparatory work and research, along with the building of contacts, relationships, recognition and trust, may take years of investment, with no guarantee of return. All initiatives into emerging markets require a long-term commitment.

Finally, it must also be said that even though investment involves considerable investment and risk, companies that do not consider these markets when expanding their focus may be at a loss in the future when trying to secure their growth and success.

**SUCCESS IN VIETNAM**

The ABB Business Unit Minerals, based in Switzerland, had started to focus on Vietnam in the early 1990s. Whilst building local contacts, as well as being locally present to establish a long-term and credible relationship within the Vietnamese market, the Group believed at that time that cement consumption would increase dramatically if the industrial targets set by the Vietnamese government were to be reached.

In the beginning, the Group focused on the market and ongoing activities with local staff, combined with several visits from the headquarters in Europe. At this early stage it was important for the Group to demonstrate its interest in working in Vietnam to all relevant parties and also to show that a long-term commitment was its strategy and goal.

Successful relationships and long-term success, especially in the Asian marketplace, can only be built on trust, confidence, responsibility and consistency of the people involved. Many companies fail to realise, that building success in a foreign land with a foreign culture, business climate and practices, can only be achieved by gaining the trust and respect of the host country. Many companies have made and are still making the mistake of changing the people involved after a short period of time, thus destroying all relationships and trust, which may have taken years to build.
ABB Business Unit Minerals carefully considered and discussed the overall situation in Vietnam before and during the Asian crisis. With the experiences gained and relationships built up to that point in time, the Group was fairly confident and decided to implement its strategy and build up its organisation and local resources in this market for the future. Today, history has shown that this was the right decision to make.

Once the decision was made, one of the most important issues was to build on and further establish good relationships and trust between all parties involved. It was of utmost strategic importance to transfer knowledge and personnel from headquarters, and also to build staffing locally, contributing to the local economy by establishing key relationships with local companies, equipment and services suppliers, and continuously reinforcing and maintaining the Group’s commitment and credibility in local business, commercial and political circles. All this could only be achieved by establishing and maintaining a dedicated team for a longer period of time to pursue and follow-up the daily business.

**STRATEGIC TEAM AND APPROACH**
To ensure a successful build-up in an emerging market, more subtle challenges need to be faced other than simply the transfer of technologies and expertise. One of the biggest challenges faced, and often underestimated by international companies are the finer points on business culture and etiquette, personal and personnel cultural issues, formalities, customs and traditions, and of course language.

A number of senior ABB executives had travelled to Vietnam through the years, but it was time to take the next step. The Group put in place one senior Management Executive, responsible for the...
business and its build-up, as well as one senior Engineering Manager, responsible for the execution of projects and the further build-up of local resources, both relocating on a permanent basis from the head office in Switzerland.

It is a mistake to think that foreign companies can simply penetrate a new market by sending people from abroad when needed, and trying to execute projects remotely from Europe or America. This simply does not work. Experience shows that the winning formula for success must include local staff with local knowledge and independence that the customer can rely on, which offers peace of mind in the knowledge that if help is required, it is always close by.

The next important step in the Group’s success in Vietnam was a reversal of roles. The time had come for the Vietnamese staff to build their skills and expand their knowledge. This was achieved by sending them to work on projects for a 1–2 year period at the Group’s headquarters and Centres of Excellence in Switzerland. These key personnel were involved at the deepest levels of all the projects and technologies, from basic infrastructure and electrical design to the highest levels and complexities of automation and process optimisation engineering. This was by no means a simple two-week product training course. The knowledge and experience gained and taken back with them to Vietnam, ensured their success and independence and more importantly ensured that they, as local Vietnamese ABB personnel, would be able to fully serve customers throughout the project and commissioning periods, as well as the post-project guarantee and service, troubleshooting, maintenance and support phases. The extensive training and build-up period and staff exchange also ensured a consistent repeatable quality, consistent project methodologies and an in-depth knowledge transfer to the point where local staff could not only support the equipment delivered but also help customers to improve crucial business performance and fine tune production quality.

Knowledge of traditions, cultures and business practices are, of course, two-sided. Not only was it key for the Group to have personnel from headquarters in Vietnam and build up personnel from Vietnam in Switzerland, it was also important for both teams to get to know each other better outside business circles and to develop and nurture their contacts with the various engineering and development teams in Europe. This ensured their own confidence and ability in knowing who to call and how to get support when needed.

This pooling of cultures and experiences further benefited the teams by allowing them to develop their skills locally in Vietnam and to expand the local network of suppliers and partners. This contributed to a high contingent of local products, boosting the economy and further guaranteeing the end customer the local expertise they require.

Some may think that this “knowledge drain” and transfer from the Centres of Excellence would dilute the headquarters’ capabilities. In fact, the opposite is true. This cooperation has had an extremely positive impact on all teams concerned. The Group now has the unique advantage of having specialists throughout the world, allowing the Centres of Excellence to focus on new technologies, leading edge solutions and high level support.

The Group’s successful formula for emerging markets has also been taken a step further. This proven approach has been used with internal staff and the strategy has been further expanded to include exchanges of personnel between the end customers and consulting partners. The staff have also, in certain cases, been deeply involved in the project deliveries, either locally, or at the headquarters in Europe.

**COMMITMENT BRINGS SUCCESS**

In the early 1990s, the Group realised its first successes in Vietnam with the Morning Star, now renamed Hon Chong (Holcim) project. Unfortunately, this was followed by the Asian crisis. During this difficult period, having made a commitment to its Vietnamese strategy, the Group continued to maintain local staff, supported by regular visits from headquarters.

Activities started to grow again once the Asian crisis was over in 2000, with the ongoing pursuit of various projects and offers. These efforts culminated in further successes in 2001–2002 with the receipt of the order for Song Gianh Cement in cooperation with Polysius.
Coseveco’s new 1.4 million t cement plant, Song Gianh, is located in the province of Quang Binh, in Tien Hoa, approximately one hour flight from Hanoi or from Ho Chi Minh City. Reaching the plant by road is an unforgettable trip through beautiful rice fields and farmers tending to their buffalo herds, and highlights the developments in infrastructure that Vietnam has accomplished during the last few years.

This ongoing expansion is driving such projects to completion. The 6 km$^2$ area of the plant is rich in high quality limestone reserves and is located at a river port. The site’s preparation began in 2001; contracts were negotiated and signed by the end of 2002, and deliveries started in 2003. ABB’s close cooperation with Polysius resulted in what is probably the fastest execution of a project of this magnitude in Vietnam’s recent history. The plant was inaugurated in April 2006 and has been producing cement since June 2006.

The Song Gianh plant incorporates the Group’s state-of-the-art technologies and is the first Vietnamese plant to use ABB’s Industrial IT control and optimisation systems. The scope of supply also included low and medium voltage distribution, transformers and power cables, power factor correction, emergency diesel generator and UPS systems, motors and drives, instrumentation, control and signal cables, infrastructure, telephone, fire and alarm systems, process and plant TV supervision systems as well as the overall electrical engineering, installation and project management.

ABB’s Industrial IT centralised control system is interfaced to the field devices, switch gear, variable speed drives and instrumentation via a field bus network, allowing for continuous and efficient monitoring of the plant and providing a high flexibility and visibility of process data to the operators. Knowledge Manager, the Group’s management information system, is used by maintenance staff and high level management to acquire the data needed, at the right time, in the right place and in the right context and situation, allowing them to make better decisions as they operate the plant. Today, Song Gianh is maximising its investments, thanks to the Group’s automation and optimisation solutions, and is well positioned to serve Vietnam’s future cement needs.

Following Song Gianh Cement, ABB has also received the following orders to date:
- Cham Pha cement plant.
- Thang Long cement plant.
- Thai Nguyen cement plant.
- Hatien II coal mill.

Looking back, the Group’s decision to make a long-term commitment and investment in Vietnam has paid off. ABB is the leading supplier in its field in Vietnam, and has the enviable position of being the preferred supplier for Vietnamese cement customers. With these successes and strong relationships, the Group predicts a bright future in Vietnam.

CONCLUSION
Many companies talk about expanding into emerging markets. ABB has shown its dedication to the Vietnamese market and has repeatedly proven that it can deliver what it promised. The openness and friendliness of the Vietnamese people was certainly a key factor in this mutual success. This winning formula has not only been successful in Vietnam, but has shown similar successes in Indonesia, Thailand and on the African continent in Egypt and Morocco, always taking into consideration the obvious difficulties and challenges, and especially caring for the subtle issues of mutual cultural respect.

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