



TRAINING MANUAL

**TOOLS FOR ASSESSING BUSINESS
ASSOCIATIONS' CAPACITY USING
MODERN CRITERIA**

**STRENGTHENING STRATEGY AND MANAGEMENT
CAPACITY OF BUSINESS ASSOCIATIONS**

JANUARY, 2011





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PREFACE

*As part of the “Multilateral Trade Assistance Program III” (EU – Vietnam MUTRAP III), EuroCham has been assigned by the European Commission to implement the “**Capacity building on trade policy for Vietnamese Business Associations**” project. The project aims at strengthening the capacity of Vietnamese business associations in policy advocacy, in particular by activities such as establishment of a “European Trade Information Center” (ETIC) and development of a “White Book” with policy recommendations by Vietnamese Business Associations. In addition, the project also implements training courses and workshops for eight selected partner business associations of EuroCham, including VITAS, LEFASO, VASEP, Hanoi SME Association (HASMEA), Ho Chi Minh Youth Business Association, Handicraft and Wood Industry Association of HCMC (HAWA), VCCI Ho Chi Minh and Can Tho Business Association (CBA).*

A strong strategic management capacity, a long-term vision and a well-formulated strategy are crucial factors for Vietnamese business associations, particularly those which are partners of Eurocham under the project, to perform well their role in representing the interests of members, in providing services and in policy advocacy. Knowledge and skills in strategic management are therefore critically elements in the overall effort of strengthening the capacity of Vietnamese business associations.

*The training manual “**Tools for assessing business associations’ capacity using modern criteria**” provides essential knowledge and concepts in strategic management of business associations. It also introduces a tool which business associations might consider to use to diagnose the strategic management capacity, thus laying the foundation for efforts to improve their capacity in this area. This is one of the four main areas of knowledge and skills which Vietnamese business associations laid a strong emphasis on in the training need assessment (TNA) implemented at outset of the project. The four areas include: (1) policy advocacy and member consultation; (2) strategic management of business associations; (3) effective service provision by business associations; and (4) capacity in writing up project proposal, press release, web news, bulletins.*

This training manual was prepared by an expert team including Le Duy Binh, Pham Ngoc Thach, Ngo Vinh Bach Duong (Economica Vietnam), Dau Anh Tuan (VCCI), Phan Duc Hieu (CIEM) with the contribution of Dao Thuy Trang, Do Kim Yen and Luong Thu Ngan (Economica Vietnam). The expert team is very grateful to the guidance of Dr. Matthias Dühn, Executive Director of EuroCham, and the valuable support of Ms. Mai Thi Thanh Huong, Project Manager of EuroCham in the development of this manual. We would like to express our special thanks to the valuable comments and feedbacks from VBAs on the manual during the two training courses in Hanoi and in Ho Chi Minh City in summer/autumn 2010.

We hope that this training manual will be useful for readers, especially for Vietnamese Business Associations.

Alain Cany
Chairman
European Chamber of Commerce in Vietnam
January, 2011

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PART A – INTRODUCTION

1. BACKGROUND

Business associations play an important role in the business community, for business activities and for the general economy in Vietnam. However, the establishment and operation of Vietnamese Business Associations (VBAs) still faces a variety of difficulties. Particularly, the legal framework is often not sufficiently clear, broad and efficient. Interpretations of legal and administrative documents by State agencies are often inconsistent. VBAs themselves also have their own limitations.

In particular, their limitations are not only caused by VBAs quality⁽¹⁾ and size, but are often also a result of inefficient operations and management of VBAs. According to previous research⁽²⁾, main difficulties arising in VBAs' operations are caused by:

Finance: Budgetary and financial restrictions are a major obstacle to most of VBAs, and limit their ability to contribute policy analysis and advocacy and in becoming an efficient representative body of member enterprises. A research done by the Vietnam Chamber of Commerce and Industry (VCCI) on business associations nationwide revealed that 72% of VBAs confirmed financial deficiency is their main difficulty.

Human resources: A lack of qualified labor and professional staff in charge remains as current problem for most of VBAs. This is linked to finance, as salary level in most VBAs remain rather unattractive as compared to the private sector. Accordingly, it is difficult to attract the best people.

Leaders: VBAs' leaders are mainly retired officials or businessmen. The first type is more frequent; most of them have worked in their industry for a long time, and therefore have a thorough understanding and experience. The second type leaders are businessmen, and their difficulty mostly comes from the fact that they have insufficient time and less motivation for commitment to VBAs.

The trend of “administratization” in organizational structures and operation: The “connections” of some VBAs to ministries, departments and state agencies at all levels is excessive. For example, some ministries' officials are appointed to take leadership positions of some VBAs; funding resources and facilities for the association's operation are thereby virtually always dependent on State agencies. With these conditions, it is difficult to determine what exactly the VBAs mission is, which interests the VBA represents, and whether the VBA's President really represents the members' voice.

Lack of linkages with members: Some VBAs do not interact closely with their members, and therefore do not reflect appropriately their members' views. Many associations have not fully understood the current business situation or operations of their members' companies; some even cannot provide exactly the number of their members.

(1) There is no official statistics on the number of Vietnamese business associations. The estimated number is about 400-500 business associations at both central and local levels.

(2) Tran Huu Huynh and Dau Anh Tuan, Business Association and Policy Advocacy, GTZ – VCCI, 2005.



Lack of technology skills and out of date information: The technology application and capacity of updating information is still weak. Many VBAs have not yet used internet, and databased are out-of-date. The facilities and equipment for their operations are also backward. Again, this point is liked to lack of sufficient funding.

2. THE PURPOSE OF THIS MANUAL

The purpose of this manual is to assess and diagnose VBAs' capacity by using international standards. Criteria are developed to assess current activities of VBA.

Targeted objectives and specific results are:

- Assess strengths and weaknesses of VBAs following international standards;
- Compare the VBAs' organization and operations over time;
- Make comparison among VBAs;
- Assess and identify good practices in the operation and administration of VBAs and disseminate these good practices to other business associations;
- Provide tools for institutions, donors, the State to determine supportive programs for VBAs' capacity building.

In order to achieve these targets, the set of indicators must be aligned with the following requirements:

- **Simplicity:** the criteria and contents of indicators need to be close and familiar with the daily activities of VBAs;
- **Easy to implement:** the indicators must be easy to self-apply by VBAs staff, without special support from outside professionals or consultants;
- **Cost saving:** VBAs can evaluate their operations without asking support from audit firms or doing in-depth researches. The target objective is building effective tools at minimal costs (nearly no cost).
- **Upgrade and update:** The VBAs operations and requirements change over time; thus, the tools have to be updated and upgraded.

3. MAIN CONTENTS OF THE MANUAL

This manual has four main parts. The first part describes a set of indicators, and main criteria constituted for each indicator. The second part instructs how to give scores, construct graphs for comparison and how to use the manual for strategic planning and management. The third part presents the tool in excel sheet for evaluation purposes. The last part introduces a number of tools used for assessment and analysis activities for developing an organizational strategy.

The manual is prepared with references taken from other training documents, in particular training materials for evaluating the capacity of VBAs, which was carried out by GTZ and VCCI in 2009.



The contents are organized into set of indicators and criteria presented in excel spreadsheets so that it can be used for capacity evaluation and analysis. The evaluation will base on comparison among associations. Thus, an association can realize its improvement over time. The tool can also be downloaded from the website: www.economica.vn or www.eticvietnam.org.



PART B –CRITERIA FOR ASSESSING VBAS' CAPACITY

1. TRANSPERANCY, DEMOCRATIC GOVERNANCE AND INDEPENDENCE FROM STATE AGENCIES

It is essential that VBAs are operating under transparent and democratic principles. VBAs are also expected by their members and the general public to operate independently from State agencies, so that they can actually reflect the “voice” and protect the legal rights and interest of their members.

On this basis, two sub-criteria need to be evaluated:

- 1.1. *Operating under transparent and democratic principles:* Assessing the extent of member's autonomy, the procedures involved, democratic governance and accountability. A business association is highly appreciated if the members have equal rights to participate in leadership election, to vote for important decisions on VBAs' activities. The association's leaders have credibility with all the members and the association's action represents common interests of all members.
- 1.2. *Independence from state agencies:* Assessing the impact of government on VBAs policies, activities, personnel recruitment and financing. An association is considered independent if every aspect of appointing leaders, headquarters, finance, operations etc. has independence and autonomy from state agencies.

2. MEMBERSHIP AND FEES

An association stays strong when it can maintain a certain critical number of members attracts a majority of enterprises in the same industry and operates with a sufficiently sustainable membership fee collection system.

There are three specific criteria for evaluation:

- 2.1. *Number of businesses paying membership fee:* VBAs might have a large number of members, but here we only consider those members actually paying an annual fee⁽³⁾. This factor confirms the commitment of members with their association.
 - An association where the majority of members is Small and Medium Enterprises (SMEs) needs to have more than 250 members to ensure its financial sustainability.
 - Successful associations always want to attract new members and do not limit the number of members because the capacity of an association is positively correlated with its number of members.

(3) It is hard to compare when association operating in specific industry such as Banking, Insurance ... with few members in comparison with others (for instance, garment and textile, aquatic manufacture...) or other multi- industry association. The level in this case should be understood as an average of the whole industry in Vietnam. The criteria can be omitted when assessing association in some particular industry.



- 2.2. *Membership fee collection system*: An association is considered strong if its system is not dependent on only a few members. Enterprises, whether their size is large or small, are paying a membership fee based on the number of employees, revenue or annual profits.
- 2.3. *The proportion of members in the same industry/ operating areas*: Not only the number of enterprises in the same industry but also operating areas could be considered as a good indicator to assess member's popularity and potentials.

Besides, the below criteria, even though they are not included in a marking scheme, are still considered important for the sustainability of VBAs, such as:

- Similarity of enterprise members who have similar finances/ potential development, political influence creates a strong association, representing for the business community.
- Diversity of members: members diversified in sectors will horizontally and vertically foster the cooperative relations among industries.
- Trend of membership development in the last 5 years.
- Regularly updated data of membership.
- Consolidation of small associations to a big one to avoid distraction or fast-growing number of small groups.

3. FINANCES

According to international standards, it is widely accepted that an association considered having financial stability if it does not depend excessively on a certain sources such as the State or any other donor fund. The associations' budget should be primarily based on membership fees and revenues from services provision that reflects the VBAs attempt to connect and serve the members. The most important points are:

- The business association's budget is based on membership fee collection;
- If any member does not pay the membership fee, they will not have the membership benefits;
- Along with membership fees, other income should be considered. According to international practice, it is ideal if membership fees can cover between 40% and 60% of the VBAs operating expenses. If associations are strong at services provision, revenue from these activities should account for at least 40% total operating expenses. In case the revenue cannot fully cover, 20% of operating costs can be used from other sources such as government grants, donor funds, investment activities or other income-generating services (such as sale of certain products) or call for sponsorships.
- It is necessary to build fee membership system in reference to members and non-members. Non-members are invited to join certain activities such as seminars, training courses, trade fairs but have to pay a fee of about at least 10% to 20% higher than members.
- Charge for services provision such as events, trade fairs, training courses, trips to survey market, business linkages.
- Provision of other services to members and non-members such as support for advertising, selling products and services.



- Members are encouraged to participate actively in association. This not only increases ownership but also results in cost savings.
- Cooperation with international organizations (mainly for financial and technical support).

Financial indicator has only one sub-indicator, namely:

Financial sustainability: It is used to assess financial resources of an association. An association will get high score if its budget mainly depends on membership fees and other income from services provision for its members. On the contrary, it will get a low score if it depends only or mainly on the State budget.

4. HUMAN RESOURCES

Human resources development is one of the key factors affecting the strength of VBAs. The association's staffs should be sufficient in terms of quantity, and meet requirements in terms of professional quality (education and skills). In addition, business association's leaders should be prestigious, knowledgeable and have organizational capacity.

With these requirements, the human resource indicator of business association includes the following sub-indicators:

- 4.1. *Number of professional staff:* As a matter of fact that local and industrial business association in Vietnam has limited scale; an average level of 4-6 professional staff per business association is set.
- 4.2. *Quality of professional staff:* In this indicator, degree is not used but other criteria such as management capacity, knowledge and experience in related industry, and entrepreneurship to assess the quality of the staffs
- 4.3. *Quality of the association's leader:* This indicator is used to assess the leadership, knowledge, prestige (an advantage of the leader) of the association's leaders. The indicator includes assessing the Vice President, General Secretary, and head of functional units in the association.

In addition, the following indicators, whilst not included in calculating scores, should still be considered:

- Leaders have commitment and competence, and a good reputation within the business community. Leaders who have good knowledge of their industry have a clear vision and strategy on needed activities for VBAs. Commitment and vision of the association's leaders are probably one of the most important criteria in assessing a business association. However, it is hard to evaluate this criterion: due to the particular culture of the country, the criterion "assessing the leaders" is not included in the survey's content. The competence of the leaders is reflected via the quantity and quality of the services as well as lobbying activities and other sub-criteria in the association survey.
- Loyal staff.
- Developing the human resources on a regular basis.



- If the association has different industries, it is better for the leaders of the association to categorize its members into several groups having the same interest to represent members.
- Assigning clear tasks among the board of leaders as well as professional staffs is necessary in the later development stage.
- In later development stage (after assigning tasks), the board of leaders should work on a honorary basis.
- Leaders of the association are interested in assisting capacity building through workshops and study-tours.

5. OFFICE, EQUIPMENT AND IT APPLICATION LEVEL

Office, equipment and information technology (IT) application level is one important criterion in a business association's operation. It not only presents the association's status, but also shows how the association serves its members. Two main criteria include:

- 5.1. *Quality and quantity of office, equipment:* evaluate whether the association meets the requirements in terms of office area, equipment investment.
- 5.2. *IT application level:* evaluate the use of computer, internet, and website of the association.

6. POLICY ADVOCACY ACTIVITIES

Policy advocacy of an association is assessed in three aspects: gathering, discussing business environment related issues with members; cooperating and establishing dialogue with the Government and all level authorities; and cooperating with other associations with the aim to enhance its "position" in policy advocacy.

The three specific criteria as follows will be used in assessing this indicator:

- 6.1. *Discuss business environment improvement issues with its members:* evaluate the level and mechanism of information collecting procedures of the association.
- 6.2. *Cooperate and establish dialogues with the Central Government and all-level authorities:* assess the level and mechanism of the information transferring from the association to the Government and the authorities in all levels.
- 6.3. *Cooperate and associate with other business association to strengthen their position in policy advocacy:* assess the level and mechanism of the cooperation among association in the horizontal dimension.

7. SERVICES PROVISION

Providing services to members are really important to an association. It fosters a close connection between members and the business association, increases the competitiveness for the industry, and generates a sustainable income for the association. However, performing this function needs highly qualified staff and experts which is also a challenge for VBAs.



The three following criteria are used to assess the most common services provided by business association:

- 7.1. *Trainings*: Evaluate the level and mechanism of trainings provided to its members.
- 7.2. *Consultancy and member assistance*: Evaluate the level and mechanism of consultancy and member assistance to its members.
- 7.3. *Other services*: Evaluate other services provided by the association.

Moreover, the following indicators, whilst not included in calculating scores, should also be considered:

- Assess the training needs to understand the demands of members and to provide services meeting those demands.
- Provide specific services and focus on members on a regular basis.
- Introduce group of enterprise owners in the same industry so that they can discuss issues and find solutions together.
- Multi-industry associations develop services related to specific fields provided to its groups of members.
- Cooperate with other business association to provide more and better services.



PART C – TOOLS APPLICATIONS TO ASSESS AND BUILD ASSOCIATION’S CAPACITY AND STRATEGY COMPARISON DIAGRAM

1. TRANSPARENCY, DEMOCRATIC GOVERNANCE AND INDEPENDENCE FROM GOVERNMENT

1.1. Transparency and Democratic Governance

Score	Description
1	Very low (no elections/general meetings, the president dominates “his /her” association, low or no participation of members in association committees and internal discussions, association is a closed organization for a local elite)
2	Medium (democracy and member participation elements exist,)
3	Very high (bottom-up democracy, intensive participation of the members in decision making with equal voting rights for all members, committed membership, the president aims for the good of all members, democratic organization of elections following procedures adequately described in the bylaws, limitations to reelection of the board of directors in order to avoid indefinite prolongation of office term and manipulation by those in charge)

1.2. Independence from Government: Governmental influence on policies, operating, staffing and finances

Score	Description
1	Very low (the association is a prolonged arm of the government to control the entrepreneurship, government staff is the board of management of the association)
3	Medium (the association depends on government subsidies, the government influences staffing, the government stipulates services)
5	Very high (the association is independent from government in its operation and financial resource)

2. MEMBERSHIP AND FEE

2.1. Number of (SME) members paying regular annual membership fees

Score	Description
1	below 100 members
2	101 to 250 members
3	251 to 500 members
4	501 to 1,000 members
5	above 1,000 members



2.2. Membership fee system / calculation

Score	Description
1	All members pay the same amount - a practice which favors big enterprises compared to SMEs
3	There are membership fee categories in reference to the size of the enterprises but relatively SMEs pay more membership fee than bigger enterprises
5	A tier membership fee system reflects the economic strength of the members. Per employee, per turnover or per profit unit bigger and smaller enterprises pay the same amount. The relative financial burden through the membership fee is equal for all members.

2.3. Coverage ratio- ratio of members to non members in the sector or geographical area⁽⁴⁾

Score	Description
1	1% of all potential members are members of the business association
2	2 to 5% of all potential members are members of the business association
3	6 to 10% of all potential members are members of the business association
4	11 to 20% of all potential members are members of the business association
5	above 20% of all potential members are members of the business association

3. FINANCES

3.1. Financial sustainability

Score	Description
1	The association mostly depends on external subsidies from Government and/or donors
3	Maximum of 30% of the income are subsidies, the other 70% come from membership dues, sponsorships, other income generating activities and service fees
5	The total income is self-generated by membership fees, service fees, and other income generating activities. There are no subsidies to finance operating costs including rent.

(4)The specific ratio in this criterion can be modified to be suitable to each industry and business association so as for 3 to be the medium level of assessed subjects.



4. HUMAN RESOURCES

4.1. Number of professional staff

Score	Description
1	1
2	2 – 3
3	4 to 6
4	7 to 12
5	13 and above

4.2. Quality of professional staff

Score	Description
1	Very low qualification level (pure assistants to the BoM, no functions)
3	Medium level (small number of qualified staff members with management capacities)
5	Very high level (more than one third of the staff members with qualified management capacities, sector related knowledge and experience and entrepreneurial spirit. The association is managed like an enterprise)

4.3. Quality of leaders (President, board of leaders and other organizational units)

Score	Description
1	Very low (no leadership qualities, lack knowledge on functions of an association, low level of understanding economic coherences)
3	Medium (some leadership capacity, some knowledge on functions of an association, limited knowledge about economy and politics)
5	Very high (strong personalities, top leadership qualities, broad understanding of systemic competitiveness, successful and respected businessmen/ women)

5. OFFICE, EQUIPMENT AND IT APPLICATION LEVEL

5.1. Quality and quantity of adequate office space and equipment

Score	Description
1	Very poor (neither the office space nor the equipment is adequate in terms of quantity and quality)



3	Medium (some office space, no adequate space for events, medium type of equipment)
5	Very good (running of a “Business Centre” together with other entrepreneurial institutions, facilities for events, very well equipped)

5.2. IT Application level

Score	Description
1	Very low (Association’s leaders and staff use computer for simple tasks such as document processing, little or no use of Internet, no website of the Business Association)
3	Medium (Leaders and staff use computer regularly and have Internet connection, have email address, and carry out transaction via email but have not had website)
5	High (Leaders and staff use computer, Internet, and other IT applications, the Association has its own website)

6. POLICY ADVOCACY ACTIVITIES

6.1. Internal discussions about improvements of the business environment

Score	Description
1	Very low (no internal discussions)
3	Medium (some internal discussions which tend to be dominated by the president)
5	Very high (permanent internal discussions based on proposals and complains of members)

6.2. Cooperation with government and public administration

Score	Description
1	Very low (no or almost no communication/cooperation, low or no contacts established)
3	Medium (ad hoc communication, no regular cooperation)
5	Very high (permanent communication on regular basis e.g participate in public private dialogue for policy formulation and in committees on regular basis, privilege to participate in sector strategy development, high number of contacts established, communication strategy, promotion of win-win situations for both the government and the business community)



6.3. Networking with other associations, federations etc. in order to bundle lobbying power

Score	Description
1	Very low (no cooperation with other associations and a federation, the association works isolated)
3	Medium (limited cooperation with other associations and federation based on personal relationships between presidents, other honoraries and CEOs)
5	Very high (institutionalized cooperation among associations)

7. SERVICES

7.1. Trainings

Score	Description
1	Very low (hardly any training services)
3	Medium (sporadic training services mostly initiated by individual board members)
5	Very high (training products including a wide range of services)

7.2. Consultancy

Score	Description
1	Very low (hardly any consultancy services)
3	Medium (sporadic consultancy services mostly initiated by individual board members)
5	Very high (has a separate function to provide consultancy services with high quality)

7.3. Other services with a direct return for the members

Score	Description
1	Very low (hardly any other services)
3	Medium (sporadic other services mostly initiated by individual board members)
5	Very high (institutionalized regular service products)



PART D – APPLYING TOOLS IN STRATEGIC PLANNING AND BUSINESS ASSOCIATION GOVERNANCE

1. SCORE CALCULATION

Based on criteria table and above description, VBAs' staff can themselves assess and calculate the score of their own associations. Score calculation depends on the information about the operation of the business association.

In order to get accurate information, information collection should be carried out formally, for example information related to the association's financial situation needs to be taken from formal reports (e.g. Annual Report, the Association's meeting)

Evaluating the operations of a business association based on these criteria should be group-performed. A group discusses, analyses, and marks the association in each criterion.

The score range of each criterion is from 1 to 5, commonly is 1, 3 and 5 with the detailed description. To some indicator having only 3 levels i.e. 1, 3 and 5, evaluator can still give mark 2 or 4 if the business association has not been qualified to get 3 or 5 but is better than 1 and 3.

The score of each indicator, criterion should be put in a table for easy comparison and star diagram construction.

2. USING INDICATORS IN STRATEGIC PLANNING AND ASSOCIATION GOVERNANCE

These indicators can be used to assess strength, weakness of the business association as well as to compare associations with one another in the same geographic areas or industry.

3. USING EXCEL AND AUTOMATIC STAR DIAGRAM EXTRACTION

Being build along with this document is an excel file so that VBAs can fill in data quickly, simply, based on their own analysis and evaluation. This Excel spreadsheet can automatically generate a star diagram which can be used in report preparation, strategic planning, and improving the efficiency in governance of the association. The Excel spreadsheet can be downloaded from the website: www.economica.vn and ETIC web portal www.eticvietnam.org

The sheet can be modified depending on the specific demand of each business association. As a result, it can be used to compare one association with one another in the same period, or to compare the (positive or negative) change in different operational perspectives of an association during a particular period.

The Appendix of the Training Manual presents the score table, which is calculated based on analysis on the strategic management capacity of the association and using Excel sheet to get star diagram, which is used in report preparation and strategic planning of the association.



PART E – SOME TOOLS AND METHODS USED IN EVALUATION AND STRATEGY PLANNING OF THE BUSINESS ASSOCIATION

<p>CONCEPT</p>	<p>PESTLE stands for - Political, Economic, Sociological, Technological, Legal, and Environmental.</p> <p>PESTLE analysis is in effect an audit of an organization's environmental influences with the purpose of using this information to guide strategic decision-making.</p>
<p>CONTENTS</p>	<p>P – POLITICAL: The political aspect generally refers to the degree of political stability in a country, its preferred trading partners and the influence of the government on markets. Political issues often include the regime type and its stability, free of press, regulations, red tape and bureaucracy, business related regulations, tax policy, trade governance, trade barriers.</p> <p>E – ECONOMIC: Economic analysis focuses on the degree of market freedom, together with the availability and cost of labor and resources. It also focuses on the efficiency of financial markets and the general stability of the exchange rate and economy in general. Other factors include interest and inflation rates, whether the economy is developed or developing, and the current stage of the business cycle and the rate of economic growth.</p> <p>S – SOCIOLOGICAL: The key social factors tend to be the demographics and culture of the population. Social characteristics also include education levels, leisure interests and attitudes to factors such as health, the environment and so on.</p> <p>T – TECHNICAL: The technological side tends to be concerned with the level of technological development of a country or region, and how this impacts on the general level of products in the market and the population's attitude towards technology. The impact of technology on the cost and value chain structures needs to be considered.</p> <p>L – LEGAL: Legal factors are often connected to political factors. However, in many economies the legal factors are influenced by regulators and bodies which are separate from the government of the time. They include the legal basis for contract enforcement and property rights; any trade or product regulations; the existence of anti-trust laws and labor laws; pricing and labeling regulations; and health and safety regulations.</p> <p>E – ENVIRONMENT: Ecological, or environmental, tend to be more concerned with the natural world, and how businesses may impact on that. For example, companies must be aware of any endangered species or habitats in locations where they plan to construct facilities.</p>



	<p>Even if the social factors of the country where they are operating do not support maintaining the environment, major companies can still see a backlash from consumers in other markets if they do not consider ecological factors in their strategies.</p>
<p>APPLICA-TION</p>	<p>PESTLE analysis can be used for business and strategic planning, marketing planning, organizational change, business and product development and research reports. To be effective a PESTLE needs to be undertaken on a regular basis.</p> <p>Business planning</p> <p>A PESTLE analysis is a useful document to have available at the start of a business planning process. It can provide the management team with background and context information about targets towards growth, new product development and brand positioning. This analysis can be used along with SWOT (Strengths, Weaknesses, Opportunities, and Threats) analysis to build suitable strategies.</p> <p>Marketing planning</p> <p>As with business planning, a PESTLE analysis provides the essential element of ‘climate’ within a situation analysis phase of the marketing planning process.</p> <p>Product development</p> <p>As a PESTLE analysis provides a view of what is occurring in the external world, this will help when making the decision to enter or leave an area of product development.</p> <p>Organizational change</p> <p>When looking at changing one function or department a PESTLE analysis can be a powerful tool for understanding the context in which the change is occurring and the potential areas of focus. Best used in association with a SWOT analysis, a PESTLE will provide information about potential opportunities and threats around labor changes, for example skills shortages.</p>

II. SWOT ANALYSIS

<p>CONCEPT</p>	<p>SWOT analysis is the result of a survey on Fortune 500 companies, executed by Stanford University in the 60s-70s. The objective of research is to identify the reasons why many companies fail to implement plans. The research group includes Marion Doshier, Ts. Otis Benepe, Albert Humphrey, Robert Stewart, and Birger Lie.</p>
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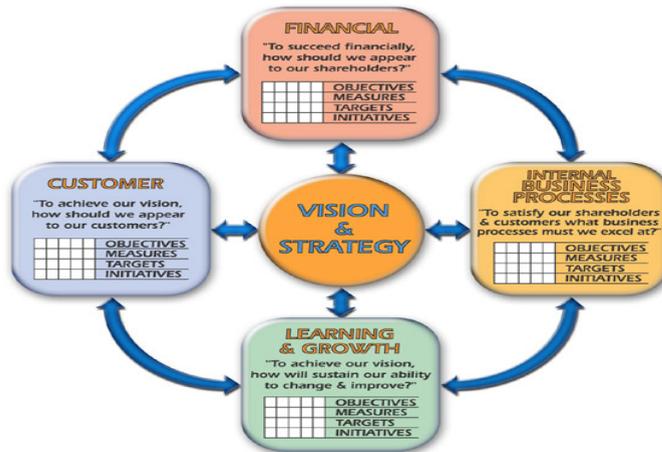
	<p>SWOT stands for: Strengths, Weaknesses, Opportunities, and Threats. SWOT is a very useful tool to specify the problem, assess strategies, and identify the position as well as the vision of an organization, a company or any ideas related to organization, management in business.</p> <p>The SWOT analysis often provides 4 basic strategies: (1) SO (Strengths - Opportunities): using competitive advantages of the company to embrace opportunities in the market. (2) WO (Weaks - Opportunities): depending on the ability to overcome weaknesses of the company to take advantage of the opportunities in the market. (3) ST (Strengths - Threats): using competitive advantage of company to avoid threats from the market. (4) WT (Weaks - Threats): depending on the ability to overcome or restrict weaknesses of company to avoid threats from the market.</p>
<p>CONTENTS</p>	<p>To perform SWOT analysis, the following questions should be brought out and answered:</p> <p>Strengths: What are the association's competitive advantages? What is the work performed best? What resources are needed can be used? What are the association's advantages that other people perceive? When analyzing those factors, the association should consider them in different perspectives, and be practical not modest. The advantages are often defined when comparing with competitors. For example, if all competitors provide same high quality products, then the high quality production process of the company is needed to survive in the market, not an advantage.</p> <p>Weaknesses: What should be improved? What are the tasks performed worst? What should be avoided? Those issues should be considered in different perspective; outsiders can see weaknesses that insider might ignore. Why competitors can perform better than us? This is time to face the truth and identify the issue practically.</p> <p>Opportunities: Where is the good opportunities? What is the trend that known to the association? Generally, the opportunity is derived from the change in technology and market (internationally or domestically), from the change in government policy that relates to the field association is operating, the change in social style, demographic structure or fashion. The most effective searching way is to review company's competitive advantages and consider whether those advantages can bring any new opportunities. It can be done reversely: review weaknesses and consider whether any opportunity will appear if those weaknesses are eliminated.</p> <p>Threats: What are the obstacles that association is facing? What are competitors doing? Will specific requirements in terms of operational areas, products or services be changed? Changing technology can be a threat to the association? Is there any problem with overdue debt or cash flows? Is there any weakness threatening association? These analyses generally help find out what to and turn weaknesses into prospects.</p>



<p>APPLICA-TION</p>	<p>SWOT analysis is suitable for assessing the current situation of an organization through analyzing the internal environment (Strengths and Weaknesses) and the external environment (Opportunities and Threats) of that organization. SWOT analysis help filter information in a comprehensive and easy to understand order.</p>
	<p>Internal factors need analyzing can be:</p> <ul style="list-style-type: none"> • Organizational Culture. • Organizational Image. • Organizational Structure. • Key Personnel. • Capability to use resources. • Experience. • Operational efficiency. • Operational Capacity. • Brand recognition. • Market share. • Financial resources. • Main contracts. • Patents and Trade secrets. <p>External factors needs analyzing:</p> <ul style="list-style-type: none"> • Customers. • Rivals. • Market's trends. • Suppliers. • Partners. • Social changes. • New technologies. • Economic environment. • Political and Legal environment.

III. BALANCE SCORED CARD

<p>DEFINITION</p>	<p>The balanced scorecard (BSC) is a strategic planning and management system that is used extensively in business and industry, government, and nonprofit organizations worldwide to align business activities to the vision and strategy of the organization, improve internal and external communications, and monitor organization performance against strategic goals.</p>
<p>MAIN CON-TENTS</p>	<p>The balanced scorecard is a management system (not only a measurement system) that enables organizations to clarify their vision and strategy and translate them into action. It provides feedback around both the internal business processes and external outcomes in order to continuously improve strategic performance and results. The balanced scorecard suggests that we view the organization from four perspectives that are Finance, Customers, Internal Business Process and Learning and Growth and to develop metrics, collect data and analyze it relative to each of these perspectives:</p>



Objectives and Advantages of BSC

It is a performance measurement framework that added strategic non-financial performance measures to traditional financial metrics to give managers and executives a more 'balanced' view of organizational performance.

- Ensure business daily activities are aligned with strategic goals
- Balance organizational objectives, avoiding too emphasis on a specific objective
- Keep organization developing sustainably
- Orient employee behaviors systematically
- Quantify staffs 'performance

APPLICA-TION

1. Building Strategic map

- Clarify long-term development objectives (*answer questions: Imagine what association will look after ten years? – How customers talking about your business?)*
- Suggest financial matters which support and prevent business achieving its objectives in 4 perspectives
- Select important matter to transfer into “strategic objectives” (*answer question: what should business do to achieve long-term goals)*
- Draw cause-effect arrow among 4 perspectives (*answer question: which tasks should be carried out next? These tasks should be from which perspectives)*

2. Building Strategy at association level

- Weighted indicators of 4 perspective that makes up total of 100%
- Each unit proactively suggests approaches to achieve strategic objectives next year.



	<ul style="list-style-type: none"> • Make lists for all methods, review their feasibility and choose the most suitable one. <p>3. Building Criteria for Assessment at unit level</p> <ul style="list-style-type: none"> • Clarify objectives • Have indicators of each criteria weighted • List related criteria to assess result (<i>answer question: when objectives are achieved, results will be reflect through which number?</i>) • Clarify frequency of review (<i>answer question: how many time should we check data again?</i>) • Clarify works (into specific task) to achieve department objectives. <p>4. Building Action Plan: it's necessary to have action plan for each unit</p> <p>5. Building Individual Performance Based Assessment</p> <ul style="list-style-type: none"> • Evaluate individual contribution: for which objects? And if yes, assessment based on which criteria? • Criteria evaluate the extent of individual tasks completion on daily basis (<i>rely on which criteria to know a person has finished his task</i>) • Criteria for behavior assessment • Review self- improved objectives of each person (<i>rely on which criteria to know a person has finished his objectives</i>)
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Training courses has fostered extensive discussion among VBA on the basis of BSC application in VBA operation, and help every association create strategic map that let vision and specific objectives transferred in 4 perspectives of BSC in the form of cause-and-effect chain.

1. Sample of objectives of foreign business associations

The following are operational objectives, vision and mission of some commercial chamber, and foreign business association that are operating in Vietnam:

a. *European Chamber of Commerce in Vietnam (EuroCham)*

The objects of the EUROPEAN CHAMBER OF COMMERCE IN VIETNAM shall be to promote and increase business between Vietnam and EU Member States for their mutual benefit and for the benefit of Member including:

- To facilitate and increase two-way investment, business and trade flows between Vietnam and EU Member States;
- To assist in the development of the Vietnamese economy through the internationalization of Vietnamese companies;



- To raise the profile of Vietnam in the EU business community and the profile of the EU in the Vietnamese business community;
- To complement the bilateral activities carried out by missions and/or business organizations of EU Member States;
- To support the EU in accordance with the provision in these Statutes and any EUROPEAN CHAMBER OF COMMERCE IN VIETNAM Contracts and to provide Services to Members and non-Members relating to economic, legal, technical, financial, market and other business issues in the EU and Vietnam;
- To facilitate the creation of strategic alliances between small and medium size companies of Vietnam and EU Member States;
- To undertake all activities to achieve the above- stated objectives, in conformity with these Statutes, the EUROPEAN CHAMBER OF COMMERCE IN VIETNAM Rules and the EUROPEAN CHAMBER OF COMMERCE IN VIETNAM Decision⁽⁶⁾;

b. Chamber Commercial and Industrial France in Vietnam (CCIFV)

Role and vision:

- Promote and develop French business community in Vietnam
- Provide services on business development for French enterprises that willing to do business in Vietnam
- Vision of CCIFV shall be to promote the development of French business community in Vietnam through listening to demand, requirements, and desire of the Member in Hanoi, Hochiminh City, Nha Trang, Da Nang, Bien Hoa, Can Tho...

Besides, CCIFV want to spread Vietnam image to French enterprises as well as support for French enterprise doing business in Vietnam.

c. The American Chamber of Commerce in Vietnam (Amcham)

AmCham Vietnam is a not-for-profit, non-governmental, and non-political voluntary membership associations of American businesses in Vietnam with main objectives are:

- Promote the development of trade and investment between the United States and Vietnam.
- Provide a forum where American businesses in Vietnam can identify and discuss common interests regarding commercial activities in Vietnam
- Work with organizations in Vietnam on matters of mutual interest
- Maintain relations with chambers of commerce in the United States and other chambers of commerce or commercial organizations

2. Application of the tool in building strategy maps of Vietnam Business Association

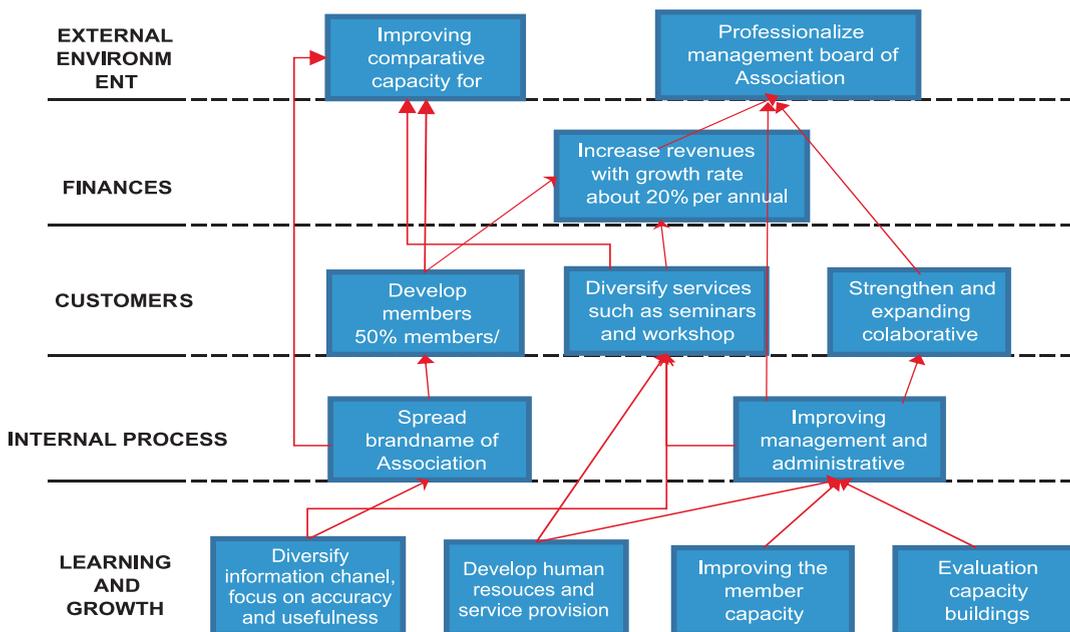
Objectives are connected in the form of cause- effects chain that makes Association easy to see relationship between their strategy and specific objectives

Hereby are some VBA strategy maps that are built using Balance Score Card method.

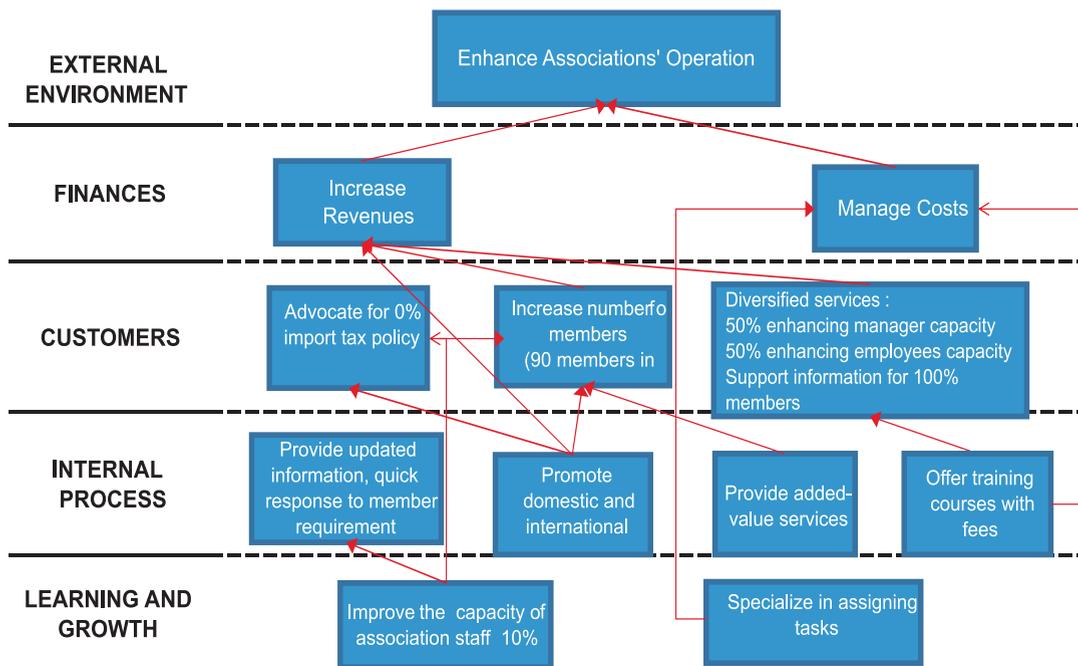
References at: http://www.eurochamvn.org/About_Us/Statutes



Vietnam Steel Association (VSA)



Vietnam Tea Association (VITAS)



IV. STAKEHOLDER ANALYSIS

<p>DEFINITION</p>	<p>Stakeholder analysis is technique that used to identify main stakeholders who play decide association operation and development Stakeholder can be understood all firms, organizations, institutions that have effect on association and vice verse.</p>						
<p>MAIN CON- TENTS</p>	<p>Stakeholder analysis focuses on identifying main features and capacities of related individuals, organizations and impact of these subjects to association and vice verse.</p> <p>The method is used for:</p> <ul style="list-style-type: none"> • Identify a person, a association and organization who related to Association activities • Forecast positive/ negative impact • Develop strategy to support for activities and objectives of the Association, proactive to face with obstacles 						
<p>APPLICA- TION</p>	<p>1. Identify Stakeholders</p> <ul style="list-style-type: none"> • Make a list of firms, organizations which have operating activities related to the association’s activities • Decide who will be chosen for analysis and assessment test (<i>answer question: why decide to choose that stakeholder and what the stakeholder impacts might have?</i>) <div data-bbox="467 1095 1202 1487" data-label="Diagram"> <pre> graph TD Association((Association)) <--> Ministry[Ministry department] Association <--> People[People Committee] Association <--> Intl[International organizations] Association <--> Authority[Authority agencies] Association <--> Other[Other associations] Association <--> Members[Members] Association <--> Coop[Cooperative] Association <--> Media[Media] </pre> </div> <p>2. Stakeholder analysis and influential level</p> <p>After having list of stakeholders, reviewing and determining level of influence of each stakeholder to the Association, make description as following table:</p> <table border="1" data-bbox="394 1695 1256 1826"> <thead> <tr> <th>Stakeholders</th> <th>Influential Aspects</th> </tr> </thead> <tbody> <tr> <td> </td> <td> </td> </tr> <tr> <td> </td> <td> </td> </tr> </tbody> </table>	Stakeholders	Influential Aspects				
Stakeholders	Influential Aspects						



3. Prepare ideas for Action plan
 Raise ideas for strategic activities, methods and action plan to approach with influence might have from stakeholders.

Through discussion on application of Stakeholder Analysis, the association has basic evaluation to their stakeholders. Some used this method for analyzing main stakeholders that have direct impact on their operation

V. PORTER’S 5 FORCES ANALYSIS

<p>DEFINITION</p>	<p>Porter’s Five Forces analysis is developed by Michael E. Porter in 1979. This is another useful tool besides SWOT or PESTLE analysis; it helps an organization or company develop an overall and detailed analysis on the competitive position of that organization or company when building strategies, plans or investment decisions.</p>
<p>CONTENT</p>	<p>The 5 Forces include:</p> <div style="text-align: center;"> </div> <ol style="list-style-type: none"> 1. Suppliers’ bargaining power: whether there are few suppliers offering deals or policies that affect the operation of the organization? 2. Substitute products/services: is there any other products/services that customers can use besides products/services provided by the organization? 3. Potential Entrants: Are there many potential rivals interested in the areas and the market that the company is operating in– or are there barriers restrict the entry such as business registration, customers’ loyalty, etc.? 4. Customers’ bargaining power: Can customers negotiate the price levels of products/services provided by the organization and put that organization under pressure? 5. The intensity of competitive rivalry: the current competition level in the market affects the attractiveness of the market.



APPLI- CATION

The most simple way to perform Porter's Five Forces Analysis is to put key questions related to each force. For instances:

1. Suppliers' bargaining power (for example: consultancy, training services providers, government agencies v.v.):

- The concentration level of the suppliers,
- The importance of the quantity of products/services sold to the suppliers,
- The differences of the suppliers,
- The influences of the inputs on costs or product differentiation,
- Switching costs ,
- The existence of other substitute suppliers,
- The threat of suppliers' integration,
- Costs paid to suppliers over profits.

2. Threats from substitute products/services provided by the Business Association (training, member right protection, policy advocacy, trade promotion, etc.):

- Switching costs,
- Trend to use substitutes of customers,
- The correlation between prices and quality of substitutes.

3. Threats from potential entrants:

- Absolute cost advantages,
- Understanding in the market's fluctuation cycle,
- Accessibility to input factors
- Government policies,
- Economies of scale,
- Capital requirements,
- Retaliation,
- Monopoly products.

4. Customers' (Members') bargaining power:

- Bargaining position,
- Number of buyers,
- Access to information
- Brand's uniqueness,
- Price sensitivity of customers,
- Product differentiation,
- Customer concentration,
- Availability of substitute products,
- Customers' incentives.

5. The intensity of competitive rivalry:

- Barriers to exit from the industry,
- The industry's concentration,
- Fixed cost/Value-added,
- The industry's growth rate,
- Product differentiation,
- Switching costs,
- Brand's uniqueness,
- Competitors 'diversity,
- Industry Shakeout



HANOI SMALL AND MEDIUM ENTERPRISE ASSOCIATION (HASMEA)

HASMEA is multi-industry association of small and medium enterprises in Hanoi that operated under the principle of voluntary, non-profit to unite, collaborate, support and protect the member rights.

Stakeholders	Influential aspects
Hanoi People Committee	<ul style="list-style-type: none"> ■ Preferential investment policy ■ Comment and reward, honor the best enterprises annually (among the Members)
Departments, Office (Hanoi's Industrial and Trade Department, Department of Planning and Investment of Hanoi)	<ul style="list-style-type: none"> ■ Promote trade: training courses, seminars, workshops, enterprise surveys. ■ Policy toward trade promotion
Other associations	<ul style="list-style-type: none"> ■ Support for the member in activities such as: information exchanges, businessman and firms discussion ■ Collaborate with other associations.
Banks	Influence to the Members: support these firms for fund approach, business planning and provide corporate consultancy services.

VIETNAM COFFEE AND COCOA ASSOCIATION

Stakeholders	Influential aspects
Ministry of Agriculture and Rural Development	<ul style="list-style-type: none"> ■ Set policy for industry <ul style="list-style-type: none"> ◆ Increase or decrease area of planting coffee annually ◆ Apply standard for exported coffee ◆ Stabilize price policy ■ Set policy for agriculture encouragement <ul style="list-style-type: none"> ◆ Introduce investment projects for foreign enterprises ◆ Hold training courses for firms, coffee farms
Ministry of Industry and Trade	<ul style="list-style-type: none"> ■ Along with the association to choose the best export enterprise annually ■ Approve for trade promotion program ■ Do survey, search, expand market ■ Provide training, foster to develop import-export database for association.
Ministry of Finance	<ul style="list-style-type: none"> ■ Provide fund for domestic trade promotion program ■ Responsible for supervise Association operation ■ Manage financial reports of association, use it as base for calculating annual export fee
Foreign organizations	<ul style="list-style-type: none"> ■ Suggest investment projects

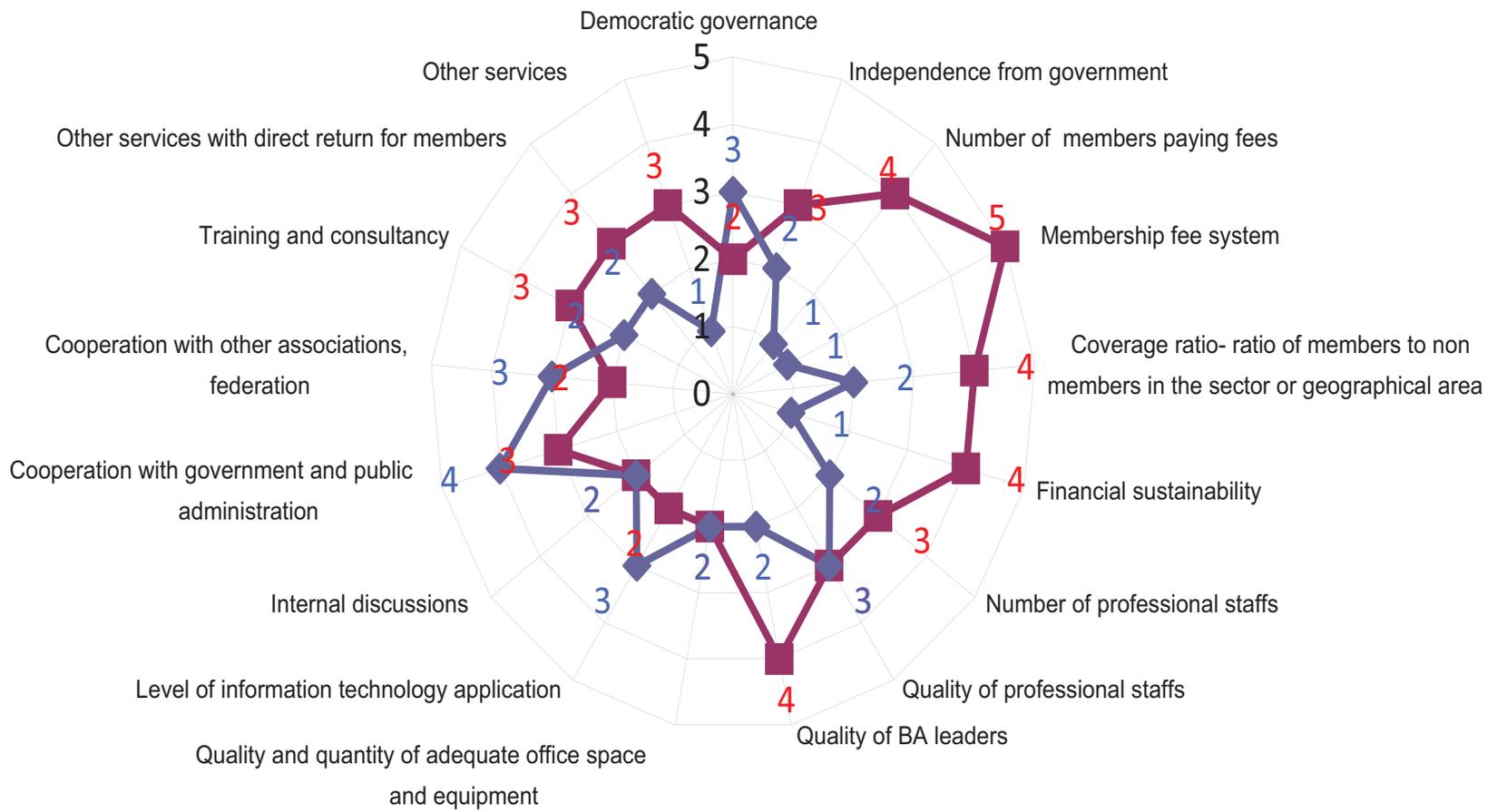
PART F – ANNEX

Annex 1. Score of Business Association A

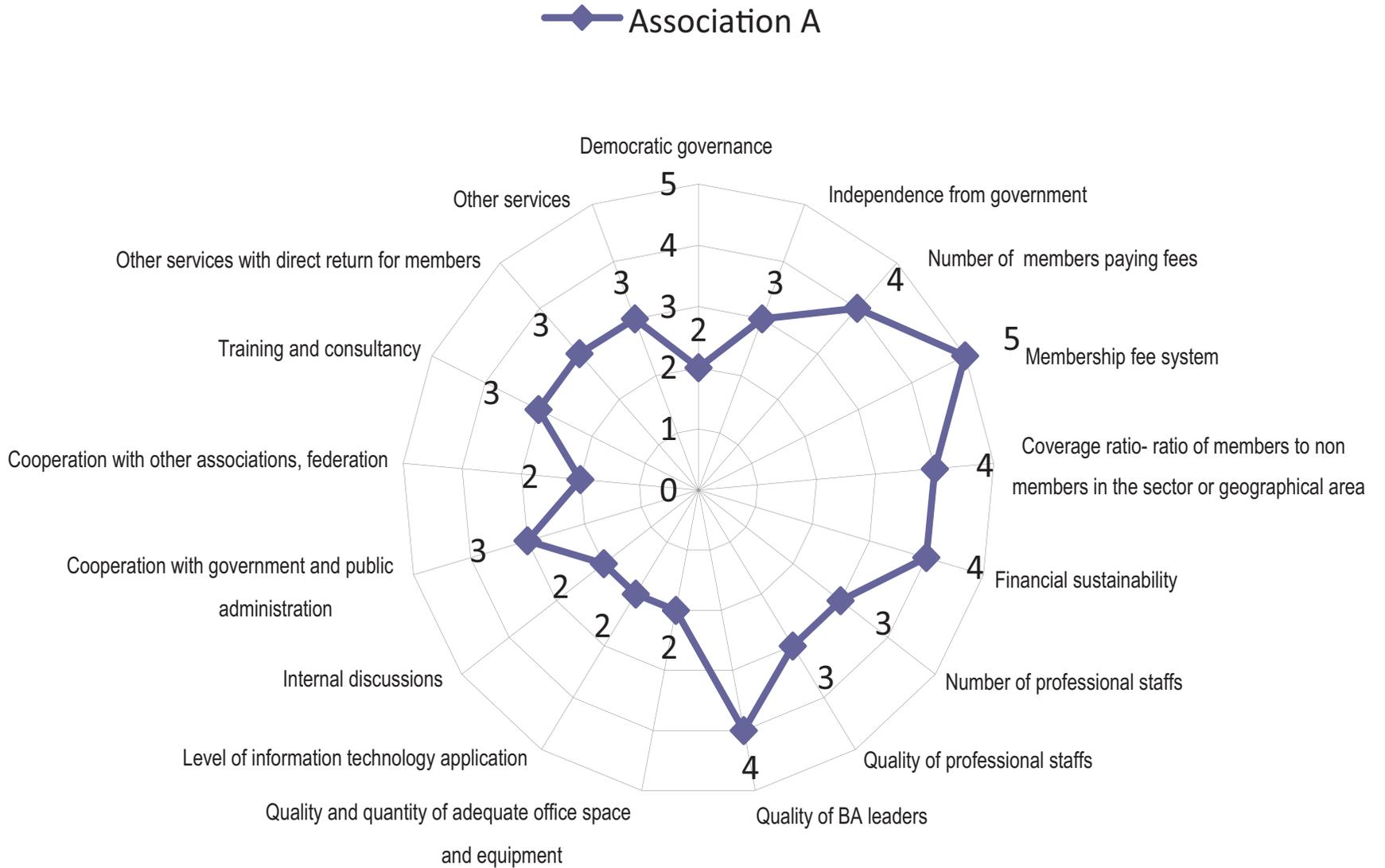
Indicator	1. Democratic governance and independence from the government		2. Membership and Fee			3. Finance	4. Association Human Resources			5. Office, Equipment, and IT Application Level		6. Policy Advocacy Activities			7. Services		
	Democratic governance	Independence from the government	Number of members paying fee	Membership fee system	Rate of Member Enterprises over Non member enterprises	Financial sustainability	Professional staff	Quality of professional staff	Quality of the association management	Quantity and quality of office and equipment	IT application level	Discussion with members	Cooperation and dialogue with the government	Cooperation, association with other Business Associations	Training services	Advocacy services	Other services
<i>Criterion Code</i>	1.1	1.2	2.1	2.2	2.3	3.1	4.1	4.2	4.3	5.1	5.2	6.1	6.2	6.3	7.1	7.2	7.3
<i>Association A</i>	2	3	4	5	4	4	3	3	4	2	2	2	3	2	3	3	3
<i>Association B</i>	3	2	1	1	2	1	2	2	2	2	3	2	4	3	2	2	1

Annex 2: Star Diagram of Association A

■ Association A ◆ Association B



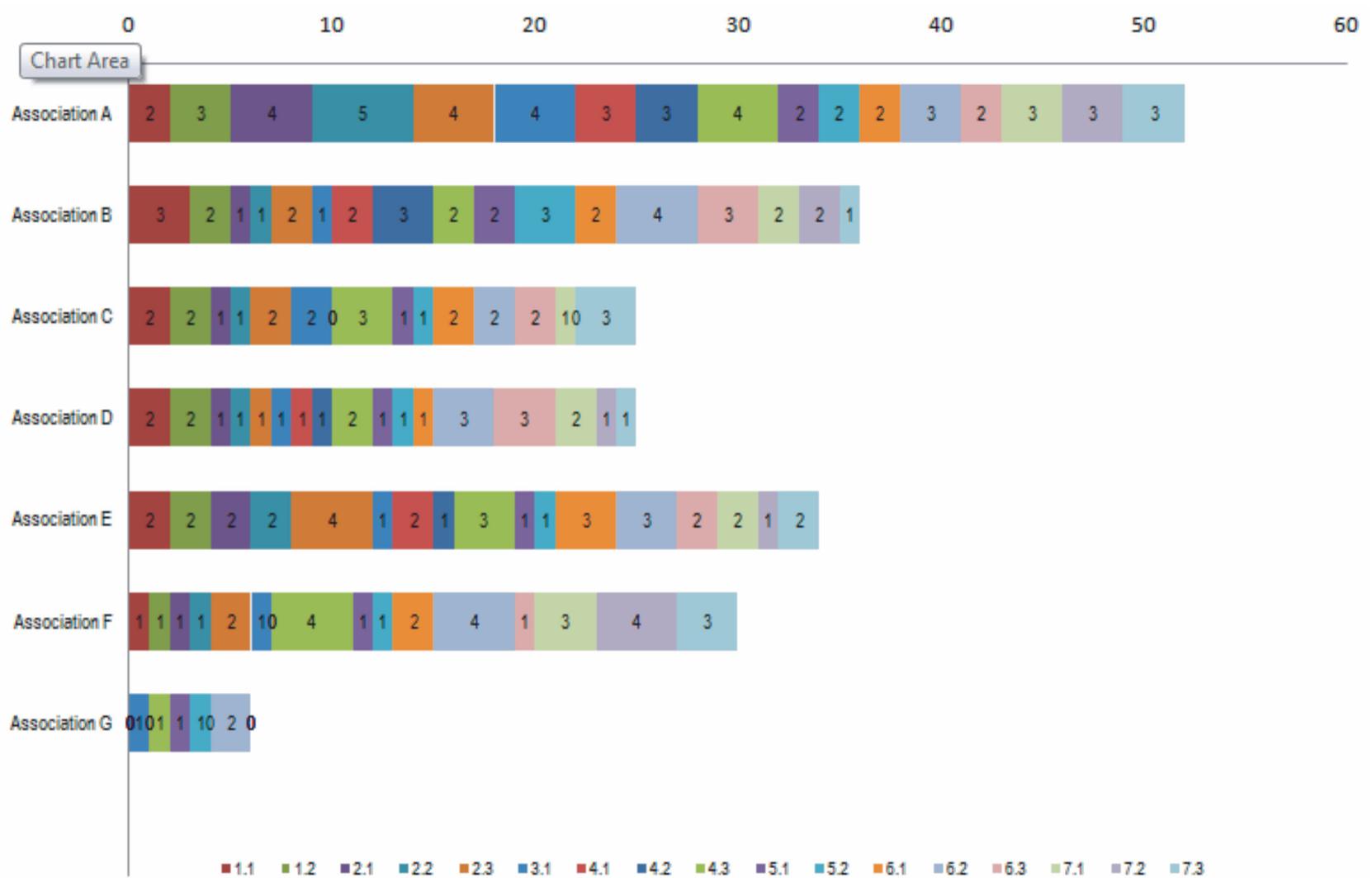
Annex 3: Comparing Association A and Association B



Annex 4: Association Summary

Indicator	1. Democratic governance and independence from the government		2. Membership and Fee			3. Finance	4. Association Human Resources			5. Office, Equipment, and IT Application Level		6. Policy Advocacy Activities			7. Services			Total
	1.1	1.2	2.1	2.2	2.3	3.1	4.1	4.2	4.3	5.1	5.2	6.1	6.2	6.3	7.1	7.2	7.3	TĐ
Association A	2	3	4	5	4	4	3	3	4	2	2	2	3	2	3	3	3	52
Association B	3	2	1	1	2	1	2	3	2	2	3	2	4	3	2	2	1	36
Association C	2	2	1	1	2	2	0	0	3	1	1	2	2	2	1	0	3	25
Association D	2	2	1	1	1	1	1	1	2	1	1	1	3	3	2	1	1	25
Association E	2	2	2	2	4	1	2	1	3	1	1	3	3	2	2	1	2	34
Association F	1	1	1	1	2	1	0	0	4	1	1	2	4	1	3	4	3	30
Association G	0	0	0	0	0	1	0	0	1	1	1	0	2	0	0	0	0	6

Annex 5: Association Evaluation Diagram





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