

## TRADE DEVELOPMENT FACILITY 2 – CASE STUDIES

### Thanks to GSDC training, Ms Bounpheng fulfils her dream of becoming a tailor shop owner

Trade has an impact on incomes – an increase in the volume of trade of 10 per cent can raise per capita income by over 5 per cent. Due to the important positive benefits of trade on economic growth and poverty reduction, the Australian Government has set an aid for trade target that represents 20 per cent of the total aid budget by 2020. In Laos, the Australian aid for trade objective is to build a stronger trade regime and more competitive private sector. Support to the micro, small and medium-sized enterprise sector aims at improving the competitiveness and ability to export of Lao businesses with a particular focus on women entrepreneurs.

This case study focuses on how Ms Bounpheng a seller of flags completed the Pattern Making for Women's Clothing course at the Garment Skills Development Centre (GSDC) and went on to open a shop selling women's clothes, to supply uniforms to local organisations and to employ eight people.

#### THE SECOND TRADE DEVELOPMENT FACILITY (TDF-2)

TDF-2 is a multi-donor project funded by Australia, the European Union, Germany, Ireland, the US and the World Bank and implemented by the Ministry of Industry and Commerce focused on improving trade and private sector development in Lao PDR. TDF-2 includes the Business Assistance Facility and the Garment Skills Development Centre.

#### THE GARMENT SKILLS DEVELOPMENT CENTRE (GSDC)

The Garment Skills Development Centre was established by TDF-1 in 2011 and has continued support from TDF-2 since 2013. Prior to this, although garment factories commenced operations in Laos in 1990 there was no centre established specifically for training in the industry. The Centre provides a number of courses including Sewing Operator (18 days, LAK 400,000), Supervisor (17 days), (technical and soft skill/management), Pattern Making (LAK 3.5 million, 35 days), Quality Control, Industry Engineer, Quality Assurance and human resource management. The training centre is open 7 days per week. Students include individuals not yet working in factories, factory workers who want to start their own business, factory workers sent by companies to improve their skills, small business owners, managers and specialists including foreigners.

#### MS BOUNPHENG PHOMSOUVANH – FROM FOOD SELLER TO SHOP OWNER

Ms Bounpheng Phomsouvanh was working as a food seller but her dream was to become a tailor. 10 years ago she began buying and selling flags. Then she realized flags were not difficult to sew and that she could make more money by making them herself. Three years ago she opened a small shop in Vientiane and employed one staff member to help her run the shop. After this, several customers began asking her for clothes. She didn't have skills to make clothes but the requests kept reminding her of her dream to be a tailor.



Ms Bounpheng started her business sewing flags



## WHAT CHANGED?

Ms Bounpheng decided to take action to realise her dream. Between July and October 2014 she attended the 35 day course on Pattern Making for Female Clothes at the GSDC. She attended sessions on the weekend so that she could keep running her shop during the week. The cost of the training, which was LAK3.5 million, Ms Bounpheng paid herself. At the training Ms Bounpheng met Miss Sinc who was working as a sewing operator in a factory but also had aspirations to become a tailor and open her own business. After meeting at the training Miss Sinc came to work for Ms Bounpheng and is now her right-hand assistant.



Ms Bounpheng and Ms Sinc proudly showing the shirts they produce for the Youth Organisation

Since doing the training Ms Bounpheng has expanded the scope of her business. She still makes flags but also produces uniforms including white school shirts and the blue shirts for the JPRL Youth Organisation uniform which school students and Government workers wear every Friday. Ms Bounpheng sells directly from her shop and takes orders from schools. She now has eight staff working at her shop. The shop is open from 7am to 7pm, seven days a week and is at full capacity meeting all the orders.

Since the training Ms Bounpheng has doubled her turnover from around LAK 500,000 per day to LAK 1 million per day. The retail price of a shirt is LAK 60,000 to 100,000 depending on the pattern. Ms Bounpheng estimates that the production costs of the shirts are LAK 30,000 per shirt, which leaves a sustainable margin on each shirt sold.

## WHAT'S NEXT?

Ms Bounpheng is thinking of recruiting more staff. In response to customer demand, she would like to produce traditional *Sinhs* (skirts worn by females in Laos). She would like to be able to take on bigger orders from schools. She often has bigger orders but cannot accept them because of lack of capacity.

Both Ms Bounpheng and Miss Sinc would like to attend a second training on Pattern Making for Male Clothes at the GSDC. Currently there are unable to provide for male customers but would like to be able to because designs for male clothes are simpler and less time consuming.

Having the opportunity to attend the training in pattern making at the GSDC has made a huge difference to Ms Bounpheng's livelihood. With her new skills in dress making and pattern making Ms Bounpheng was able to double her turnover and employ eight new people. Moreover, Ms Bounpheng wishes to continue to develop her skills to further expand her business through more training at the GSDC. Examples such as these show how essential good quality, locally available, skills training is for growing the SME sector.



One of the people Ms Bounpheng employs at her shop