

## TRADE DEVELOPMENT FACILITY 2 – CASE STUDIES

### Khounta Sign receives ISO 9001 certification for management system thanks to BAF supported training

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 their competitiveness and ability to export, with a particular focus on women entrepreneurs.

This case study explores how Khounta Sign received a BAF grant to undergo ISO 9001 training and certification, which puts them in a good position to face the opportunities and increased competition which will be brought by the commencement of the Asian Economic Community in 2016.

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

TDF-2 is a multi-donor project funded by Australia, the European Union, Germany, Ireland, the United States and the World Bank and implemented by the Ministry of Industry and Commerce focused on improving trade and private sector development in Lao PDR.

The TDF-2 includes the Business Assistance Facility and the Garment Skills Development Centre.

#### THE BUSINESS ASSISTANCE FACILITY (BAF)

The Business Assistance Facility is part of the “diversification and competitiveness” sub-component of TDF-2. BAF is designed to support individual firms build their skills and experience so that they can grow and become more competitive internationally. This is achieved through two main activities: (i) direct consulting services to individual firms regarding their business growth plans; and (ii) matching grants to assist individual firms to purchase specialized business development services in support of their growth plans. BAF commenced operations on 1st October 2013 and is scheduled to conclude on 31st March 2017.

#### KHOUNTA SIGN

Khounta Sign is a family business that has been in operation for 25 years managed by Mr Vongnam Vongvilay. The company makes signs, billboards and other promotional display items such as menus and table tops. They also produce decorative floats for festivals and parades. They have many clients all over Laos including Beer Lao, Samsung and many shops, restaurants and bars. Khounta Sign employs 40 people who work from a warehouse in Vientiane. The warehouse has computerized cutting and printing machines made in China and Japan. Mr Vongvilay sourced these machines by attending Expos in Kunming and Guangzhou, China.



Khounta Sign employs 40 people



## THE BAF GRANT



Mr Vongvilay proudly showing his 'ISO 9001-2008 Internal Quality Audit' certificate

Mr Vongvilay heard about the BAF grant through the Laos Branch of the BNI. The BNI is an international association which supports business networking. BNI Laos meets every Tuesday morning. A guest speaker from the Department of SMEs at the Ministry of Industry and Commerce spoke at one of the BNI meetings and informed members about the BAF.

Khounta Sign has been operating as a family business but Mr Vongvilay felt it was getting too big to control this way and needed a management system. For this reason, Mr Vongvilay applied for a grant from the BAF to develop a management system that meets ISO 9001 standard. Mr Vongvilay had been wanting to do the training and implement the system for 10 years and would have done it at some stage but the availability of the BAF grant motivated him to act. Beer Lao use the ISO 9001 standard and they are one of Khounta Sign's biggest clients. Other large Vientiane based companies such as BCEL and Lao Telecom also use the ISO 9001. The initial course that they attended was for the ISO Audit. The ISO team came and did training for the staff and they received a certificate. The second part of the ISO training and certification for which they received a BAF grant includes Clean Management System training which will be conducted in December 2015.

## WHAT CHANGED?

Mr Vongvilay, received a grant of USD 9600 for the two sets of training and certification. The grant was to cover 50% of the cost of the training. Aside from benefits from improving the management systems, having completed the training generates a positive reaction from clients who feel more comfortable knowing that the company follows an internationally recognized management standard.

## WHAT'S NEXT?

Looking forward, Mr Vongvilay sees the commencement of the Asian Economic Community in 2016 which will result in the opening of borders among ASEAN for the free movement of goods, services and people, as an opportunity for his business as well as a potential challenge. He foresees that foreign companies will come to Laos and compete with his business. At the same time, he sees the AEC as an opportunity to attract international business. To help reach clients from ASEAN he would like to improve his website by adding more English language content. For this project he intends to apply for another BAF grant.

Mr Vongvilay believes that the international businesses who are likely to have a greater presence in Laos after the commencement of the AEC will feel more comfortable dealing with local companies that have adopted international standards so it is timely that Khounta Sign are undergoing ISO training and certification with support of the BAF.

Unlike some other businesses, Mr Vongvilay was not surprised to be able to access a grant from the BAF as he understood that the SME Department at the Ministry of Industry and Commerce provide assistance for businesses to undertake study tours and short courses etc. Unfortunately, however, according to Mr Vongvilay, most businesses don't know how to approach the SME Department unless they are part of a business network or association. The business network, BNI of which Mr Vongvilay is a member, helps him to link with business services.