

A New Wave Brings New Innovation Through Entrepreneurship

By [Daisy Vu](#)
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From left: Victor Luong, Tai Tran, Phuong Tran, Bradley LaLonde, and Stephen Turban

When family and business overlap, opportunities and challenges arise. It is difficult to overstate the pivotal role of family businesses in the global economy. According to a 2017 study by the Family Firm Institute, family businesses generate 70 - 90 percent of the world's GDP. They remain a substantial force of the global business: Think of empires such as the Rothschilds and Morgans in banking or the Toyodas and Fords in automobiles. Family businesses are now thinking of next-generation sustainability, not just the next quarterly or yearly results.

In a Confucian-influenced society such as Vietnam, a blood relationship is a sacred part of any family business. There is an old Vietnamese saying that "Blood is thicker than water" (Một giọt máu đào hơn ao nước lã). This is to say that family names act as a guarantee of trust and loyalty, which are two of the most important components in the family business. But the family ties can also serve as a barrier in the business. It is far more difficult to sack a family member than hired hands.



Vietnamese entrepreneurship in the digital era

In the disruptive force of technology, how do entrepreneurs keep their family businesses competitive and relevant?

To find the answer, the [Columbia Organization of Family Enterprises](#), Columbia Alumni Association in Vietnam, and the Harvard Club of Vietnam co-organized a panel discussion “Entrepreneurship in Family Business” in August 2019 featuring executives from leading family enterprises in Vietnam. Bringing together 50 industry experts, alumni, and students, the event discussed the common issues and challenges facing family businesses at the elegant Hotel des Arts Saigon - MGallery.

Moderated by Stephen Turban, a Harvard College ‘17 alumnus, the panelists come from diverse backgrounds but share a passion for entrepreneurship in their family companies. Phuong Tran, the second generation of Tan Hiep Phat Beverage Group (THP), is leading the company’s international footprints across 16 countries. Educated at top universities in Singapore and the US, Phuong Tran proved her extraordinary leadership and perseverance by working her way from a Secretary to the Deputy CEO of THP. In her current position, Phuong Tran takes charge of procurement, domestic and international marketing, public relations, and corporate social responsibility programs. Drawing from her entrepreneurial mindset, Phuong Tran is taking the company globally, bringing the Vietnamese beverage brand to the international playing field. Phuong Tran is also the author of the book “[Competing with Giants](#),” written after completing the Owner/President Management Program at Harvard Business School in 2015. This inspirational book tells compelling stories of THP’s transformation to the pioneering beverage company in Vietnam and its walk-away from USD \$2.5 Bn-acquisition offer from the beverage giant Coca-Cola.



Phuong Tran was signing her book "Competing with Giants" for one of the audience members

While Phuong Tran revolutionizes the billion-dollar beverage industry in Vietnam, Victor Luong develops his family brand of Nanoco, a leading distributor and manufacturer of electrical construction materials, household appliances, and lighting products in Vietnam, Laos, and Cambodia. After graduating from Stanford with a B.A. and M.A. in International Relations, Victor was an investor in technology and consumer products, leading several notable deals at a growth equity fund in New York City. His experience has helped to introduce a higher level of professionalism within the management structure while maintaining family ownership. At Nanoco, Victor builds a foundation of trust with his parents and family members by demonstrating his previous achievements and the ability to lead the company. On its momentum of expansion, Nanoco is distributing its products to more than 1,200 dealers across Vietnam, of which the majority is also family-owned businesses. This allows Victor to think of a long-term perspective to ensure customer retention in the second generation of the dealers.



New ventures can be separate from the original family business

Unlike Phuong Tran and Victor Luong, Tai Tran is taking a different career path from his family business. Coming from a textile company specializing in trading all types of fabrics, Tai Tran felt that his family business's model was becoming obsolete in the supremacy of other fast fashion brands. After earning his B.A. and M.A. degrees at top universities in the US, Tai started his own ventures that were separate from his original family business. Care With Love is one of the most successful companies that Tai has co-founded. With his entrepreneurial mindset and passion for healthcare, his company has provided world-class prenatal services to more than 3000 babies and 2000 mothers in Vietnam, revolutionizing the healthcare industry in the country.

Insiders need outsiders

With extensive international experience focusing especially on emerging markets, Bradley LaLonde, a Columbia SIPA '77, has advised several leading family businesses in Vietnam and around the world. In the discussion, Bradley emphasized the importance of bringing in outside executives into a family business when the company expands rapidly. This is to professionalize the company structure and governance, emulating the systems of a modern corporation. In this process, it is vital to define each role of family members and non-family members clearly. However, the efforts to emulate a modern company may dilute the uniqueness of the company and risk losing what makes them special in the first place. Therefore, it is essential to set the right expectations of the leadership team at the beginning and strengthen the company principles in the professionalization process.

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