



**Growth Continues.  
But Capital Discipline Will Shape  
Who Moves Ahead**

**The macro story remains one of growth.**

**The operational reality is becoming more selective.**

**Between both lies the space where companies either  
strengthen their position - or gradually fall behind.**

# Growth Continues. But Capital Discipline Will Shape Who Moves Ahead

Vietnam's economic outlook remains fundamentally positive.

Industrial activity continues to expand, exports remain strong, and long-term growth expectations are intact. For many business owners and executives, however, the practical operating environment has become more demanding.

The key question is no longer only whether Vietnam is growing. Increasingly, the more relevant question is whether an individual company is positioned strongly enough to benefit from growth under more selective financial and competitive conditions.

Not all companies will benefit equally.

In a more disciplined environment, capital flows more carefully toward businesses that can demonstrate operational resilience, financial transparency, stable cash flow, and credible management. Companies that cannot demonstrate these qualities may still operate in a growing market, but with gradually narrowing room to manoeuvre.

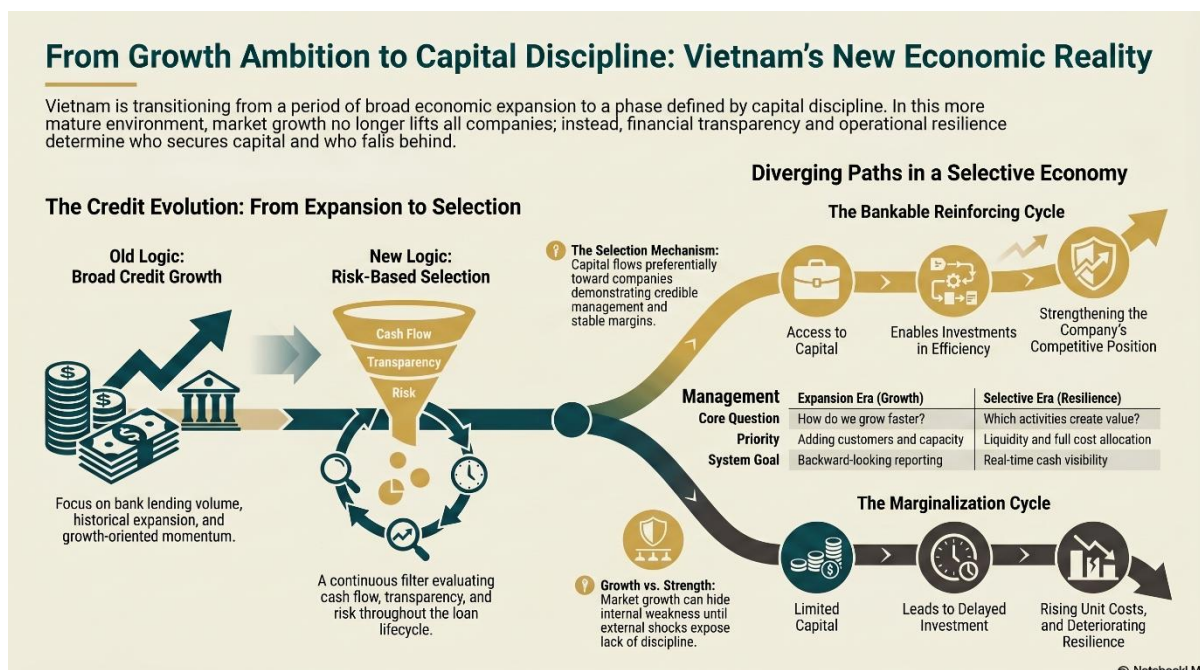
## From Credit Expansion to Credit Discipline

Vietnam's banking sector is entering a more mature phase of risk management. This development strengthens the financial system over the long term, but it also changes the relationship between companies and financing institutions.

Banks are expected to monitor credit quality more closely throughout the full life cycle of a loan, not only at the point of approval. As business conditions change, banks may reassess exposures based on cash flow quality, collateral values, sector developments, and operational performance.

For companies, this creates a more dynamic financing environment.

Businesses with transparent reporting, disciplined cost control, realistic planning, and stable operations are likely to remain attractive financing partners. Companies with declining margins, unclear financial visibility, or weaker operational discipline may face tighter conditions, closer monitoring, or slower access to capital.

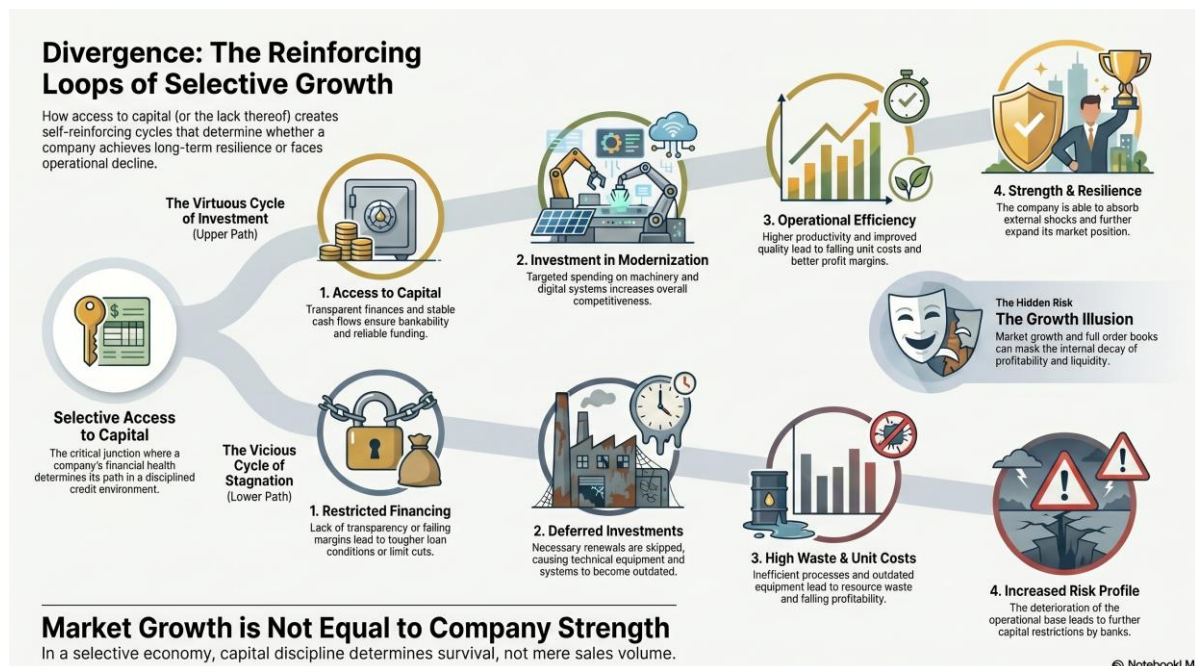


This is not a withdrawal of credit from the economy. It is a more selective allocation of credit.

## The Gap Between Strong and Weak Companies Will Widen

The most important consequence of this shift is not immediate crisis, but increasing differentiation between companies.

Businesses with continued access to financing can invest in machinery, digitalisation, operational efficiency, quality improvement, and working capital. These investments strengthen competitiveness and improve resilience against external shocks.



Other companies may postpone investment due to financing constraints or operational pressure. Over time, equipment becomes less efficient, operational costs rise, productivity weakens, and margins narrow further. This can gradually affect the company's risk profile and financing flexibility.

In a fast-growing economy, these developments can remain hidden for some time. Revenue may still increase, customer activity may

continue, and market demand may remain visible. Yet profitability, liquidity, and operational resilience may weaken underneath the surface.

This is where many companies risk misreading the situation. Market growth alone does not automatically mean company strength.

### **External Pressure Reveals Internal Readiness**

Global volatility, energy price movements, supply chain adjustments, and changing export demand affect companies differently. In many cases, they reveal operational strengths and weaknesses that already existed internally.

Companies with strong financial controls, disciplined working capital management, flexible operations, and active communication with financing partners are generally able to respond more effectively. Others may discover that systems and management processes developed during years of expansion are less suited to a more volatile environment.

For many years, management attention was understandably focused on expansion: increasing revenue, adding customers, entering new regions, and expanding capacity. These priorities remain important. However, they are no longer sufficient on their own.

Management teams increasingly need to ask additional questions:

- 🌸 Which activities consistently create value?
- 🌸 Which products or customers generate sustainable margins?
- 🌸 Where does operational complexity reduce profitability?
- 🌸 Which parts of the business require adjustment, restructuring, or stronger focus?

These are not signs of weakness. They are part of operating successfully in a more mature and competitive market environment.

## **Managing Pressure Requires Different Capabilities**

Managing growth and managing pressure are different disciplines.

Growth management focuses on expansion and opportunity.

Managing pressure requires operational discipline, prioritisation, liquidity control, and the ability to make difficult decisions early enough to protect the long-term stability of the business.

Many companies are still developing these capabilities. Reporting systems may remain too backward-looking. Cost structures may not yet provide sufficient transparency. Leadership teams may be more experienced in expansion than in operational restructuring.

In a more selective environment, however, delayed decisions can become increasingly expensive.

A company under pressure needs to identify very quickly:

- 🌸 where cash is being lost
- 🌸 which operations are structurally viable
- 🌸 which losses are temporary and which are permanent
- 🌸 what the bank needs to see in order to maintain confidence
- 🌸 what must be stopped before it weakens the whole company

This requires practical operational management rather than purely strategic discussion.

### **Banks Also Need a Broader Repertoire**

The adjustment is not only on the company side. Banks are also facing a more complex task.

If more borrowers come under pressure, banks cannot rely only on conventional credit monitoring. They need stronger workout capabilities: early warning, restructuring dialogue, operational understanding, and the ability to distinguish between a company that can be restored and one that cannot.

In some markets, distressed debt can be sold into deep secondary markets. In Vietnam, that option is still limited in practical terms. A bank that holds a troubled exposure often has to work with the situation directly.

That makes operational restructuring important.

Selling a distressed company is rarely attractive unless the business has already been stabilised and clearly prepared. Buyers do not pay good prices for confusion. They pay for viable assets, credible earnings, and manageable risk.

The same applies to partial divestments. A business unit can only be sold at a reasonable valuation if it is sufficiently separable, understandable, and operationally credible. Otherwise, the sale process merely confirms distress and destroys value.

## **Stabilise Before Strategise**

In many pressure situations, companies move too quickly to strategic language. They discuss investors, M&A, refinancing, or expansion into new markets before the core business has been stabilised.

The real sequence is more disciplined.

- 1. First, stop the bleeding.**  
Loss-making activities must be identified and controlled.
- 2. Second, stabilise liquidity.**  
Cash visibility must become daily or weekly, not quarterly.
- 3. Third, rebuild operational viability.**  
The business must know which products, customers, locations, and processes still create value.
- 4. Fourth, engage banks with credibility.**  
Banks do not need optimism. They need transparency, facts, and a realistic plan.

Only then should strategic options be considered: refinancing, selective divestment, partnership, new investment, or repositioning.

## A More Mature Phase of Growth

A more selective business environment does not mean Vietnam's growth story is weakening. In many respects, it reflects a transition toward greater financial discipline, stronger risk management, higher productivity expectations, and more professional capital allocation.

For business owners, executives, banks, and investors, this creates both challenges and opportunities.

Companies that combine growth ambition with operational discipline, financial transparency, and adaptability are likely to strengthen their position further in the coming years. Companies that delay operational adjustment may gradually find their strategic flexibility becoming more limited, even while the overall market continues to grow.

Vietnam will continue to develop strongly.

But the next phase of growth is likely to reward not only expansion, but also resilience, discipline, and the ability to strengthen a business from within before external pressure makes adjustment unavoidable.



**Want to understand how capital discipline, operational resilience, and early restructuring options could strengthen your company's position?**

Let's talk confidentially about how to protect financial flexibility, improve bankability, and prepare your business for the next phase of growth.



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