III. DETAILED OUTLINE

Question 1: Business Introduction

- First, you should introduce the business in a way that readers can understand your specific business. For example, name, size, products,...

Hints:

- Specify the nature of the business. Is it a retail establishment, a service-oriented business, a manufacturing entity, a dining venue, or a café?
- Elaborate on the scale of the business. Is it a quaint local store, a business of moderate size, or something else?
- Identify the intended customer base or market segment. Who forms the core clientele of this business?

Example*:* Type of business **"Coffee shop"**

The Tiny Post Cafe is a cozy, family-owned coffee shop known for its unique and artisanal coffee blends, as well as a variety of homemade pastries and snacks, all offered at reasonable prices. The coffee shop boasts a warm and inviting atmosphere, creating a sense of community among its patrons. Although it has a somewhat limited seating area, it's a popular spot for locals, students, and remote workers, particularly appreciated for its quiet ambiance and free Wi-Fi. It's especially frequented by regulars during early mornings and weekends, making it a cherished part of the neighborhood.

- You should examine the business model and identify key areas for strategic, tactical, and operational decisions.
  + Strategic: Focus on long-term goals and business growth.
  + Tactical: Look at medium-term actions that support strategic decisions.
  + Operational: Consider day-to-day operational choices and efficiencies.

Example: Type of business "Coffee Shop"

Strategic	*Brand development and expansion.* *Hace new menu items.*
Tactical	*Recruit skilled bartenders.* *Marketing Campaigns and Vouchers.*
Operational	*Inventory management.*

	Staff scheduling.

Question 1

Suggested flow:

- The business name and the kind of products it offers.
- The total branches and annual revenue, indicating the business's size.
- Strategic decisions of the business, like the value proposition and target customer segments.
- Tactical decisions tailored to fulfill the established strategy.
- Operational choices corresponding to each strategic plan.

Example:
BiMelted, a medium-sized establishment in Hanoi, specializes in sandwiches and coffee. With a single location, its annual revenue is around $200,000.
Strategically, BiMelted focuses on offering delectable, convenient meals that resonate with local tastes. To realize this, the restaurant employs tactics like social media marketing and diverse advertising campaigns to enhance brand recognition and draw in new patrons. Operationally, BiMelted prioritizes recipe innovation, adjusting its sandwich offerings to incorporate seasonal ingredients. Additionally, it concentrates on maintaining high customer satisfaction, strategically choosing delivery partners, and selecting seasonally and locally available raw materials.

Question 2:

Requirement:
- Identify short lists of ‘fixed’ costs and ‘variable’ costs from the specific business
- Explain why you believe they are variable costs or fixed costs.
- Explain why it is important for you to be able to recognise the difference between fixed costs and variable costs.

Hints:
- Guideline: suggest 150 words
- List the costs in the excel sheet
- Distinguish between 2 types of costs based on:

- The business' fixed cost is the fees that the restaurant is obligated to pay and remain unchanged regardless of sales. Examples include rent for the restaurant space, salaries of permanent staff, and insurance premiums.
- Variable costs change depending on sales revenue. As sales increase or decrease, these costs adjust accordingly. They include costs of ingredients, utilities (to some extent, as more customers mean more usage of utilities), and packaging for takeaways or deliveries.

- Emphasizes the purpose of distinguishing between fixed and variable costs:
- Clarify the business's current behavior cost
- Determine whether the current selling price makes a profit
- Estimate break-even point to build reasonable sales goals

Example:

For BiMelted, a sandwich and coffee restaurant in Hanoi, the monthly fixed costs include:

Rent: $1,000 for a 70m² location on Hoang Dieu Street, close to the city center. This cost is a standard expense regardless of the restaurant's sales volume.

Employee Salaries: $450 for each of the four employees, totaling $1,800. These salaries are constant each month, independent of the restaurant's revenue.

Advertisement Fees: $100 for marketing on various social media platforms. This is a set amount allocated monthly for digital marketing efforts.

These fixed costs are obligatory and do not fluctuate with sales. In contrast, variable costs are influenced by sales and production levels. These include the cost of raw ingredients and packaging materials, which vary according to the quantity of food and beverages sold. The more items BiMelted sells, the higher these costs will be.

It is fundamental to differentiate fixed costs from variable costs so that the business can understand its cost behavior, and cost oscillations as output changes to determine a profitable but competitive selling price for the product. Besides, identifying each type of cost also helps businesses easily estimate the break-even point to set a reasonable and attainable target.

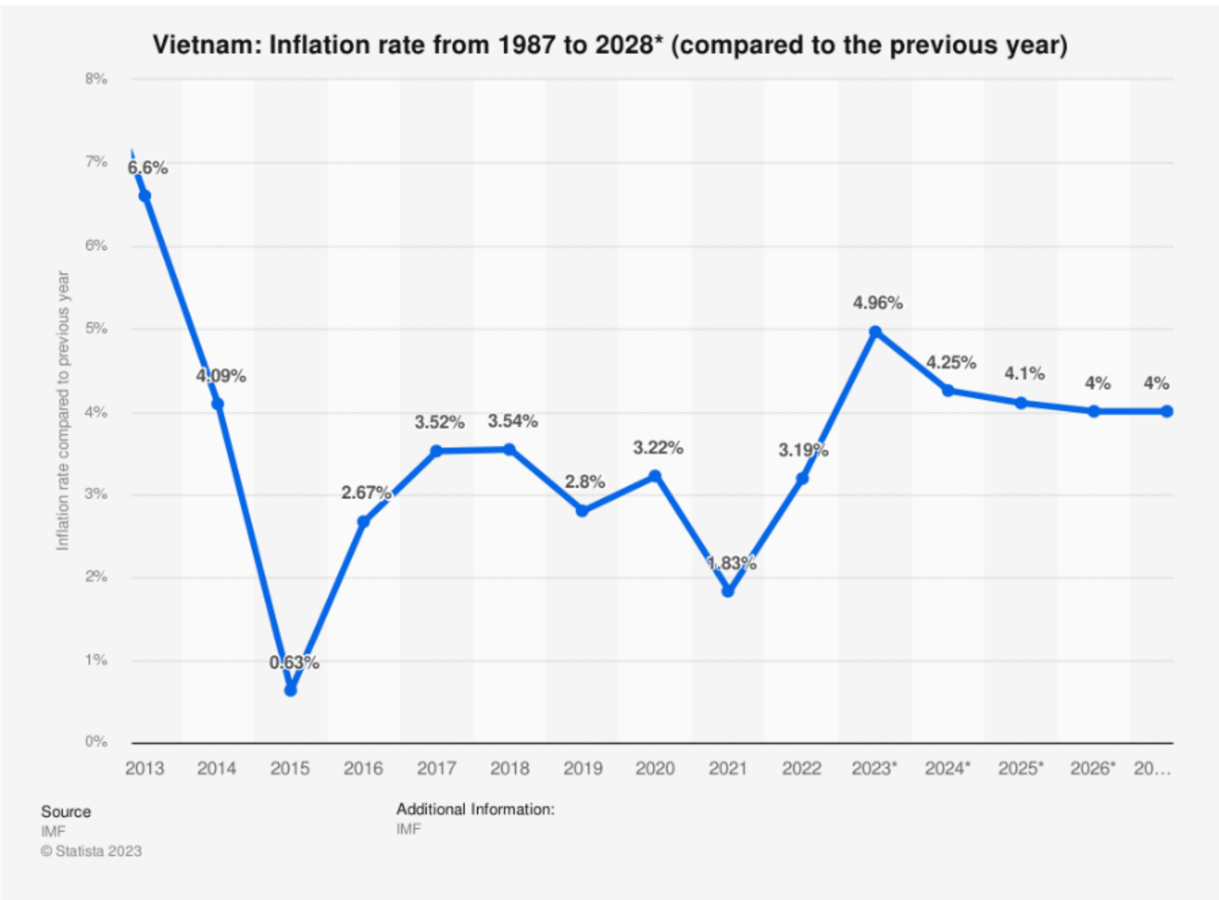
Example: Type of business "Coffee shop"

Fixed Cost	*Rent.* *Insurance.* *Salaries of permanent staff.*
Variable Cost	*Coffee beans, milk, sugar, pastries,..* *Utilities (electricity and water)*

Question 3: External Factors

- You should research economic indicators like inflation rates. Use graphs to help readers easily visualize how external factors would impact the business.

Example: *Vietnam's inflation rate from 1987 to 2028*

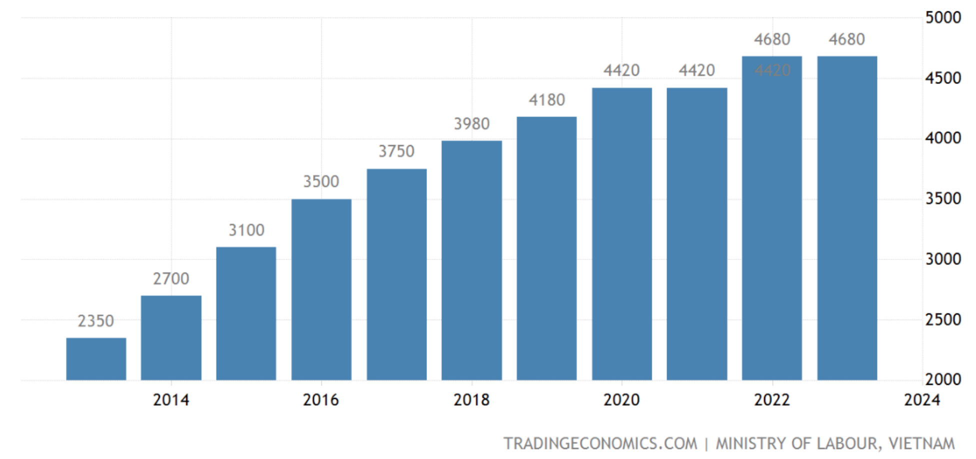


In 2023, Vietnam witnessed a 4.96% inflation rate, projected to increase further. This inflationary trend poses challenges for coffee shops and fashion shops as they strive to manage rising production costs. To address these cost pressures, businesses may need to implement cost-cutting measures, which could potentially impact product quality or result in higher prices. The price sensitivity of Vietnamese customers adds to the complexity, as adjustments in pricing can influence consumer demand adversely.

Fashion Shop
→ A fashion shop's variable costs include the cost of inventory → clothing items, accessories, and footwear. Inflation can impact the prices of raw materials, manufacturing, and transportation, thereby affecting the cost of production for the fashion shop. This can result in adjustments to product pricing or sourcing strategies to maintain profitability.

Coffee Shop
→ The price of coffee beans is a significant variable cost. In 2023, coffee bean prices ranged from US$XX to US$XXper kilogram, with a projected price of around $XX
→ Fluctuations in coffee bean prices can directly affect the cost of production for the coffee shop, potentially leading to adjustments in menu offerings or pricing strategies

Example: Vietnam Minimum Wages



The bars increase over time from left to right, suggesting growth in the metric being measured. The values start at 2350 in 2014 and increase steadily to 4680 by 2022, without an indicated unit of measurement. The graph represents the average wage or minimum wage over time, the business might experience increased labor costs. As wages rise, a business's expenses in terms of salary payments to employees will also increase.

- You should include market trends, especially related to key ingredients and consumer behavior. Or you can analyze the impact of cultural and religious practices on customer flow and preferences.

Example: Coffee shops may face challenges due to increased demand and potential supply chain disruptions, which can lead to higher prices for coffee beans in wholesale markets. This can impact the cost of production for coffee shops as they rely on a steady and affordable supply of coffee beans. To mitigate these challenges, coffee shops can proactively manage their inventory and establish relationships with reliable suppliers to ensure a consistent supply of coffee beans during this period.

- Market prices of products and input materials

Example:

The market price of input material for a sandwich:

Sauces (1 pack of 10g)	0.06$	https://shp.ee/fvh633k
Sliced cheese (a slice/16,6g)	0,2$	https://shp.ee/6jp373i
Bread (2 slices)	0,13$	https://shp.ce/3ui6vh8
Sliced meat (66g)	0,5$	https://shp.ee/asgi9mg
Packaging (paper bag 15cm*20cm)	0,05$	https://shp.ee/bedufem

4. Financial Calculations

- You should use accounting formulas to calculate margins, profits, and cash flows.
- You can leverage financial accounting software or tools for accuracy.

Contribution Margin = Total Sales - Total Variable Costs	This figure represents the difference between your total sales revenue and total variable costs for the year.

Operating Profit Before Tax = Gross Profit - Operating Expenses	Here, you need to calculate your gross profit and then subtract your operating expenses. Operating Expenses include all the expenses related to running your business, such as salaries, rent, utilities, marketing costs, etc.
Gross Profit = Total Sales - Cost of Goods Sold (COGS)	
Operating Profit After Tax = Operating Profit Before Tax - Taxes	Taxes here refer to the income taxes that your business owes. You'll need to know the applicable tax rate and then calculate the tax amount based on the operating profit before tax.
Net Cash Flow = Cash Inflows - Cash Outflows	To calculate net cash flow, you need to sum up all the cash inflows and subtract all the cash outflows during the year. - Cash inflows include cash received from various sources like sales, loans, investments, etc. - Cash outflows include expenses, purchases, loan repayments, and any other outflows of cash.

Note: Perform calculations in an Excel table and only display the results in the report

Example:

The total contribution margin	80600,9976
The operating profit before tax	34847,0976
The operating profit after tax	31362,38784
The net cash flow	24386,63296

Make an excel sheet with the following elements:

Sales Budget:

- Sales volume
- Selling price

Cost Budget:

- Variable costs
- Contribution margin
- Fixed costs

Profit Budget:

- Sales revenue
- Total contribution margin
- Operating profit before tax
- LESS income tax
- Operating profit after tax

Data for cash budget:

- Cash received from customers
    - From prior quarter sales
    - From current quarter sales
- Cash paid to employees
- Non-cash costs:
    - Depreciation and amortization
- Other costs (trade suppliers)
    - Payment to suppliers
        - For prior quarter costs
        - for current quarter costs

Cash budget

- Cash Flow from operating activities
- Cash received from customers
- Cash paid to suppliers
- Cash paid to employees
- Cash paid to tax office
- Net cash flow from operating activities

Cash Flow from investing activities

- Acquisition of bagging machine
- Net cash flow from investing activities

Cash Flow from financing activities

- Payments to owners (dividends)
- Net cash flow from financing activities

Net cash flow

- Cash at bank at beginning of quarter
- Cash at bank at end of quarter

Example:

BiMelted							
Operating Budget							
Quarter ending	30 Jun 2023	30 Sep 2023	31 Dec 2023	31 Mar 2024	30 Jun 2024	***year ending 30-Jun-24***	
Sales Budget							
Sales volume (unit of sandwich)	18400	18400	18400	20240	20240	**77280**	Advertising will lead to 10% growth in the last quarter. First quarter of 2024 major event Tet will lead to 10% growth
Selling price ($/sandwich)	2	2	2	2	2		
Sales volume (cup of coffee)	13800	13800	13800	15180	15180	**57960**	
Selling price ($/cup of coffee)	0.6	0.6	0.6	0.6	0.6		
Cost Budget							
variable costs ($/1 sandwich sold)							
sauces	0.06	0.06	0.06	0.06618	0.06618		CPI increase
vegetables	0.1	0.1	0.1	0.1103	0.1103		CPI increase
sliced cheese	0.2	0.2	0.2	0.2206	0.2206		CPI increase
bread	0.13	0.13	0.13	0.14339	0.14339		CPI increase
sliced meat	0.5	0.5	0.5	0.5515	0.5515		CPI increase
packaging	0.05	0.05	0.05	0.05515	0.05515		CPI increase
overheads	0.1	0.1	0.1	0.1103	0.1103		CPI increase
	1.14	1.14	1.14	1.25742	1.25742		
contribution margin ($/sandwich)	0.86	0.86	0.86	0.74258	0.74258		
variable costs ($/cup of coffee sold)							
instant coffee	0.21	0.21	0.21	0.23163	0.23163		
packaging	0.05	0.05	0.05	0.05515	0.05515		
	0.26	0.26	0.26	0.28678	0.28678		
contribution margin (coffee)	0.34	0.34	0.34	0.31322	0.31322		
fixed costs ($)							
wages (fixed part)	5400	5400	5400	5956.2	5956.2	**22712.4**	CPI increase
rent	3000	3000	3000	3000	3000	**12000**	
utilities	900	900	900	992.7	992.7	**3785.4**	CPI increase
repair & maintenance	300	300	300	330.9	330.9	**1261.8**	CPI increase
logisitics (fixed part)	450	450	450	496.35	496.35	**1892.7**	CPI increase
advertising	300	300	300	300	300	**1200**	
depreciation and amortisation	500	500	500	950.8	950.8	**2901.6**	
	10850	10850	10850	12026.95	12026.95	**45753.9**	
Profit Budget							
Sales revenue	45080	45080	45080	49588	49588	**189336**	sales volume X average selling price
LESS variable costs	-24564	-24564	-24564	-29803.5012	-29803.5012	**-108735.0024**	sales volume X variable cost
Total contribution margin	20516	20516	20516	19784.4988	19784.4988	**80600.9976**	
LESS fixed cost	-10850	-10850	-10850	-12026.95	-12026.95	**-45753.9**	
Operating profit before tax	9666	9666	9666	7757.5488	7757.5488	**34847.0976**	
LESS income tax	-966.6	-966.6	-966.6	-775.75488	-775.75488	**-3484.70976**	operating profit before tax X income tax rate
Operating profit after tax	8699.4	8699.4	8699.4	6981.79392	6981.79392	**31362.38784**	
Data for cash budget							
cash received from customers							
from prior quarter sales	*0.3*	13524	13524	13524	14876.4		
from current quarter sales	*0.7*	31556	31556	34711.6	34711.6		
Cash paid to employees							
wages (fixed part)	-5400	-5400	-5400	-5956.2	-5956.2		
Non-cash costs							
depreciation and amortisation	-500	-500	-500	-950.8	-950.8		
Other costs (trade suppliers)	29514	29514	29514	34923.4512	34923.4512		
payment to suppliers							
for prior quarter costs	*0.2*	5902.8	5902.8	5902.8	6984.69024		
for current quarter costs	*0.8*	23611.2	23611.2	27938.76096	27938.76096		
Cash budget							
Cashflow from operating activities							
cash received from customers		45080	45080	48235.6	49588	**187983.6**	
cash paid to suppliers		-29514	-29514	-33841.56096	-34923.4512	**-127793.0122**	
cash paid to employees		-5400	-5400	-5956.2	-5956.2	**-22712.4**	
cash paid to tax office		-966.6	-966.6	-966.6	-775.75488	**-3675.55488**	
net cashflow from operating activities		**9199.4**	**9199.4**	**7471.23904**	**7932.59392**	**33802.63296**	
Cashflow from investing activities							
acquisition of bagging machine		0	0	-7212.8	-1803.2	**-9016**	
net cashflow from investing activities		0	0	-7212.8	-1803.2	-9016	
Cashflow from financing activities							
payments to owners (dividends)		-100	-100	-100	-100	**-400**	
net cashflow from financing activities		-100	-100	-100	-100	-400	
Net cash flow		9099.4	9099.4	158.43904	6029.39392	24386.63296	
cash at bank at beginning of quarter		8500	17599.4	26698.8	26857.23904		
cash at bank at end of quarter	8500	17599.4	26698.8	26857.23904	32886.63296	**32886.63296**	
Parameters							
income tax rate	10%						
CPI increase	110.30%						

Question 5

Suggest 100 words

Guideline:

- State the cost of the installation based on revenue.

- Indicates the change in cash flow after making the investment
- Evaluate cash flow after change (negative or positive)
- From there, it is argued that investing in equipment installation does not create any financial risk.
- Conclusion: Is the investment reasonable?

Example:

According to the budget plan, sales revenue for the fourth quarter of 2023 is $45080, thus the cost of acquisition of new equipment is 20% of that amount, which equals $9016. The business needs to pay the supplier 80% of this cost by the first quarter of 2024, meaning the cash outflow will increase by $7212.8 that quarter and $1803.2 the following quarter. After covering these costs, the net cash flow for the first quarter of 2024 is still positive at $158.4 and for the second quarter is $6019.4.

Therefore, it can be affirmed that the decision to buy new equipment does not pose any cash flow risk for the business, the restaurant still earns a profit from that quarter's operation. As a result, the business's decision to buy new equipment is rational.

6. Conducting SWOT Analysis

- Based on a Swot analysis template, systematically identify strengths, weaknesses, opportunities, and threats.

Example:

S – Strengths	W – Weaknesses

· The restaurant is advantageously located in the city center, close to points of interest such as the UNESCO World Heritage Site, and the Imperial Citadel of Thang Long. · The restaurant sells fast food with modern packaging, which is appealing to younger customers. · Offering fewer items on the menu, the restaurant can easily guarantee the quality consistency of dishes sold.	· The restaurant's menu options are limited, and customers do not have many choices. · The product's price is relatively high compared to the average market price.
O – Opportunities	T – Threats
· There are plentiful platforms available to reach potential customer segments such as Facebook, Instagram, TikTok, etc. · Young people's demand for food services is increasing. · Vietnam's GDP per capita tends to increase, leading to increasing living conditions and consumption demand. · Being located in a big city, suppliers are diversified and the supply of materials is stable.	· Vietnam is a country with thriving street cuisine, cheaper and more competitive alternatives are everywhere. · Businesses have many competitors of many sizes, both local and global. · Disruption in operations may occur due to the outbreak of the epidemic.

· Vietnam's political status is stable, there are many policies to promote economic development (e.g. value-added tax reduced from 10% to 8% to promote consumption in the domestic market)	