

**BUSINESS PLAN**  
**WINES & SPIRITS TRADING COMPANY**



**THAI BINH NGUYEN**

**AN INDEPENDENT STUDY SUBMITTED IN PARTIAL FULFILLMENT**  
**OF THE REQUIREMENTS FOR THE GRADUATE SCHOOL**  
**STAMFORD INTERNATIONAL UNIVERSITY**  
**MASTER OF BUSINESS ADMINISTRATION**  
**ACADEMIC YEAR 2017**

**BUSINESS PLAN**  
**WINES & SPIRITS TRADING COMPANY**



**THAI BINH NGUYEN**

**AN INDEPENDENT STUDY SUBMITTED IN PARTIAL FULFILLMENT**  
**OF THE REQUIREMENTS FOR THE GRADUATE SCHOOL**  
**STAMFORD INTERNATIONAL UNIVERSITY**  
**MASTER OF BUSINESS ADMINISTRATION**  
**ACADEMIC YEAR 2017**



© 2017

Thai Binh Nguyen

All Rights Reserved

**The Research has been approved by  
Stamford International University  
The Graduate School**

**Title:** Wines & Spirits Trading Company

**Researcher:** Thai Binh Nguyen

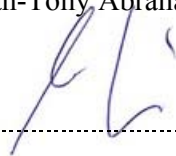
**The Independent Study Committee:**

**Advisor**



( Dr. Jan-Tony Abrahamsson)

**Committee Member**



( Dr. Irina Onyusheva )

**Committee Member**



( Dr. Lavanchawee Sujarittanonta)



(Mr. Adam Tyler Thompson)

Asst. President, Academic Affairs &  
Dean of Business and Technology

October 2017

## ACKNOWLEDGMENT

My independent study could not be successfully completed without valuable support from many people. Therefore, I would like to express my sincere thanks and gratitude to my adviser, Dr. Jan Brahamsson for his valuable advices, guidance and help me to conduct this IS.

I also would like to extend my thanks to all Professors at Stamford University, especially Dr. Mark Rendon and Dr. William P. Wall for providing me academic and useful knowledges that I have used to complete this IS.

Finally, I wish to thank my family, the MBA Support Team, my classmates for their support and encouragement during this MBA program.

Nguyen Thai Binh

## EXECUTIVE SUMMARY

Vietnam is stable and safe to live, work and invest. High and middle class rising affects not only consumer spending, but also consumer behavior and preferences for branded retail goods and imported products. More foreigners coming Vietnam for working and traveling leads to growing-up of HoReCa (hotels, restaurants and café) as well as Western life style are factors that make drinking wines and spirits quickly spread deep into modern Vietnamese cuisine.

Vietnam is global top 16 and Asian top 9 countries that have highest beer and alcohol consumption, average increases 10 - 20% for recent years. That is the reason we open a wines and spirits trading company, selling imported wines and spirits, to satisfy the demanding of customers, especial A-B-C class.

The mission is to establish a distribution network to supply imported wine and spirits to corporate clients, wholesalers, supermarkets, shops, night clubs, restaurants and drinkers. To make the good business plan, we will use 4 research and analysis tools that are PEST, 7S, Feasibility Assessment and SWOT. The research and analysis result will help use to define must-known issues as well as draw the back bone of our business.

Sales staffs will be recruited and located in key cities such as Ho Chi Minh, Nha Trang, Danang and Hanoi that are also key market of imported wines & spirits. They will work with local partners to build the distribution network, recruit new outlets in all channels: off-trade, on-trade, corporate sales and retail.

Sales and marketing team will specially focus on on-trade (night clubs and restaurants) and VIP channel to drive sales volume and build the brand awareness through outlet activation (on-trade) and work-of-mouth (VIP). Vietnamese government has prohibited any kind of advertising and promoting alcohol so we will use vary and flexible tools of direct marketing to build the distribution and brand awareness.

<b>Year</b>	<b>1</b>	<b>2</b>	<b>3</b>
Sales Revenue	1,800,000	3,600,000	4,320,000
<b>Total revenues</b>	<b>1,800,000</b>	<b>3,600,000</b>	<b>4,320,000</b>
Cost Of Good Sold	1,080,000	2,160,000	2,592,000
<b>Total COGS</b>	<b>1,080,000</b>	<b>2,160,000</b>	<b>2,592,000</b>
Register Fee	80,000	-	-
Administrative & Sales Incentive	72,000	144,000	172,800
Furniture & Equipment	120,000	-	-
Salary & Overhead Cost	393,502	434,202	477,622
Office & Showrooms Rental	116,000	121,800	127,890
A&P	336,200	403,440	484,128
Corporate Income Tax	-	67,312	93,112
<b>Total Expense</b>	<b>1,117,702</b>	<b>1,170,753</b>	<b>1,355,552</b>
<b>Net Income</b>	<b>- 397,702</b>	<b>269,247</b>	<b>372,448</b>

(Income Projections For 3 Years)

## CONTENTS

	Page
<b>ACKNOWLEDGMENT</b> .....	i
<b>CONTENTS</b> .....	ii
<b>LIST OF TABLES</b> .....	iii
<b>LIST OF FIGURES</b> .....	v
<b>CHAPTER 1 INTRODUCTION</b> .....	3
<b>CHAPTER 2: SELECTION OF PLAN AND ANALYSIS TOOLS</b> .....	3
2.1. What is business plan?.....	3
2.2. What is required to execute this plan?.....	4
2.3. PEST Analysis.....	6
2.4. 7S Analysis.....	10
2.5. Business Feasibility Assessment.....	13
2.6. SWOT Analysis.....	14
<b>CHAPTER 3: BUSINESS DESCRIPTION</b> .....	16
<b>CHAPTER 4: INDUSTRY ANALYSIS</b> .....	18
4.1. Business License.....	18
4.2. Taxes.....	18
4.3. Key Player In The Industry.....	18
4.4. Legal & regulars.....	19
4.5. Industry/Markets.....	19
4.6. Consumption Trending.....	20
4.7. Margin & Profitability.....	20
4.8. Key Markets To Focus.....	20
4.9. Wines market / Competitor's analysis.....	20
4.10. Spirits market / Competitor's analysis.....	22

4.11. Barworks Analysis.....	24
<b>CHAPTER 5: MANAGEMENT PLAN.....</b>	<b>27</b>
5.1. Company Set Up.....	27
5.2 Organization Chart.....	27
5.3. Head Count.....	27
5.4. Training Plan.....	28
5.5. Office, Warehouse, Showrooms and Equipment.....	28
5.6. Productions Flow.....	29
5.7. Supply Chain - Logistics.....	20
5.8. After Sales Services.....	31
<b>CHAPTER 6: MARKETING AND SALES PLAN.....</b>	<b>32</b>
6.1 Marketing Plan.....	32
6.1 Communication Strategy.....	33
6.1 Sales Strategy.....	33
6.1 Distribution Strategy.....	34
6.2. Pricing Strategy.....	35
<b>CHAPTER 7: FINANCIAL PLAN.....</b>	<b>36</b>
7.1. Balance Sheet For 3 Years & Income Statement For 3 Years.....	36
7.2. Cash Flow Projection For 3 Years.....	37
7.3. Cash Flow Projection For 12 Months Of The First Year.....	37
7.4. NPV, IRR, PI and Payback Period.....	37
<b>BIBLIOGRAPHY.....</b>	<b>38</b>

# CHAPTER 1

## INTRODUCTION

Vietnam is over 90 million population country and in golden age all most 70% in the age between 15 and 54-year old. Economy has been growing up steadily 5-7% per year, GDP per capita reaches USD 2,185.7 in 2016. The political environment is stable and the life is safe.

Vietnamese government has launched many policies to attract, retain and protect FDI while labor cost is still competitive so many multi-national and lobal organizations are investing into and trading in Vietnam.

High and middle class are rising. According study of Boston Consulting Group, this rising of middle class affects not only consumer spending, but also consumer behavior and preferences for branded retail goods and imported products.

Alcohol consumption per capital increasing year after year, Vietnam is global top 16 and Asian top 9 countries that have highest beer and alcohol consumption. Consumption of imported spirits, wines and beers has growth quickly and steadily, average increases 10 - 20% for recent years. More foreigners coming Vietnam for working and traveling leads to growing-up of HoReCa (hotels, restaurants and café) as well as Western life style are factors that make drinking wines quickly spread deep into modern Vietnamese cuisine.

The Vietnamese wine market has various brand names from different nations in all segments, from entry to luxury. All of wines for medium and high class in the market are imported. The entry level is from USD 6 - 14, mid-range segment is from USD 15 - 49, the premium segment is from USD 50 - 149 per bottle while luxury segment is above USD 150.

Old world wines, especially from France, Italy and Spain have dominated the Vietnamese market for many years but now have had to share with fast growing up new world wines coming from Chile, Argentina, America and Australia. The best-selling are

red wines with 70% of the market, followed by white wines with 25% then sparkling wines with 5% (Vietnam-briefing report Vietnam's Wine Industry 2015).

There is still huge opportunity for a new founded wines and spirits trading company that provides wide range of imported wines from entry to medium, premium and luxury segment. However, to getting successfulness, before starting the business we need to define key issues as follows:

- What is the need that our business exists to satisfy?
- How big is the market we are entering?
- How big is the market we are entering?
- How will our business satisfy the need?
- How does our company differentiate itself?
- Who will be the key players in the business?
- Who will we be targeting as customers?
- What will be our most effective marketing and promotional strategies?
- What are the economics of our business?
- How much money is required to get our business started and generating revenue?
- What needs to happen to break-even?

A good business plan with deep and various researches will help us to answer correctly questions mentioned above

## **CHAPTER 2**

### **SELECTION OF PLAN AND ANALYSIS TOOLS**

#### **2.1. What is Business Plan?**

Business plans are well known by investors, entrepreneurs, and students. “A business plan describes the business’s vision and objectives as well as the strategy and tactics that will be employed to achieve them. A plan may also provide the basis for operational budgets, targets, procedures, and management controls.” (Frien G. and S. Zehle, 2004). The purpose behind a business plan is to try to predict as much accurately as possible the future roadmap of a company by using specific sales, marketing, strategy, and financial research and planning tools. In fact, while investing time and money, entrepreneurs desiring to increase their chance of success should plan their business and test it against multiple scenarios. There are six types of business plan:

1. Start-Up business plan: To start a new business.
2. Internal business plan: To be written within the business to evaluate a proposed project.
3. Strategic business plan: To provide a detailed map of a company’s goals and how it will achieve them, laying out a foundational plan for the entire company.
4. Feasibility business plan: To answers two primary questions about a proposed business venture, attempt to determine who, if anyone, will purchase the service or product a company wants to sell, and if the venture can turn a profit.
5. Operations business plan: To be internal plan that consist of elements related to company operations and it specifies implementation markers and deadlines for the coming year. The operations plan also outlines employees’ responsibilities.
6. Growth or expansion business plan: To be in-depth descriptions of proposed growth or expansion and written for internal or external purposes.

Among of six types of business plan, ours is start up business plan. Ettinger & Witmeur (2003) observed that people often use four tools for the business plan. First, it is a decision-making tool (e.g. Decision Matrix, T-chart, or Decision Tree) that helps entrepreneurs to review the most important success factors of a venture. Second, the business plan is an analytical tool that integrates multiple techniques (e.g. PEST analysis, Porter's Five Forces Model or 7S Model), that help to analyze the pros and cons of different options. Third, the business plan is a communication tool (e.g. elevator pitch, executive summary, pitch deck, business plan, and white paper) that is required when entrepreneurs want to raise money by attracting new business partners or investors. Finally, the business plan is a controlling tool that can be applied to monitor the short and long-term targets of the project.

However, many people with new business ideas do not start with a proper planning and analysis tools, but rather with experiencing. Some experts question the importance of executing business plans by claiming planning to be a waste of time because of the rapid change and unpredictable situations of the business environment. The paradigm in question is based on the idea that instead of spending time on planning, people should be on the field gathering valuable feedback.

## **2.2. What is required to execute this plan?**

A business plan's typical structure includes four main chapters: The General Business Environment (including society, culture, population, laws, opportunity, market, and industry), the Strategy (including vision, mission, core business, and position), the Action Plan (including team, production, sales & marketing, and R&D plans), and the Financials that should contain the projections and the investment requirements. For ours, creating a business plan is the answering following research questions:

**What is the need that our business is born and exists to satisfy?** Every business is founded and exists because of some noticeable or undiscovered

opportunities within both current and future market. We must clearly define and accurately measure both current and future need, and problem we have to face and solve with this business.

**How big is the market you are entering?** Understanding and measuring the industry we are entering – its size, attractiveness and profit potential - can help us to truly justify the opportunity.

**How do the society, culture and laws encourage or limit our business?** We are trading wines & spirit that although are not prohibited by laws. However, it is not encouraged and somewhat limited by laws and social perception. Understanding this will help us to prepare, tailor and fit our business within the environment.

**How will our business satisfy the needs?** We must consider, introduce and describe the business's mission and vision to detail how the business satisfies the need in the market.

**How does our company differentiate itself?** We must describe our business model and competitive advantages. This will help us to outline how the business will sustain its position within the market.

**Who will be the key players in the business?** We must build the team structure, highlight the required expertise, experiences and compensation for each position, and plan the recruitment.

**Who will you be targeting as customers?** Narrowing down our targeted customers will help enhance and define our production, sales and marketing strategy.

**What will be our most effective route-to-market strategies?** Once we have identified our targeted clients, we will develop a route-to-market strategy on how best to reach them (sales, marketing, supply chain and logistics, etc.).

**What are the economics of your business?** Define our revenue streams including product sources, pricing structure, costs, margins and expenses.

**How much money is required to get our business started and generating revenue?** Identify needed capital requirements to open the business, exit and move forward. We may need the outside funding so what will be the sources to raising money.

**What needs to happen to break-even?** Build the financial projections and forecasts to determine the volume of sales needed to cover our expenses, to break-even and to become profitable. It also includes cash flow plan and monthly breakdowns for the first three years.

To answer all of questions above, we will use 04 analysis tools that are PEST Analysis, 7S Analysis, Feasibility Assessment and SWOT analysis.

### **2.3. PEST Analysis**

A business wants to trade new product to the market or want to expand their product to new market, they will not be able gain success if they do not understand and adapt external factors such as government regulations, tax law... These are factors that business cannot control and adjust by themselves like quality, style of product or service. The PEST is a useful tool for business analyzing *the external macro-environment*.

In analyzing the macro-environment, it is important to identify the factors that might in turn affect a number of vital variables (Kotter & Schlesinger, 1991; Johnson & Scholes, 1993). Kotler (1998) claimed that PEST analysis is a useful strategic tool for understanding market growth or decline, business position, potential and direction for operations. The use of PEST analysis can be effective for business and strategic planning, marketing planning, business and product development and research reports. PEST also ensures that company's performance is aligned positively with the powerful forces of change that are affecting business environment (Porter, 1985). PEST is useful when a company decides to enter its business operations into new markets and new countries. The purpose of a PEST analysis is to identify all of the various external political, economic, social, technological, factors that might affect a business.

Purpose of Pest analysis is to identify all of various external factors including Political, economic, social, technological factors. The four quadrants in PEST vary in significance depending on the type of business, e.g., social factors are more obviously relevant to consumer businesses, whereas political factors are more relevant to a global munitions supplier or aerosol propellant manufacturer (Byars, 1991).

### **The Benefit of PEST Analysis For Our Business**

(Jim Makos, 2014) PEST can help companies improve their decision making and timing. "The best outcome of the PEST analysis would be if your company is able to make the right decisions at the right time by analyzing different factors. Another benefit of PEST analysis is it could aid you in predicting the future by looking at the present. You will be prepared to tackle future challenges. It also helps you highlight the opportunities you can cash in on and threats which could harm your business"

Pest analysis is a very useful tool for our business plan, with special nature of our products that are spirits and wines, we need to understand well law and related regulations of government for trading such as age that is allowed to buy products, what time in day we are not allowed to sell, drink habit of customers, income at each area...

We have high quality products, we have good team for sales and marketing, but we also need to understand well about external factors such as regulations of government at each market, understand culture and customs of customers that which taste is suitable for them, how their habit is, how their income is that ready to buy our product or not, they like to watch television or use internet...Once we recognize well these factors and have suitable plan to adapt well, we will run well our business.

### **PEST Methodology:**

We will use second data sources to collect information about political, economic, technologic factors. We will search and collect essential data by using public media, internet, Vietnam government website, Tax department, Customs department,

Statistic office, Labor department. Our objectives are to find out answers for questions as follows:

Political factor:

- Is there any political barrier to import wines and spirits?
- How are the existing laws and regulations of government that affect our business directly and indirectly?
- Could any pending legislation or taxation changes affect my business, either positively or negatively?
- Most of our product will be imported from oversea so we have to know the structure of tax policy and tariffs on imports and the effects on it.
- We will recruit employees for the business so we need to know all of laws such as Labor Law, Social Insurance Law, PIT Law.

Economic factor:

- Economic in Viet Nam is strong and growing or not?
- How is GDP annual rate for 5 years? We will know the current economy is stable or not. It is in a period of growth, stagnation, or recession.
- How is inflation rate? Money loses purchasing power during inflationary periods. Our products are luxury brands for customers of middle class and above, so purchasing factors are crucial with us.
- Are customers' income rising or falling? How is this likely to change in the next few years?
- What is the unemployment rate? Will it be easy to build a skilled workforce? Or will it be expensive to hire skilled labor?
- Do consumers and businesses have easy borrow money from banks or not? And how is interest rate?
- We import most of our product so we need to consider foreign currency risk compared with VND.
- How is globalization affecting the economic environment?

Technological factor:

- Are there any new technologies on the horizon that could radically affect our work or our industry?

Social factor:

- What is general behavioral consumption of high and middle classes.
- How are habits of customers to buy premium goods?
- How is daily average leisure time of customers?
- How is family relationship and working relationship?
- Do they often buy wines and spirits for gifts on holidays or special occasion?
- How is the attitude of customer with luxury products?
- For Social factor, besides using secondary data, we will conduct online survey by sending questionnaires to target customers to collect above data.

Websites that are very useful for us are: [www.chinhphu.vn](http://www.chinhphu.vn); [www.gso.gov.vn](http://www.gso.gov.vn)  
<https://www.customs.gov.vn>; <http://business.gov.vn>; [www.molisa.gov.vn](http://www.molisa.gov.vn);

#### **2.4. McKinsey's 7-S Model Analysis**

McKinsey's 7S Model was created by the consulting company McKinsey and Company in the early 1980s. Since then it has been widely used by business people, practitioners and students to analyze various types of organization. The seven variables, which the authors term "levers", all begin with the letter "S" are structure, strategy, systems, skills, style, staff and shared values.

While the authors thought that other variables existed within complex organizations, the variables represented in the model were considered to be of crucial importance to managers and practitioners (Peters and Waterman, 1982). The analysis of several organizations using the model revealed that American companies tend to focus on those variables which they feel they can change (e.g. structure, strategy and systems) while neglecting the other variables. These other variables (e.g. skills, style, staff and shared values) are considered to be "soft" variables. Japanese and a few excellent

American companies are reportedly successful at linking their structure, strategy and systems with the soft variables.

The authors have concluded that a company cannot merely change one or two variables to change the whole organization. For long-term benefit, the variables should be changed to become more congruent as a system. The external environment is not mentioned in the McKinsey 7S Framework, although the authors do acknowledge that other variables exist and that they depict only the most crucial variables in the model. (Papers4You.Com, 2002-2007)

### **Benefits Of Using The 7S Model To Analyze Our Business**

The seven components described above are normally categorized as soft and hard components. The hard components are the **strategy, structure and systems** while the soft components are **staff, skills, style and shared values**. Analyze each “S” will help us to draw the must-known and back bone of issues of a start-up business: Strategy, products/services, vision-mission, core values, human resource and working culture.

### **7S Research Methodology**

Two sources of data were gathered and analyzed for this case study, person-to-person interviews and secondary sources. We will conduct interviews with both traders and targeted end-users with questions focused on “Strategy” factor.

Secondary sources of data included benchmarking assessment; compare our business with other ones who are doing in the same industry with ours; web-and print based information and collateral. The findings of the secondary research and benchmarking complement the interview results by offering additional insights regarding the nature and importance of the 7-S factors, and demonstrate the differential relevance of the various “hard” and “soft” characteristics for our company. The data collection and analysis will focus on answering questions of all 7-S factors.

Strategy:

- What should our strategy be?
- How should we intend to achieve our objectives?
- How should we face to competitive pressure?
- How are changes in customer demands we have to deal with?
- How is strategy adjusted for environmental issues?

Structure:

- How is the company/team divided?
- What is the hierarchy?
- How do the various departments coordinate activities?
- How do the team members organize and align themselves?
- Is decision making and controlling centralized or decentralized? Is this as it should be, given what we're doing?
- Where are the lines of communication? Explicit and implicit?

Systems:

- What are the main systems that run the organization? Consider financial and HR systems as well as communications and document storage.
- Where are the controls and how are we monitored and evaluated?
- What internal rules and processes does the team use to keep on track?

Shared Values:

- What are the core values of company?
- What is the corporate/team culture?
- How strong are the values?
- What are the fundamental values that the company/team will be built on?

Style:

- How participative is the management/leadership style?
- How effective is that leadership?
- Do employees/team members tend to be competitive or cooperative?
- Are there real teams functioning within the organization or are they just nominal groups?

Staff:

- What positions need to be filled?
- What positions or specializations are represented within the team?
- Are there gaps in required competencies?

Skills:

- What are the key skills we need for company/team?
- Are there any skills gaps?
- How we train and coach staffs for skills gaps.
- How are skills monitored and assessed?

## **2.5. Feasibility Reflection**

A feasibility study is a report that documents decisions concluding in a choice of one from two or more alternatives. It establishes possibilities, evaluates economics, and forces reflections on the perceptions of a decision...In the feasibility study, the problem is described, and one or more potential solutions to the problem are considered in some depth. Decisions about what steps to take to effect a solution are based upon the results of the feasibility study – Dr. Patrick Logan.

### **The Benefit Of Feasibility Reflection For Our Business**

To do feasibility reflection of a business, we often access 5 factors that are Technical Feasibility, Legal & Regulatory Feasibility, Organizational Feasibility, Social Feasibility and Economic Feasibility.

Technical Feasibility accesses how we deliver our products and services to customers. It studies logistical or tactical plan how our business will produce/source, store, deliver products/services as well as track the performance.

Legal & Regulatory Feasibility access how legal, regulatory and tax affect our business and how we can utilize them to maximize advantages while minimize and avoid disadvantages.

Organizational Feasibility access how to define the legal, corporate structure needed professional skills and culture of the business.

Social Feasibility access how people think and percept about our business. Wines & spirit is sensitive and controversial industry so we need to study if and how to get people accept and support us.

Economic Feasibility access how our business's investment and revenues to get break even and profit in the time frame and if it is logical and possible to do the business.

### **Feasibility Reflection Analysis Methodology**

We will collect and use related secondary source to analyses all factors. Secondary sources of data included benchmarking assessment; compare our business with other ones who are doing in the same industry with ours; government tax, publish information, web-and print based information and collateral.

### **2.6. SWOT Analysis**

SWOT Analysis is a research technique to collect data and analyze the Strengths, The Weakness, The Opportunities and The Threats of an organize or a business:

- Strengths: Characteristics of a business that give it an advantage over others
- Weaknesses: Characteristics of the business that make a business disadvantageous or uncompetitive.
- Opportunities: Elements in the environment that a business can utilize and turn to become its advantages and competitions.

- Threats: Elements in the environment that can thread or even destroy a business.

Analyze SWOT of a business and its industry, including key competitors will give analyzers a full picture where the business is and how it compares to other ones.

### **Benefit Of SWOT Analysis For Our Business**

This help us more understand our Strengths and Weaknesses, and identify both the Opportunities open to us and the Threats we face. Besides that, analyze and understanding the SWOT of our key competitors will help us to survive and know-how to face and win them in the competition.

### **SWOT Analysis Methodology**

We will collect and use related secondary source such as public information, web-and print based information, expert's ideas, and benchmarking assessment to analyses 4 characteristics and elements of not only our business but also our competitors.

## **CHAPTER 3**

### **BUSINESS DESCRIPTION**

#### **Background**

Barworks Wines & Spirit Vietnam Joint Venture Company has been founded by 3 parties:

1. BARWORKS WINE & SPIRITS PTE. LTD. (UEN 200822445Z) a company incorporated in the Republic of Singapore and having its registered office at 18 Sin Ming Lane # 05-09/10/11 Midview City Singapore 573960 (Shareholder A);

2. CT INTERNATIONAL FOOD AND BEVERAGE JOINT STOCK COMPANY (Company Registration No. 0308330995) a company incorporated in Vietnam and having its registered office at 60 A Truong Son Str., Ward 2, Tan Binh District, HCMC, Vietnam (Shareholder B).

3. CT Retail JSC (Company Registration No. 0308316253) a company incorporated in Vietnam and having its registered office at 22 Vo Van Kiet Str., Nguyen Thai Binh Ward, District 1, HCMC Vietnam (Shareholder C);

#### **Shareholdings Of The Company**

1. Shareholder A: 51%
2. Shareholder B: 44%
3. Shareholder C: 5%

#### **Board of Directors:**

- 2 Board of Directors appointed by Shareholder A.
- 2 Board of Directors appointed by Shareholder B and Shareholder C

**General Manager:** Will be selected by party A.

**Products and services:** Legally and transparently import, distribute and retail premium Japanese whiskies, spirits, sakes and various wines.

### **Mission**

1. Establishing a chain of owned and branded stores in key cities in Vietnam to retail imported wine and spirits.
2. Establishing a distribution network to supply wine and spirits to corporate clients, wholesalers, supermarkets, shops, night clubs and restaurants.
3. Provide best products, services and trust to all customers.
4. Continuously source new products to fulfill the portfolio, improve and innovate new services to satisfy all customer's needs

### **Vision**

1. Company products and services are available and ready-to-serve in all key cities/regions: Hanoi, Haiphong, Vinh, Danang, Nhatrang, HCM, South and Mekong delta.
2. Build brand awareness for all products exclusively distributed by Company in Vietnam.
3. Build, develop and maintain good relationship with all customers.
4. Recruit, develop and retain a professional, passion and dynamic team.
5. Good ROI.

## **CHAPTER 4**

### **INDUSTRY ANALYSIS**

#### **1.1. Business License**

- This is most challenging for any new player who wants to join wines & spirits distribution in Vietnam now. Since 2011, Vietnam government has launched many policies and built many barriers to limit and stop giving business license for new-opened companies, importers, distributors, wholesalers or even retailers in wines & spirits business

- No more licenses for new companies: Beam Global and William & Son had failed to open their company in Vietnam some year ago.

- No more licenses for new importers/distributors/Wholesalers since 2014.

- No more license for new retailers in central districts of Hanoi Capital and Ho Chi Minh City.

- Even after getting national business license, it takes time to get full of business licenses in key cities or provinces because business license must be submitted and got in each province instead of one license for whole country.

- Must follow and more strictly in controlling distribution tiers:

Importers/distributors -> wholesalers -> Retailers/Outlets.

- Still may get the business license if willing to pay out-off-officially USD 25,000 – 30,000 but have to wait for years.

#### **1.2. Taxes**

- Import tax: 45% import tax +

- Special consumption tax: 60% for beer and alcohol above 20% abv (will be increased to 65% since 2018), 30% for alcohol under 20% abv (will be increase to 35% since 2018).

- Special income tax: 30% of margin importers get when selling to

distributors/wholesalers.

### **Key Players In The Industry**

- Many global or foreign companies want to introduce and distribute their products in Vietnam so they are willing to cooperate with local partners.
- However, most of well-known companies/brands have been in Vietnam or partners in Vietnam for long time so it is difficult to source new well-known companies /brands that have not been here yet.
- Many global companies or foreign producers now have controlled the budget very tightly so they wanted to sell at net prices without A&P support.
- Have to source products that mixed from well-known companies/brands and less well-known companies/brands with good quality, good prices and strong support for A&P.

### **1.3. Legal & Regulars**

- Vietnamese government has prohibited any kind of advertising and promoting alcohol above 20% abv.
- Although that, all of brands are using vary and flexible tools of direct marketing and outlet activation to build the distribution and brand awareness.

### **1.4. Industry/Market**

- In 2013, the total sales volumes from distilled and fermented liquors reached 500 million USD, increased up to 1.8 times in comparison to that of 2005.
- Market and consumption demanding for well-known and high-quality products still have been growing up steady.
- Illegally imported products with much cheaper prices.
- Under declared tax products (All of company do that even big guys like Diageo, Pernod Ricard and Moet Hennessy).
- Very competitive due to many big global players with famous/well-known brands

and huge A&P budget.

- Conservative and in-knowledge consumers who only buy what they or their bosses, their partners and their friends want and drink.
- Need to build very right and practical route to market strategy from beginning.
- Patient to grow up steadily instead of aggressive investment in short term.

### **1.5. Consumption Trending / Consumer Behavior.**

- Drinkers are shifting their choice from white to brown spirits.
- Drinkers are switching from vodka and Cognac and to Scotch whisky and wines.
- Single malt Scotch whisky is rising up as first choice of elite class.
- 70% of alcohol are drunk at on-trade outlets
- 40% volume of alcohol are sold within 2 months before the Lunar New Year for gifting.

### **1.6. Margin & Profitability**

- Good gross margin is around 25 - 35%.
- Very expensive and take time to get business license.
- High operation and A&P expense due to market/industry practice.
  - High imported tax products vs. cheaper illegally / under-declared-tax imported products.
- It takes at least 3 years to get break even so need very carefully and details to build the financial plan.
  - Any new player needs a stable and long-term funding and investment for investment plan.

### **1.7. Key Markets To Focus**

- HCMC.
- Central :Danang, Nhatrang and Hue
- Highland :Ban Me Thuot, Pleiku and Dalat

- South :Vung Tau, Phan Thiet, Binh Duong and Bien Hoa.
- Mekong Delta :Cantho, Long Xuyen and Rach Gia. Hanoi
- North :Haiphong, Thai Binh, Nam Dinh, Thai Nguyen and Vinh

### 1.8. Wines market / Competitor's analysis

- Increase average 10 %every year since 2010
  - French and Italian wines grow-up faster than average of industry with 15.%
  - Key exporters to Vietnam still are France) 15 %market share(, Chile, Italy, Australia, America, Argentina and Spain.
  - Generally, the final cost of imported wines in Vietnam is low due to under-declared tax and A&P support from brand principals.
  - Local wine brands such as Dalat and Passion have aggressively invested for new product /market development and take a big share in Tet gifting and Tet hamper.
- Key competitors: Celler D'asie, The Warehouse and Fine Wines.

Company	Celler D'asie	The Warehouse
<b>Growth Strategy</b>	<ul style="list-style-type: none"> <li>• Stably grow current brands</li> <li>• Continuously Source more brands</li> </ul>	<ul style="list-style-type: none"> <li>• Stably grow current brands</li> <li>• Continuously Source more brands</li> </ul>
<b>Portfolio</b>	<ul style="list-style-type: none"> <li>• Wine focus</li> <li>• Spegalou glassware</li> </ul>	<ul style="list-style-type: none"> <li>• Wine / Beers</li> <li>• Gourmet</li> <li>• Schott Glassware</li> </ul>
<b>Targeted customers</b>	<ul style="list-style-type: none"> <li>• Elite and Exclusive</li> <li>• Hi-end &amp; foreign HoReCa</li> <li>• Cooperate sales</li> <li>• Retails (Red Apron store chain)</li> </ul>	<ul style="list-style-type: none"> <li>• Elite and Exclusive</li> <li>• Hi-end &amp; foreign HoReCa</li> <li>• Cooperate sales</li> <li>• Retails</li> </ul>
<b>Coverage</b>	<ul style="list-style-type: none"> <li>• HCM, Hanoi, Danang &amp; Other Provinces</li> </ul>	<ul style="list-style-type: none"> <li>• HCM, Hanoi, Danang &amp; Other Provinces</li> </ul>

<b>Products &amp; Services</b>	<ul style="list-style-type: none"> <li>• Partly re-selling for others</li> </ul>	<ul style="list-style-type: none"> <li>• Partly re-selling for others</li> </ul>
<b>Strength</b>	<ul style="list-style-type: none"> <li>• Luxury &amp; premium portfolio</li> <li>• Good network with expats &amp; westerners in Vietnam</li> <li>• Very strong retail in Hanoi &amp; HCMC.</li> <li>• Big labor force with many western employees</li> <li>• Very strong in international horeca channel nationwide</li> </ul>	<ul style="list-style-type: none"> <li>• Luxury &amp; Premium portfolio with spirit, wines, beer, water and foods.</li> <li>• Very good network with expats &amp; westerners in Vietnam</li> <li>• Strong cash flow</li> <li>• Big labor force with many westerners</li> <li>• Very strong in international HoReCa channel nationwide</li> </ul>
<b>Weakness</b>	<ul style="list-style-type: none"> <li>• Provinces</li> <li>• Local HoReCa</li> <li>• Off-trade channel</li> </ul>	<ul style="list-style-type: none"> <li>• Provinces</li> <li>• Local HoReCa</li> <li>• Off-trade channel</li> </ul>

### 1.9. Imported Spirits Market / Competitors Analysis

- Whisky segment has grown-up very quickly and take share from Cognac that has been down-hill and from vodka that has been decline in recent years.

- Market generally has been dominant by blended scotch whiskies from Pernol Ricard (Chivas and Ballantine's) and Diageo (Johnnie Walker range)

- Single Malt Scotch whisky segment has been significantly dropped after the peak in 2010-2011 due to high price, economic crisis and too many brands that make drinkers confused. Top ones are Glenlivet (Pernol Ricard), Singleton (Diageo), Macallan (The Edrington) and Glenmorangie (Moet Hennessy).

- Generally, price of imported whiskies in Vietnam is very cheap due to border trade, under-declared tax and strong A&P support from brand principals

Company	Alchemy	Tan Khoa
<b>Growth Strategy</b>	<ul style="list-style-type: none"> <li>Stably grow current exclusive brands of The Edrington</li> <li>Continuously source more spirit &amp; wine brands that are not conflict with The Edrington portfolio.</li> </ul>	<ul style="list-style-type: none"> <li>Stably grow current brands</li> <li>Continuously source more brands</li> </ul>
<b>Portfolio</b>	<ul style="list-style-type: none"> <li>Scotch whisky (Single Malt &amp; Blended)</li> <li>Cognac / Vodka / Gin / Rum / Whiskey</li> <li>Syrup (Bols)</li> <li>4. Wines</li> </ul>	<ul style="list-style-type: none"> <li>Wines: Very wide range from entry to super premium</li> <li>Spirits: Exclusive Bacardi &amp; Martini and others</li> <li>Sakes: Choya</li> <li>4. Syrups: Monin</li> </ul>
<b>Targeted customers</b>	<ul style="list-style-type: none"> <li>Elite and Exclusive</li> <li>Hi-end Horeca</li> <li>Wholesales</li> <li>VIP network / Corporate</li> </ul>	<ul style="list-style-type: none"> <li>Present in all trade segmentations and kinds of customers</li> </ul>
<b>Coverage</b>	<ul style="list-style-type: none"> <li>Nationwide but Focus on key cities/provinces</li> </ul>	<ul style="list-style-type: none"> <li>Nationwide from cities to provinces</li> </ul>
<b>Products &amp; Services</b>	<ul style="list-style-type: none"> <li>100% exclusive</li> </ul>	<ul style="list-style-type: none"> <li>Exclusive and re-selling</li> </ul>

<b>Strength</b>	<ul style="list-style-type: none"> <li>• Inherited a developed and penetrated market/customer from Beam Global: Macallan, Famous Grouse, Highland Park and Bols )</li> <li>• Strong support from The Edrington</li> <li>• High quality and wide range of Scotch whisky (Single Malt &amp; Blended)</li> <li>• Full portfolio but focus on whiskies</li> <li>• Global famous, luxury and attractive brands</li> <li>• Experience with a team of 40 people nationwide</li> <li>• Competitive price due to B-products and legally under-declared tax imported products</li> <li>• Just appointed to become exclusive distributor of Bacardi &amp; Martini in Vietnam.</li> </ul>	<ul style="list-style-type: none"> <li>• Long time doing business in Vietnam</li> <li>• Inherited a developed and penetrated market/customer. from Bacardi &amp; Martini</li> <li>• Full portfolio from spirit, syrup to wines</li> <li>• Global famous brands</li> <li>• Strong support from bran principals</li> <li>• Experience with hundreds of staffs nationwide</li> <li>• Competitive price due to legally under-declared tax imported products</li> </ul>
-----------------	---	--

<b>Weakness</b>	<ul style="list-style-type: none"> <li>• Down trading of luxury spirits</li> <li>• Provincial market</li> </ul>	<ul style="list-style-type: none"> <li>• Cash flow &amp; Bad debt reputation</li> <li>• Un trustable Sales &amp; Marketing</li> <li>• Lost good partners such as Bacardi &amp; Martini.</li> </ul>
-----------------	---	--

### 1.10. Barworks Wines & Spirits Vietnam Analysis

Company	Barworks
<b>Growth</b>	<ul style="list-style-type: none"> <li>• Focus on growing current brands</li> </ul>
<b>Strategy</b>	<ul style="list-style-type: none"> <li>• Continuously source more brands</li> </ul>
<b>Portfolio</b>	<ul style="list-style-type: none"> <li>• Exclusive Japanese whisky, Sakes (TBC latter), Wines and Syrup</li> <li>• Re-selling for other brands</li> </ul>
<b>Targeted customers</b>	<ul style="list-style-type: none"> <li>• Elite and Exclusive</li> <li>• Hi-end Horeca</li> <li>• Wholesales &amp; retail</li> <li>• VIP network / Cooperate sales</li> </ul>
<b>Coverage</b>	<ul style="list-style-type: none"> <li>• Penetrating &amp; Developing market/customers.</li> <li>• Priority to focus on key cities first</li> </ul>
<b>Products &amp; Services</b>	<ul style="list-style-type: none"> <li>• Exclusive &amp; re-selling</li> </ul>
<b>Strength</b>	<ul style="list-style-type: none"> <li>• High quality and famous Japanese whiskies</li> <li>• Experience</li> <li>• Strong relationship with government &amp; military</li> <li>• Good locations to build branded showroom.</li> </ul>
<b>Weakness</b>	<ul style="list-style-type: none"> <li>• New player</li> <li>• New brands</li> <li>• Prices are not competitive</li> </ul>
<b>Opportunities</b>	<ul style="list-style-type: none"> <li>• Brown spirits and wines consumption have been growing up steadily.</li> <li>• New and high-quality Japanese whiskies rather than Scotch whiskies.</li> <li>• Carefully selective, meticulous craftsmanship and easy-to-drink Japanese whiskies will perfectly match for high-class drinkers</li> </ul>
<b>Threats</b>	<ul style="list-style-type: none"> <li>• Variety well-known, reputative and high quality Scotch whisky brands available on market with much cheaper price (due to under declared tax) and strong A&amp;P supports.</li> <li>• Local wines trading companies with thousands famous, good quality, high-scored and competitive-price.</li> </ul>

## CHAPTER 5

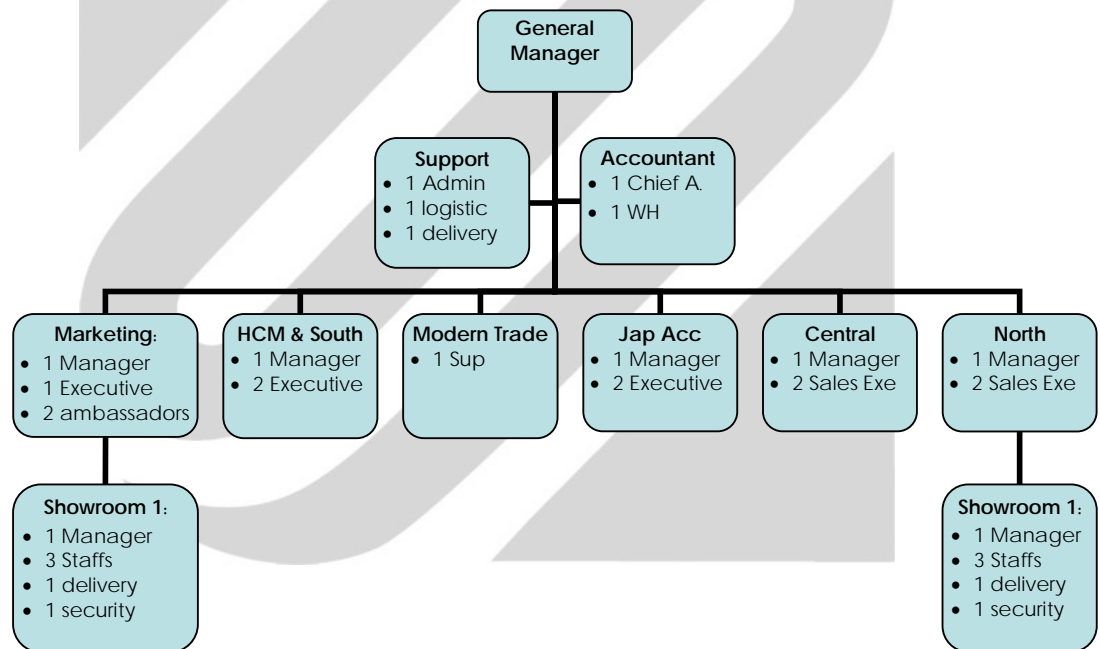
### MANAGEMENT PLAN

#### 5.1 Company set-up

According to Vietnamese law and taxes, we must set-up 3 different business:

- Company A: Import and Distribute
- Company B: Wholesale
- Company C: Retail

#### 5.2 Organization Chart



#### 5.3 Head Count :32

- Management :01
- Sales team :20
- Marketing team :04
- Finance :02

- Support team : 02

- Others : 03

Job Description of each position will be defined and wrote before recruitment (As attached file)

<b>S/N</b>	<b>Position</b>	<b>Dept</b>	<b>Duty/Responsibility / Location</b>
<b>1</b>	General Mgr	All	Nationwide
<b>2</b>	Admin/Logistics	All	Nationwide
<b>3</b>	Chief Of Accountant (Share salary with CT F&B)	Finance	Nationwide
<b>4</b>	Warehouse keeper (Share salary with CT F&B)	Finance	Nationwide
<b>5</b>	Delivery	Finance	HCM
<b>6</b>	Group Brand Manager	Marketing	Nationwide
<b>7</b>	In-house Designer	Marketing	Nationwide
<b>8</b>	Brand Ambassador - Fabbri	Marketing	Nationwide/HCM
<b>9</b>	Showroom 1 Manager	Marketing	HCM
<b>10</b>	Showroom 1 staff	Marketing	HCM
<b>11</b>	Showroom 1 staff	Marketing	HCM
<b>12</b>	Showroom 1 staff	Marketing	HCM
<b>13</b>	Delivery	Sales	Hanoi
<b>14</b>	Regional Sales Manager	Sales	On/Off - HCM
<b>15</b>	Sales Executive	Sales	On/Off - HCM
<b>16</b>	Sales Executive	Sales	On/Off - HCM
<b>17</b>	Branch Manager	Sales	Central
<b>18</b>	Sales Executive	Sales	Central - Nhatrang
<b>19</b>	Sales Executive	Sales	Central - Danang
<b>20</b>	Commercial Manager	Sales	Japanese Segment

21	Sales Executive	Sales	Japanese Segment
22	Sales Executive	Sales	Japanese Segment
23	Branch Manager	Sales	North - Hanoi
24	Sales Executive	Sales	On/Off trade - Hanoi
25	Sales Executive	Sales	On/Off trade - Hanoi
26	Brand Ambassador - Fabbri	Sales/Marketing	Hanoi
27	Supervisor	Sales	Modern-trade
28	Showroom 2 Manager	Sales	Hanoi
29	Showroom 2 staff	Sales	Hanoi
30	Showroom 2 staff	Sales	Hanoi
31	Showroom 2 staff	Sales	Hanoi
32	Delivery	Sales	Hanoi

#### 5.4 Training Plans

- GM, marketing manager and showroom manager will be responsible for both internal training (for staffs) and external training (for customers).
- GM will be responsible for working skills training & coaching
- Internal training schedule (both product knowledge / working skills):
- Orientation & product training: Off line
- Monthly training: Online or offline.

#### 5.5 Office, Warehouse, Showrooms and Equipment

- Office: At 6th floor, CT Plaza, Tan Binh District, HCMC.
- Warehouse: Ground floor, CT Plaza
- Showroom 1: At basement, Leman Complex, D3, HCMC
- Hanoi 3 in 1: Office, Warehouse and Showroom in one location.
- Equipment for office:
  - Laptop for all staffs

- Unified accountant software (MYOB)
- Fax, photocopy and printing machines
- Equipment for showrooms:
  - Full bar set-up
  - Fax/Printing/Photocopy machine - Payment machine
  - Check-out sensors
  - Air conditioners 24/7
  - Security cameras
  - Wines cabinets / wines cellars 24/7 - Glassware & tableware for tasting
- Communications facilities:
  - Telephone line in office and showroom.
  - Internet Wi-Fi / cable in office and showroom.
- Furniture for office:
  - Working tables & chairs for 10 people
  - Document cabinets

### **1.6 Production Flow**

We have yearly contract with partners in worldwide who supply us whiskies, wines, sake and syrup. The production flow will be as follows:

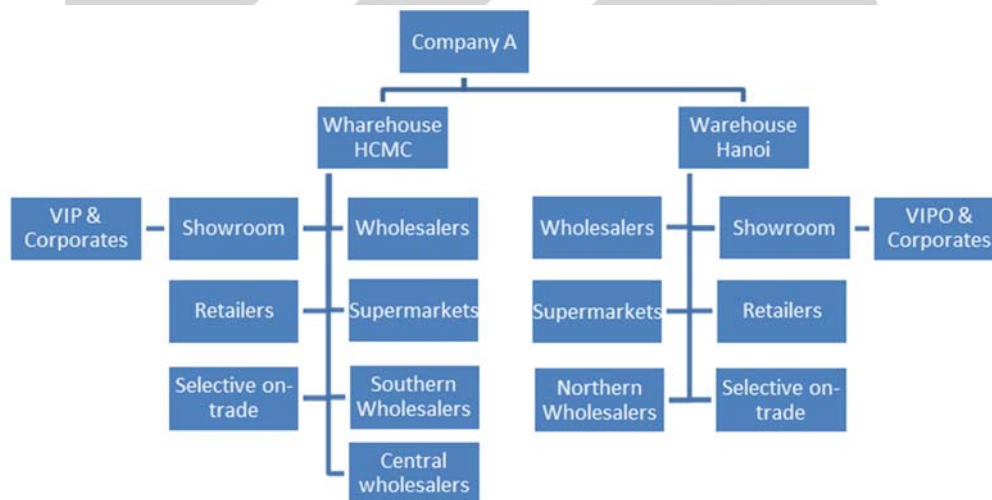
- Partnership contract with global suppliers and producers.
- Choose and assign importer agency.
- Make the orders -> Confirm the stock and delivery date to assigned forwarders.
- 30 -45 days shipping to the assigned Vietnam port.
- 15 days to finish the custom clearance and import tax duties.

-To avoid the excise tax, the assigned importer will sell all imported goods to a company A (called middle-man) with a margin of 1.5%. According to Vietnamese law, company A has to pay 35% of this margin for excise tax. After that company A will re-sell all goods to our company without required excise tax duty.

- Paying global partners will be settled after 60 days after order.

### 5.7 Supply Chain - Logistics

- 2 Warehouses to be set up, 1 in HCMC and 1 in Hanoi.
- Delivery in Hanoi and HCMC: Deliver goods to customers by company's staffs, using taxi or by motorbike up to quantity of order or situation.
- Delivery to central and provinces outside of HCMC and Hanoi: Use local transporters.
- Payment: Cash on delivery or credit 30/45/60 days up to sales contract
- Supply Chain Chart:



### 5.8 After Sales Services

- Every sales staff will take care her/his customers to make sure they satisfy about: order, delivery on-time, product quality, product knowledge, payment, etc.
- As planned or required, sales or marketing or both will come customer's outlets to do the product tasting and training for customer's staffs and customer's end-users.
- Mangers frequently visit key customers to receive their feedbacks and take quick action if needed.

## CHAPTER 6

### MARKETING AND SALES PLAN

#### 6.1 Marketing Strategy

Vietnamese government has prohibited any kind of advertising and promoting alcohol above 20% abv so we have to use vary and flexible tools of direct marketing and outlet activation to build the distribution, drive the sales volume and promote the brand awareness.

- Direct marketing at showrooms:
  - Targeted customers: VIP, business men & high-class drinkers
  - Content: Inviting targeted audiences to store, training product knowledge and tasting.
  - Customer's data collection
  - Conducted by: Showroom staffs.
  - POSM: Product information leaflets - Tasting notes
- Direct marketing at outlets:
  - Targeted customers: Outlet's customers
  - Content: introducing products at outlets, tasting and promoting (Discount on purchase).
  - Customer's data collection
  - Conducted by: Sales or PGs.
  - POSM: Table cards - Tasting notes - Free bottles (For tasting) - Gift-with-purchase.
- Direct marketing / Cooperate relationship at customer's venues:
  - Targeted customers: VIP, business men & high-class drinkers
  - Content: Support to serve our products.
  - Customer's data collection (If can)

- Conducted by: Showroom's staffs or PGs and sales.
- POSM: Tasting notes – Tableware (Glasses, Decanters, trays and etc.) - Discounts
- New Year gifting:
  - Luxury gift boxes launched latest by Nov 2017
  - Year-end party for traders (focus on off-trade channel)
  - Availability and visibility programs applied for outlets
  - Commission or free bottles for buyers (cooperate orders)
- Online marketing:
  - Website / E-commerce
  - Social networks: Face book, Instagram and twister
- Customer Relationship Marketing:
  - Card members for showroom's customers.
  - Emailing and texting to celebrate (birthday and public holidays) and inform gifting (special celebrating), promotions and new products launching to customers in collected database
  - Discounts or coupon vouchers at showrooms for loyal customer's special celebrating.
- Sponsorships:
  - Golfs
  - Business events
  - VIP gathering parties

## **6.2 Communications Strategy**

- Word of mouth through VIP relationship.
- Public communication through event sponsorship, golf tournament, business celebrating and gathering, etc.
- Direct communication through training, tasting, and PGs

- Online communication: Website and social networks, mailing, texting, calling, promotion and gifting.

### 6.3 Sales Strategy

Most and priority focus on on-trade channel (night clubs and restaurants) and VIP channel (corporate sales and gifting) to build not only distribution and sales volume but also brand awareness through outlet activation (on-trade channel) and work-of-mouth (VIP channel).

#### Distribution channels

- Retails channel at showrooms (HCMC and Hanoi):
  - Pricing: Set at 105-110% of suggested retail price
  - Issue loyal member card to discount 5-20% up to each customer.
  - Weekly, monthly, celebrations and public holidays promotions
  - Training & tasting
- Retail channel (Liquor shops)
  - Open distribution and build visibility at 100 biggest & most potential shops nationwide: Promotion & display programs
  - Produce catalogue
  - Launch Tet gifting campaign.
- Wholesaler channel:
  - Build around 20 wholesalers at key markets: Hanoi, Vinh, Hue, Danang, Nhatrang, Ban Me Thuot, HCMC, Vungtau, Cantho and Long Xuyen
  - Sales staffs open outlets (both on & off trade) to support wholesalers.
- Modern trade channel:
  - Metro Cash & Carry
  - Big-C
  - Coop Mart

- Lotte Mart
- Convenient store chains: Family Mart, 7/11, Circle-K, B's Mart, etc.
- Traditional on-trade channel (Restaurants): Key channel to build brand awareness and drive sales volume
  - Build trade segmentation
  - Determine / tailor focused products/brands, sales policy and A&P support for each segment.
  - Flagship restaurants (contracted): Sponsor, committed target, exclusive promotion/branding, suggested price and PGs,
  - In-exclusive/open restaurants: Listing, trade promotion and bottle incentive
- Traditional on-trade channel (Night clubs): Good to build brand awareness and drive sales volume but very costly.
  - Exclusive outlets (KTV / discotheque / bar / Pub): Sponsor, committed target, exclusive promotion/branding, suggested price and PGs. 1 in Hanoi, 1 in HCMC, 1 in Danang and 1 in Nha Trang depend on the budget.
  - In-exclusive/open outlets: Listing, trade promotion and bottle incentive.
- E-commerce:
  - Online/telephone ordering and payment.
  - 24/7 delivery
- Cooperate/Tet gifting:
  - Tet gift catalogue.
  - Using VIP and business relationship
  - Commission or free bottles for purchasers

### **Pricing Strategy**

- Set retail prices that BW suggests to customers.
- 90% of retail price is net price that includes COGS and 40% gross margin up

- 10% of retail price is for discounts, sponsors, trade deals, trading term and other A&P supports.

- Showroom's retail price is set at 110% of retail price. With member cards, its customers will be discounted 5-20% up to card level.

-With some special partners in provinces, we may offer them net price and they will use the margin of 30% to recruit staffs and develop markets.



**CHAPTER 7**  
**FINANCIAL PLAN**

**Balance Sheet For 3 Years**

<b>Year</b>	<b>1</b>	<b>2</b>	<b>3</b>
Cash	(613,702)	183,070	467,472
Inventory	450,000	900,000	1,080,000
Equipment	120,000	-	-
Receivable	300,000	600,000	720,000
Depreciation	(24,000)	(24,000)	(24,000)
<b>Total asset</b>	<b>232,298</b>	<b>1,659,070</b>	<b>2,243,472</b>
<b>Liability</b>	270,000	607,312	741,112
Account payable	270,000	540,000	648,000
Tax payable	-	67,312	93,112
<b>Equity</b>	82,298	1,051,759	1,502,360
Owner capital	480,000	782,512	1,129,912
Retained earning	(397,702)	269,247	372,448
<b>Total liability and equity</b>	<b>352,298</b>	<b>1,659,070</b>	<b>2,243,472</b>

**Income Projections For 3 Years**

<b>Year</b>	<b>1</b>	<b>2</b>	<b>3</b>
Sales Revenue	1,800,000	3,600,000	4,320,000
<b>Total revenues</b>	<b>1,800,000</b>	<b>3,600,000</b>	<b>4,320,000</b>
Cost Of Good Sold	1,080,000	2,160,000	2,592,000
<b>Total COGS</b>	<b>1,080,000</b>	<b>2,160,000</b>	<b>2,592,000</b>
Register Fee	80,000	-	-
Administrative & Sales Incentive	72,000	144,000	172,800
Furniture & Equipment	120,000	-	-
Salary & Overhead Cost	393,502	434,202	477,622
Office & Showrooms Rental	116,000	121,800	127,890
A&P	336,200	403,440	484,128
Corporate Income Tax	-	67,312	93,112
<b>Total Expense</b>	<b>1,117,702</b>	<b>1,170,753</b>	<b>1,355,552</b>
<b>Net Income</b>	<b>- 397,702</b>	<b>269,247</b>	<b>372,448</b>

### Cash Flow Projection For 3 Years

Descriptions	Year 1	Year 2	Year 3
Investment in set up & equipment	120,000		
Register Fee For 200 SKUs	80,000		
Overhead	393,502	434,202	477,622
Administrative & Incentive	72,000	144,000	172,800
A&P Expense	336,200	403,440	484,128
Office & Showrooms rental Cost	116,000	121,800	127,890
Sales revenue	1,800,000	3,600,000	4,320,000
Cost of goods sold	(1,080,000)	(2,160,000)	(2,592,000)
Gross profit	720,000	1,440,000	1,728,000
Selling, general and administration	(997,702)	(1,103,442)	(1,262,440)
Depreciation	(24,000)	(24,000)	(24,000)
EBIT	(301,702)	312,558	441,560
Tax 20%	-	62,512	88,312
<b>Unlevered Net Income / Income before interest</b>	<b>(301,701.600)</b>	<b>375,069.888</b>	<b>529,872.077</b>
Plus: Depreciation	24,000	24,000	24,000
Less: CAPEX	(120,000)		
Less: Increase in NWC	(216,000)	(216,000)	(86,400)
<b>Free Cash Flow</b>	<b>(613,702)</b>	<b>183,070</b>	<b>467,472</b>
Cumulative FCF	(613,702)	(430,632)	36,840
NWC requirement 12% of sales revenue	216,000	432,000	518,400
NWC	216,000	216,000	86,400

### Cash Flow Projection For 12 Months Of The First Years

Descriptions	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
- Investment in furnitures & equipments	120,000	-	-	-	-	-	-	-	-	-	-	-
- Register Fee For 200 SKUs	40,000	20,000	-	-	-	20,000	-	-	-	-	-	-
- Overhead	10,340	34,106	34,606	34,606	34,606	34,606	34,606	34,606	34,606	35,606	36,606	34,606
- Administrative & Incentive 4% Of Revenue	-	-	1,800	1,800	3,600	3,600	3,600	5,400	7,200	10,800	18,000	16,200
- A&P Expense	600	600	8,000	12,000	33,900	11,400	13,900	16,800	22,200	43,000	74,600	49,200
- Office & Showrooms rental Cost	6,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Sales revenue	-	-	45,000	45,000	90,000	90,000	90,000	135,000	180,000	270,000	450,000	405,000
Cost of goods sold	-	-	(27,000)	(27,000)	(54,000)	(54,000)	(54,000)	(81,000)	(108,000)	(162,000)	(270,000)	(243,000)
Gross profit	-	-	18,000	18,000	36,000	36,000	36,000	54,000	72,000	108,000	180,000	162,000
Selling, general and administration	(56,940)	(64,706)	(54,406)	(58,406)	(82,106)	(79,606)	(62,106)	(66,806)	(124,006)	(99,406)	(139,206)	(110,006)
Depreciation	24,000	-	-	-	-	-	-	-	-	-	-	-
EBIT	(32,940)	(64,706)	(36,406)	(40,406)	(46,106)	(43,606)	(26,106)	(12,806)	(52,006)	8,594	40,794	51,994
Tax 20%	-	-	-	-	-	-	-	-	-	-	-	-
<b>Unlevered Net Income / Income before inter</b>	<b>(32,940.000)</b>	<b>(64,705.600)</b>	<b>(36,405.600)</b>	<b>(40,405.600)</b>	<b>(46,105.600)</b>	<b>(43,605.600)</b>	<b>(26,105.600)</b>	<b>(12,805.600)</b>	<b>(52,005.600)</b>	<b>8,594.400</b>	<b>40,794.400</b>	<b>51,994.400</b>
Plus: Depreciation	(24,000)	-	-	-	-	-	-	-	-	-	-	-
Less: CAPEX	(120,000.00)	-	-	-	-	-	-	-	-	-	-	-
Less: Increase in NWC	-	-	(5,400)	(5,400)	(10,800)	(10,800)	(10,800)	(16,200)	(21,600)	(32,400)	(54,000)	(48,600)
<b>Free Cash Flow</b>	<b>(176,940)</b>	<b>(64,706)</b>	<b>(41,806)</b>	<b>(45,806)</b>	<b>(56,906)</b>	<b>(54,406)</b>	<b>(36,906)</b>	<b>(29,006)</b>	<b>(73,606)</b>	<b>(23,806)</b>	<b>(13,206)</b>	<b>3,394</b>
Cumulative FCF	(176,940)	(241,646)	(283,451)	(329,257)	(386,162)	(444,568)	(477,474)	(506,479)	(580,085)	(603,890)	(617,096)	(613,702)
NWC requirement 12% of sales revenue	-	-	5,400	5,400	10,800	10,800	10,800	16,200	21,600	32,400	54,000	48,600
NWC	-	-	5,400	5,400	10,800	10,800	10,800	16,200	21,600	32,400	54,000	48,600

**Net Present Value, Internal Return Rate, Profitability Index and Payback Period**

NPV @ 10%	916,582.37
IRR	56.99%
PI	12.69
Payback period (years)	2.92



## BIBLIOGRAPHY

- Kathryn , K., Eoin , C., Tanya , N., Suzie , S., & Louis, B. (2010). *International Marketing Environment Study of Vietnam*.
- Vinaesearch. (2012). *Khảo sát về thói quen uống bia của người Việt*.
- (2017). Retrieved from B&Company World Intelligence: <http://www.b-company.jp/en/2017/01/19/the-market-for-wine-and-spirits-in-vietnam/>
- Arthur, R. (n.d.). *Beveragedaily*. Retrieved 2015, from Beveragedaily: <http://www.beveragedaily.com/Markets/EU-and-Vietnam-free-trade-deal-will-unleash-export-potential-for-wine-and-spirits>
- BSC. (2016). *Ngành Bia Việt Nam – Bữa Nhậu Cuối Năm*.
- businessballs. (n.d.). *pest market analysis tool*.
- Doanhnhân. (2016). *Thị trường bia rượu Việt Nam đang đứng đầu thế giới*.
- Eurocham. (2013). *Wine and Spirits*.
- EurochamVN. (n.d.). *Eurochamvn*. Retrieved 2015, from Eurochamvn: <https://www.eurochamvn.org/sites/default/files/Wine%20and%20Spirit.pdf>
- F.SEYTE, T. a. (2011). *ANALYSIS OF ALCOHOLIC*. Retrieved from wineecoreports: [http://www.wineecoreports.com/Working\\_Papers/ppt/WP\\_2011/NGUYEN\\_SEYTE.pdf](http://www.wineecoreports.com/Working_Papers/ppt/WP_2011/NGUYEN_SEYTE.pdf)
- Gore, J. (2010). *Comprehensive Study of the Vietnamese Wine Market*.
- Hanlon, A. (2016). *How to use Porter's five Forces*.
- Happell, B. (2008). *PATTERNS AND TRENDS: VIETNAMESE ALCOHOL SURVEY*.
- Koumparoulis, D. N. (2013). *PEST Analysis: The case of E-shop*.

## BIBLIOGRAPHY

- Ladora Winery. (n.d.). Retrieved 2014, from Thanhnien News:  
<http://thanhnien.vn/kinh-doanh/thi-truong-ruou-vang-viet-nam-di-tim-niem-tin-giua-ngon-ngang-xuat-xu-768058.html>
- MaRS. (2013). *Communication tools for raising money*.
- Massmann, D. O. (n.d.). *slideshare*. Retrieved 2015, from slideshare:  
<https://www.slideshare.net/olmas66/vietnam-wine-and-spirits-2015>
- McKinsey. (n.d.). *7S Framework*.
- Odyssey House Victoria, Institute of Studies, Centre for Psychiatric Nursing Research and Practice, University of Melbourne With the Quang Minh Temple:  
 Braybrook, Victoria. . (2008). *PATTERNS AND TRENDS: VIETNAMESE ALCOHOL SURVEY*. Retrieved from Research Gate:  
[https://www.researchgate.net/publication/310154265\\_Patterns\\_and\\_Trends\\_Vietnamese\\_Alcohol\\_Survey](https://www.researchgate.net/publication/310154265_Patterns_and_Trends_Vietnamese_Alcohol_Survey)
- PESTELANALYSIS. (n.d.). *pestelanalysis*.
- Poznanski, P. (n.d.). *IWRS*. Retrieved from theiwsr:  
<https://www.theiwsr.com/Jan%202015%20Piotr.pdf>
- Spiritsnews. (2015). *SPIRITS AND WINE EXPECTATIONS ON THE EU-VIETNAM FTA*.
- Tuoi Tre News. (2016). *ProWine ASIA promises investment in Vietnam spirits sector*. Retrieved from Tuoi Tre News: <http://tuoitrenews.vn/business/33480/prowine-asia-promises-investment-in-vietnam-spirits-sector>
- TUOI TRE NEWS. (2016). *ProWine ASIA promises investment in Vietnam spirits sector*.
- Tuoi trenews. (2015). *In Vietnam, public servants, unskilled workers drink alcohol, beer most*.

## BIBLIOGRAPHY

- Vietnamnet. (2016). *mỗi người Việt uống 41 lít bia*.
- Vietnamnews. (2016). *Việt Nam joins alcohol consumption global top ten list Read more at <http://vietnamnews.vn/society/342723/viet-nam-joins-alcohol-consumption-global-top-ten-list.html#b5Y5tjdeAlQGBC62.99>*.
- VIRAC. (2016). *Báo cáo chuyên sâu ngành Đồ uống Việt Nam Quý*.
- Virac JSC. (2014). *BÁO CÁO NGHIÊN CỨU NGÀNH ĐỒ UỐNG VIỆT NAM 2015*. Retrieved from Virac Reaserch: [http://viracresearch.com/wp-content/uploads/2014/09/Vie\\_Beverage-Report\\_full\\_preview.pdf](http://viracresearch.com/wp-content/uploads/2014/09/Vie_Beverage-Report_full_preview.pdf)
- VIRAC JSC. (2015). *1*. [http://viracresearch.com/wp-content/uploads/2014/09/Vie\\_Beverage-Report\\_full\\_preview.pdf](http://viracresearch.com/wp-content/uploads/2014/09/Vie_Beverage-Report_full_preview.pdf).
- Wikipedia. (n.d.). *PEST analysis*. Retrieved from [https://en.wikipedia.org/wiki/PEST\\_analysis](https://en.wikipedia.org/wiki/PEST_analysis)
- World Heath Organization. (n.d.). Retrieved 2011, from [http://www.who.int/substance\\_abuse/publications/global\\_alcohol\\_report/profiles/vnm.pdf](http://www.who.int/substance_abuse/publications/global_alcohol_report/profiles/vnm.pdf)
- Zaca, F. (2005). Retrieved from Vietnam Briefing: <http://www.vietnam-briefing.com/news/market-insight-vietnams-wine-industry.html/>

**BIOGRAPHY**

<b>NAME</b>	Mr. Thai Binh Nguyen
<b>DATE OF BIRTH</b>	19 April 1977
<b>NATIONALITY</b>	Vietnamese - Vietnam
<b>EDUCATION</b>	
2017	Master of Business Administration Stamford International University Rama 9 Campus / Asoke Campus Learning Centre
2000	Bachelor of Architecture University Of Architecture - Hochiminh City Vietnam
<b>HOME ADDRESS</b>	Flat 3404, Marriott Services Apartment, 90 Sukhumvit, Soi 24, Khlong Toey, Bangkok, Thailand
<b>WORKING ADDRESS</b>	Barworks Wines & Spirit Vietnam
<b>POSITION</b>	General Manager
<b>EMAIL ADDRESS</b>	binhthainguyen2004@yahoo.com