

Warehouse Manager's Value to Restaurants

The added value brought by the warehouse manager to Asian restaurants

Abstract

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<p>This study aims to investigate how warehouse managers contribute to Asian restaurant's profitability. Various factors contribute to restaurants' failure to meet their profit margins, with inventory management being one of the most significant. The warehouse managers in particular play an important role in preventing profit generation.</p> <p>For this study, qualitative methods are used to gather insights and analyse data. The current problem statement regarding restaurant operations will be outlined in the research implementation section. Primary data collects the present issues from four restaurant owners, including one from Finland and three from Vietnam. Secondary data sources from student theses, and official websites regarding inventory management methodologies and theories.</p> <p>The analysis data will aim at the Hoang Yen brand, the largest restaurant, as a representative model. This report will review the financial statement report of Hoang Yen, which includes twenty-three branches and a central distribution warehouse. The identified issues from 2022 and 2023 will be analysed depending on two key theoretical frameworks, including the Resource-Based View (RBV) and Human Capital Theory. According to theory, optimizing internal resources and improving warehouse management skills are crucial to the success of restaurant chains.</p> <p>As a result of this research, the study will set a new role in the warehouse manager position. Warehouse managers should have a thorough understanding of inventory processes and products, as well as professional skills in strategic planning and enforcing compliance policies.</p> <p>Finally, the thesis emphasizes the important role of warehouse managers in ensuring the financial success of a restaurant. By effectively controlling and planning inventory, they can meet profit expectations by reducing wastage and loss and increasing customer satisfaction.</p>		
Keywords		

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1 INTRODUCTION

1.1 Research Background

Nowadays, Asian restaurant chain faces a pressing issue: profits are not meeting expectations in the post-COVID-19 (Vietdata 2022). A significant number of renowned restaurants and brands have experienced negative profitability. Figure 1 depicted the financial losses of restaurant chains in Vietnam during the period from 2019 to 2021.

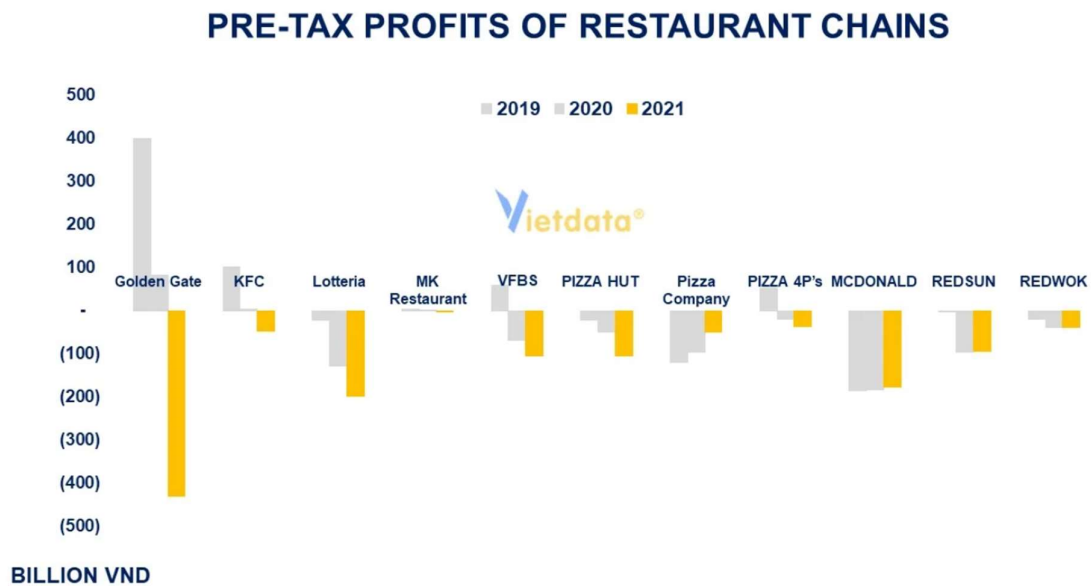


Figure 1: The profit losses in restaurants in Vietnam between 2019 and 2021

Aside from the pandemic as an external factor, internal factors include food spoilage, sub-standard ingredients, high inventory costs, and excessive raw material use. These challenges indicate a big gap in warehouse management and supply chain that needs urgent attention.

The hypothesis on Effective Inventory Management Systems for restaurant shows that tightening control recipes of material supply, FIFO inventory management, and accurate inventory level can lead to a turn in cost efficiency (Janine, 2023). In this regard, a warehouse manager's value is crucial in this area. The warehouse manager's role is not just overseeing stock levels, but enhancing processes, enforcing strict controls, and ensuring that every step in the supply chain contributes to overall efficiency.

According to a resource-based view (RBV), internal resources are important sources of competitive advantage (Douglas 2019). In this situation, the warehouse manager is an invaluable resource who has an impact on the restaurant's performance.

Unfortunately, the current deficiency of skills and knowledge for this position has had disadvantageous effects on cost control, overall performance, and service quality, ultimately reducing the company's competitive advantage. This is a crucial part of the Human Capital View. An expert employees can bring a lot of effective investment to the company by their skills and experiences (Sean 2023).

In order to avoid unexpected profits, Asian restaurants should provide warehouse managers with professional skills for establishing the standards of inventory management system. By doing this, restaurant owners can tighten up on process controls, improve warehouse productivity, save operating expenses, and eventually improve their income in the future.

1.2 Thesis Objectives, Research Questions and Delimitations

Thesis objectives

The objective of this report arises from the current context, in which restaurants are struggling with underwhelming profit margins. One of the primary contributing factors is inefficient warehouse operations. Therefore, the principal objective of this thesis aims for two main goals, focusing on resolving these inefficiencies.

First, it aims to encourage Asian restaurant owners to adopt a new perspective on the role and importance of warehouse managers. The warehouse manager is an indispensable part of the restaurant's workforce structure. Although the warehouse manager may not be directly involved in customer service or preparing meals as a head chef, cashier, and waiter, they play a crucial role in influencing the restaurant's profitability by preparing enough materials and reducing the cost of warehouse management.

Secondly, the thesis is orientated to present the warehouse management position as a potential career opportunity in Asian restaurants. This role not only offers a stable job but also provides a sustainable income to for the person who apply this job.

Research questions

The research emphasizes the importance of the warehouse manager role and provides specific data-driven analyses to demonstrate this statement.

The research question is

- How does a warehouse manager add value to an Asian restaurant?

Delimitation

Delimitations are established by researchers to narrow the scope of the study, enabling a focused investigation on specific variables. The aim is to make the research more effective and clear results. The boundaries of the study are mainly determined by the theoretical framework, objectives, research questions, variables, and sample. During sample selection, delimitations might arise: “why I chose this context” rather than “why I didn’t choose another context,” or “why I chose this theory” (Theofanidis et al. 2019).

In this report, the research was conducted in two markets: Vietnam and Finland. Interviews will conduct with three restaurant owners in Vietnam and one restaurant owner in Finland. The interviews will take place in online via Zoom with interviewees directly. Appointments were booked and confirmed in advance through media platforms such as WhatsApp and Zalo prior to the interview day. Data collected from the interviews will be valid from the day of the interview and will be used for case analysis in this study.

1.3 Research Methodology and Data Collection

The research applies a semi-structured interview. This means that the data is collected in two interview forms including structured questions and unstructured questions. Semi-structured interview often uses qualitative research (Tegan, 2022).

Qualitative research is an approach that collects the data in forms of words, pictures, voices, and transcripts (Business Research Methodology, 2024).

In this study, I utilize online face-to-face interviews with four restaurant owners.

There are three questions including two structured ones talking about restaurant scopes and one unstructured question discussing current restaurant issues.

The data collects through video calls, then input the information into the excel file. Finally, it will be visualized in the charts.

2 THEORETICAL FRAMEWORK

Resource-Based View (RBV)

- Overview: In RBV, the internal resources of the company play an important role in driving competitive advantage. In this case, warehouse managers can be viewed as key resources for restaurant success (Douglas 2019).
- Application: Analyzing the warehouse manager's skills and knowledge to create efficiencies such as improving warehouse productivity, reducing operation cost, enhancing the competitive advantage

The human Capital Theory

- Overview: Human Capital Theory show that the skills, real-life experience of employees, and knowledge are critical economic assets. The value that employees bring is seen as a form of capital that can be invested in and developed (Sean 2023).
- Application: The warehouse manager's expertise in inventory management, supplier relations, and logistics can be examined as a form of human capital that adds value to the restaurant's operations and profitability.

3 RESEARCH IMPLEMENTATION

3.1 Describing the research

Problem statement: "Asian restaurants are not as profitable as expected "

In order to evaluate the current restaurant industry business operations, I conducted direct interviews with four owners of Asian restaurants, with varying sizes and service models. The findings from these interviews have exposed a significant issue: the profitability of Asian restaurants has consistently failed the expectations set by their owners. Figure 2 shows the result of an interviewing survey.

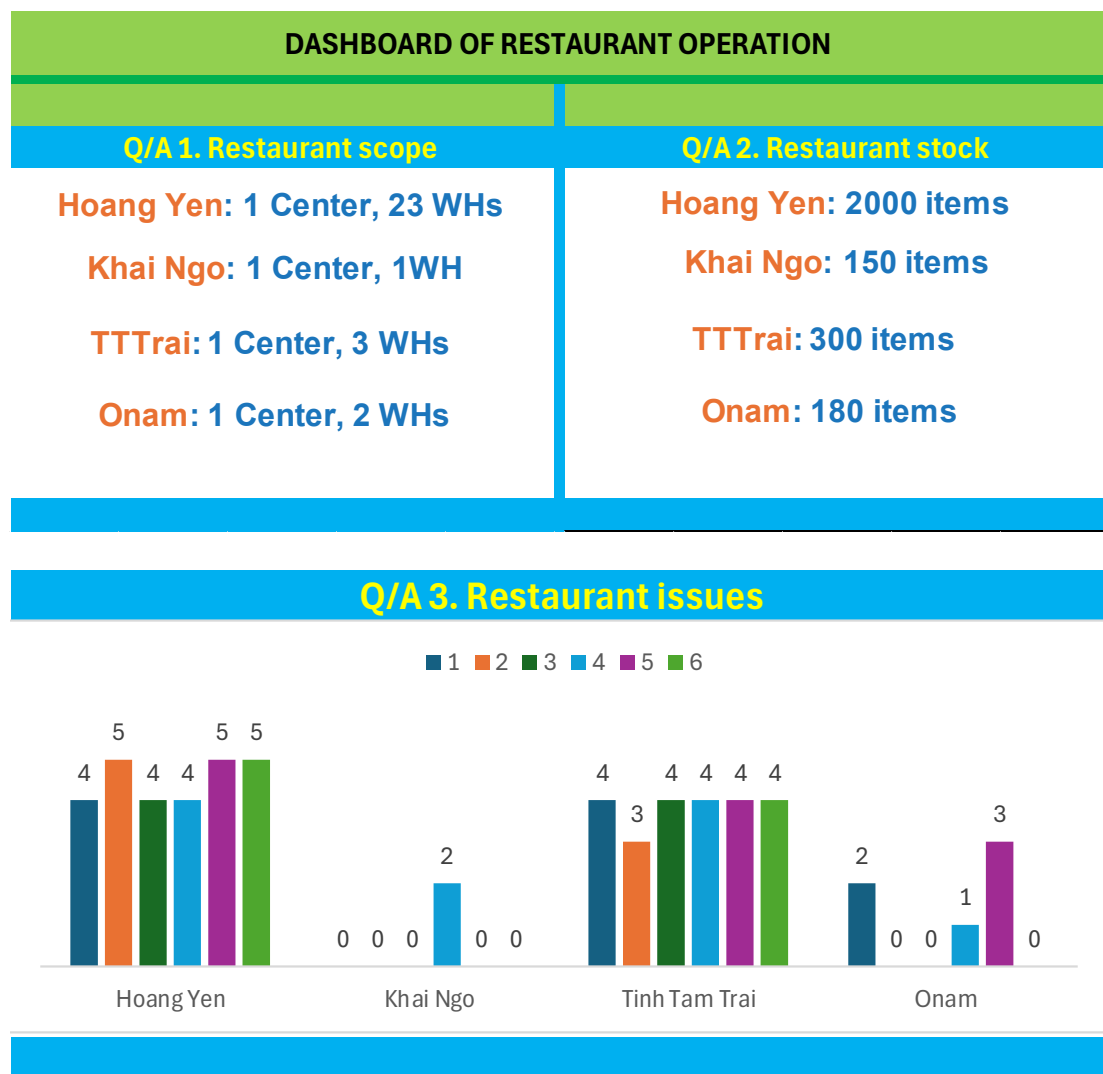


Figure 2: The result of the survey interview for the restaurant operation

The dashboard conducted in four key Asian restaurants, such as Hoang Yen, Tinh Tam Trai, Onam, and Khai Ngo, revealed significant insights into the operational obstacles that prevent the restaurants from achieving their profit targets. There are two aspects cited external impacts and internal impacts.

Firstly, the screen of Q/A1 and Q/A2 presents the scale of restaurants. In comparison with smaller branches like Onam, Khai Ngo, Tinh Tam Trai, Hoang Yen is the largest restaurant. For more detail, Hoang Yen restaurant operates 23 branches and a large central warehouse. Similarly, Tinh Tam Trai restaurant maintains a central warehouse and three branches. Lastly, Onam and Khai Ngo restaurants are smaller in scale, each comprising a central kitchen and two minor branches. The scope of restaurant reflects varying degrees of operational capacity across the establishments such as:

- The differences in service models can add a layer of complexity to restaurant inventory management challenges. For instance, the buffet and hotpot form require the preparation of a large volume of ingredients ready to be served immediately upon customer demand. On the contrary, the ala carte service demands less preparation of ingredients, typically in quantities just sufficient for the day sales, which is a lower spoiled food rate.
- In tandem, the differences in cuisine types across restaurants complicate storage requirements. In each branch of Hoang Yen, live fish, shrimp, and crabs must be stored in display tanks. Tinh Tam Trai offers vegetarian cuisine, with ingredients primarily stored in refrigerators and dry racks. The storage expense in Hoang Yen is greater than in Tinh Tam Trai restaurant.

Secondly, a third screen of Q/A3 has revealed critical obstacles to restaurant profitability, which include the six major issues found in the investigate.

- **Issue 1:** The high cost of materials occurred in producing dishes process between the pre-processing and post-processing stages. The higher consumption of materials roots from different reasons such as the warehouse managers receiving poor quality raw materials that contributes to a significant proportion must be discarded, or the staff using over the material threshold.
- **Issue 2:** There are some variances amount between actual and bookkeeping in the warehouse system. This causes abnormal cost in the dishes, which reduces the company's profitability.
- **Issue 3:** The restaurant's ingredients often close to the expiration date. If these ingredients are not handled properly, they can cause significant inventory losses and,

more seriously, will affect the quality of the dishes when they are served to the customers.

- **Issue 4:** Raw material costs increase due to unplanned consumption of materials. Setting a guideline for ingredient usage is essential to reducing material waste. Without a policy of materials, the restaurant cannot control waste costs of materials.
- **Issue 5:** The restaurant often faces shortages of materials. As a result, it cannot serve the dishes to the customers promptly and continuously. The restaurant's material costs increase as it orders new materials in urgent case.
- **Issue 6:** There is no modern software support for the restaurant's warehouse management. The software is a key part of controlling the system in the restaurant. A lot of mistakes and errors will happen if the restaurant does not have support tools for recording historical transactions.

The collected data revealed the majority of critical issues from the restaurants. These challenges have raised significant concerns to the restaurant owners on controlling the warehouse system in the restaurant.

3.2 Gathering and analysing the problem

3.2.1 Collect the data and present the scenario of profit declined significantly

The analysing data starts with the scenario of financial performance report in Hoang Yen restaurant. Figure 3 shows the restaurant reconciliation of income statement in 2022 and 2023.

Indicator	2022 (EUR)	2023 (EUR)	Variance (EUR)	Variance (%)
REVENUE				
Revenue (Excluding SC, VAT, and Discounts)	10,243,196	12,653,409	2,410,213	24%
Revenue (Food + Beverage)	9,457,467	11,895,461	2,437,993	26%
Food (including breakfast, set lunch, tour, set menu, ...)	8,697,535	11,086,153	2,388,618	27%
Beverages (beer, soft drinks, mineral water, ...)	759,932	809,308	49,376	6%
REVENUE DEDUCTIONS	404,931	430,608	25,677	6%
Net Revenue (Revenue after Discounts)	9,838,265	12,222,802	2,384,536	24%
COST OF GOODS SOLD	3,482,401	5,586,387	2,103,985	60%
Cost of goods sold (food + beverages)	2,164,847	4,183,822	2,018,975	93%
Food	1,697,292	3,529,767	1,832,475	108%
Beverages	467,555	654,055	186,500	40%
GROSS PROFIT	6,355,864	6,636,415	280,551	4%
VARIABLE COSTS	1,333,121	1,358,339	25,218	2%
FIXED SELLING COSTS	2,684,222	2,731,008	46,786	2%
STORE PROFIT BEFORE DEPRECIATION (EBITDA)	2,651,330	2,868,927	217,597	8%
STORE PROFIT (UC)	2,338,521	2,547,068	208,547	9%
FIXED MANAGEMENT COSTS	1,269,490	1,295,964	26,474	2%
FIXED PRODUCTION COSTS	285,156	299,591	14,435	5%
PROFIT BEFORE TAX & FINANCIAL ACTIVITIES	783,875	951,513	167,638	21%
FINANCIAL REVENUE	90,530	90,736	206	0%
FINANCIAL EXPENSES	37,273	37,360	87	0%
OTHER INCOME	544,648	533,300	-11,348	-2%
OTHER EXPENSES	22,760	1	-22,758	-100%
PROFIT BEFORE TAX	1,359,020	1,538,188	179,168	13%
CORPORATE INCOME TAX PROVISION	0	0	0	0%
PROFIT AFTER CORPORATE INCOME TAX	1,359,020	1,538,188	179,168	13%

Figure 3: The income statement in Hoang Yen restaurant between 2022 and 2023

The Gross Margin Ratio indicator is defined as measuring the profitability of the restaurant. This aims to create a clear and data-driven understanding of where and why our profits have not met targets. The formulas are presented in Figure 4, which is adapted from ADAM, 2024.

$$\text{Gross profit} = \text{Revenue} - \text{COGS}$$

$$\text{Gross margin ratio} = \frac{\text{Revenue} - \text{COGS}}{\text{Revenue}} * 100\%$$

Figure 4: Formulas for calculating Gross Profit Ratios (ADAM, 2024)

Table 1: Calculating gross margin ratio and gross margin variance

<p>The Gross margin ratio in 2022:</p> $\text{Gross margin ratio} = \frac{10,243,195.85 - 3,482,401.26}{10,243,195.85} * 100\% = 66.00\%$
<p>The Gross margin ratio in 2023:</p> $\text{Gross margin ratio} = \frac{12,653,409.27 - 5,86,386.71}{12,653,409.27} * 100\% = 55.85\%$
<p>Gross margin variance ratio = 55.85% - 66.00% = 10.15%</p>

The profit margins for 2022 and 2023 dramatically declined. More specifically, the profit in 2022 is 66%, compared to a 55.85% decrease in profit in 2023. It is a drop of 10.15% overall. Figure 5 depicts a downward trend of gross margin ratio between 2022 and 2023.

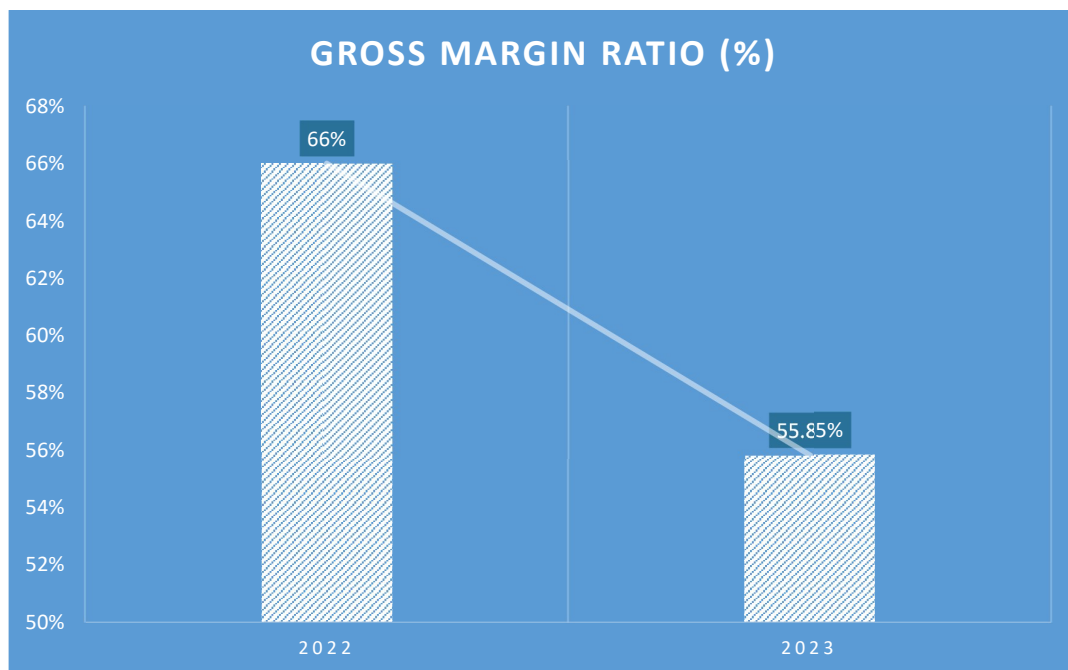


Figure 5: The gross margin ratio trend in 2022 and 2023

The result indicates that COGS (Cost of Goods Sold) is the primary factor influencing the decline in profit. In the restaurant, COGS detected an implied KPI (Key of performance) of the inventory department. The Food Cost indicator is defined as the inventory KPI, which assesses the effectiveness of warehouse management. The formulas are presented in Figure 6, which is adapted from Abby, 2021.

$$\text{Food cost percentage} = \frac{\text{Food Cost}}{\text{Total Sales}} = \frac{\text{COGS}}{\text{Revenue}} * 100\%$$

Figure 6: Formulas for calculating Food Cost percentage (Abby, 2021)

Table 2: Calculating the Food Cost percentage in 2022 and 2023

Indicator	2022 (EUR)	2023 (EUR)	Variance (%)
REVENUE			
Revenue (Excluding SC, VAT, and Discounts)	10,243,195.85	12,653,409.27	23.53%
COST OF GOODS SOLD			
COST OF GOODS SOLD	3,482,401.26	5,586,386.71	60.42%
COGS/REVENUE (%)	34.00%	44.15%	10.15%

The result in the table 2 illustrates that the percentage of COGS in 2023 is greater than 2022. In detail, the percentage of COGS comprised 34% in 2022, while the figure in 2023 was 44.15%. The COGS increased by 10.15% between 2022 and 2023 which is a large proportion. This demonstrated that the inventory KPI in Hoang Yen fail.

3.2.2 Possible reasons for the problem statement “profits are not expected”

There are three primary causes of the negative effects on Hoang Yen restaurant profits, including spoilage food, unqualified materials, and high-cost inventory.

Firstly, it is a spoilage food. In 2023, the restaurant produced some dishes using fresh milk. However, there was a shortage of this material in the warehouse, so the warehouse manager independently ordered from another supplier in China. As a result, the entire batch of food was spoiled in the production process.

Table 3: Calculating the impact of spoilage food in 2023

Item Code	152.GVI.00055
Item Name	Vinamilk unsweetened fresh milk 1L/Box
Bill of Materials (BOM)	
Material Cost	5.93 euros/ box * 16 box
Other Cost	Semi-finished goods of salt coffee and fruit yogurt: 147.41 euros/batch
Spreadsheet	
Total impact amount = 242.22 euros	

Secondly, the negative profit is impacted by unqualified materials. According to the 2023 inventory damaged materials report, there are 14 inventory items with a potential worth of up to 3,616 euros were destroyed. The restaurant's profit will be directly impacted by this destruction cost. Figure 7 depicts the list of item name and cost of damaged goods.

DAMAGED GOODS REPORT									
Location:		HOANG YEN							
As at:		27-Dec-23							
						Ex change rate	27,000	VND/EUR	
Accounting book									
Location	Item code	Inventory Name (ENG)	Unit cost in Dec 23	UOM	Difference			Notes/Reasons	
					Quantity	Amount	Reason Code for ADJ		
1	2		5	6	7	8	9	10	
Main warehouse	152.GCA.01260	Whole fresh duck >2kg	20.37	Kg	9.00	183		Spoilage	
Main warehouse	152.GCA.01341	Cleaned laying hen_1.2-1.4kg/bird	9.26	Kg	19.00	176		Spoilage	
Main warehouse	152.GCA.01425	Cleaned fresh quail, not gutted_10-13/kg	5.37	Kg	4.00	21		Spoilage	
Main warehouse	152.GCA.01426	Duck thighs_3-4/kg	24.37	Kg	18.00	439		Spoilage	
Main warehouse	152.GVI.00008	Chesdale Cheese Spread_250gram/pack of 12 pieces	7.59	block	30.00	228		Spoilage	
Main warehouse	152.GVI.00009	White Cheddar cheese_2.5kg/tree	16.67	Kg	34.00	567		Spoilage	
Main warehouse	152.GVI.00015	VMC antioxidant additive powder_1kg/pack	35.19	Kg	17.00	598		Spoilage	
Main warehouse	152.GVI.00018	Fish sauce 600gram/jar	38.89	bottle	11.00	428		Spoilage	
Main warehouse	152.GVI.00035	Fried garlic 200gr/pack	12.96	Kg	2.00	26		Spoilage	
Main warehouse	152.GVI.00041	Chinese dried seaweed 50gr/pack	3.52	pack	211.00	742		Spoilage	
Main warehouse	152.GVI.00042	Leekumkee panda oyster sauce 907gr/bottle	5.56	bottle	4.00	22		Spoilage	
Main warehouse	152.GVI.00049	Rhuan fermented rice 120g/pack	17.04	pack	5.00	85		Spoilage	
Main warehouse	152.GVI.00055	Vinamilk unsweetened fresh milk 1L/Box	5.93	box	16.00	95		Spoilage	
Main warehouse	152.GVI.00148	Mae Ploy Green Curry Powder_400gram/jar	2.04	bottle	3.00	6		Spoilage	
TOTAL						3,616			

Figure 7: The damaged report shows the number of spoiled materials in 2023

Moreover, there was a special case of unqualified food that the reason roots from employees. In 2023, the item name of ostrich fillet 15kg/carton (10% loss) item was stacked in the area of the item name of Frozen Brazilian chicken wings_8-10 pcs/kg_15kg/carton (10% loss). This item was idled in eight months, and then it was discarded because of spoilage. This contributes to increasing a part of the cost in the Company's profit & Loss report.

Table 4: Calculating the impact of unqualified food in 2023

Item Code	152.GVI.00023
Item Name	Frozen ostrich fillet 15kg/carton (10% loss)
Bill of Materials (BOM)	
Material Cost	377.78 euros/ Carton * 3 Cartons
Spreadsheet	
Total impact amount = 1,133.33 euros	

Finally, the high-cost inventory negatively effects the profitability. In 2023, the reports on the cost-savings at Hoang Yen restaurant claimed unsatisfactory results. The cost of raw materials in inventory has significantly increased. Especially, the kind of expense made up the most amount in COGS. Figure 8 shows the list of cost-saving target in Hoang Yen in 2023.

Cost - Saving report							
Type of expense	Description	How to save	Target	Expected results	Actual results	Responsibilities	Timeline
Raw Materials	Buying raw materials at high prices	Find new suppliers, negotiate prices, buy in bulk, use seasonal ingredients	Reduce raw material costs by 10%	Reduce raw material costs by 10% compared to last year	Not achieved, due to increased market price, unable to meet supplier	Warehouse Manager	3 months
Electricity	Wasteful consumption of electricity and water	Turn off lights and appliances when not in use, use energy-saving appliances, check your water system regularly	Reduce water and electricity costs by 5%	Reduce electricity and water costs by 5% compared to last year	Meet requirements	Warehouse Staff	6 months
Packaging	Using unnecessary packaging	Reuse packaging, use bio-based packaging, reduce packaging	Reduce packaging costs by 5%	Reduce packaging costs by 5% compared to last year	Not achieved, due to not finding bio-packaging supplier	Warehouse Manager	1 month
Labor	Inefficient waste disposal	Sorting waste, recycling waste, using efficient waste collection services	Reduce waste disposal costs by 1%	Reduce waste disposal costs by 1% compared to last year	Meet requirements	Warehouse Staff	1 month

Figure 8: The figure shows the cost saving report of warehouse department in 2023

Regarding the report, the two cost-saving targets of raw materials and packaging failed. In particular, the first goal is to reduce the purchase price of raw materials by 10% was not achieved. Figure 9 depicts the Food Cost percentage in 2022 and 2023

Indicator	2022 (EUR)	2023 (EUR)	Variance (EUR)
REVENUE			
Food (including breakfast, set lunch, tour, set menu, ...)	8,697,535.38	11,086,152.95	2,388,618
COST OF GOODS SOLD			
Food	1,697,292.40	3,529,767.26	1,832,475
COGS/REVENUE (%)	19.51%	31.84%	12.32%

Figure 9: The figure shows the fluctuation of food cost percentage in 2022 and 2023

Based on the data presented, the food cost percentage in 2023 experienced a 12.32% increase, exceeding the cost-saving target of 10%. This indicates that the rise in raw material costs surpassed the target by more than double the anticipated rate, reflecting significant deviations from the planned budgetary objectives.

Table 5: Calculating the impact of failing cost-saving target on raw materials

Goals 1	To reduce the purchase price of raw materials by 10%
Spreadsheets	
Total cost impact = Food COGS * 12,32% $= 1,697,292.40 * 12,32\%$	
Result	
Total impact amount = 209,106.42 euros	

In tandem, the second goal is to reduce packaging costs by 5% by using bio-packaging was not achieved. This depicted in the financial statement in 2022 and 2023. In 2023, the percentage of packaging increased by 42.2%, which also showed that the total impact amount were 7342 euros. Therefore, the second cost-saving goals of packaging was failed. Figure 10 depicts the increasing number of packaging in 2022 and 2023.

Table 6: Calculating the impact of failing cost-saving target on packaging

Goals 2	To reduce packaging costs by 5% through using bio-packaging
Spreadsheets	
<p>Variance amount = Packaging cost in 2023 – Packaging cost in 2022</p> <p style="text-align: center;">= 24,749 – 17,408 = 7342 euros</p> <p>Variance percentage = $\frac{\text{Variance amount}}{\text{Packaging cost in 2022}} * 100\%$</p> <p style="text-align: center;">= $\frac{7,342}{17,408} * 100\% = 42.2\%$</p>	
Result	
<p>Total impact amount = 7342 euros</p> <p>Variance percentage = 42.2%</p>	

3.2.3 Hypothesis: Setting a New Warehouse Manager to Increase Profitability

The challenges many restaurants face in achieving profit targets can be addressed by utilizing a critical internal resource: the warehouse manager. According to the Resource-Based View (RBV) theory, a firm's competitive advantage is significantly shaped by its internal resources, which are valued for their unique and sustainable characteristics over time. These resources contribute to the firm's long-term strategic success because of rare and difficult replication (Douglas 2019).

In this case, internal resources play an important role in enhancing the operational performance of a restaurant. Expert warehouse managers have a deep insight into the ingredient's food in the restaurant, enabling them to efficiently control inventory and plan orders effectively. This provides a competitive advantage comparing a newly hired warehouse manager from outside the organization.

According to Human Capital Theory, skills, experience, and knowledge of staff can hugely impact a business's profitability (Sean 2023). A warehouse manager with expertise in a wide range of fields such as warehouse layout design, inventory financial management, and accurate order planning contributes value to the restaurant's performance. To be specific, improving food quality, optimizing inventory management, and controlling costs.

3.2.4 Deeply understanding the Hypothesis

Resource-Based View (RBV) reveals that the internal resources of the company are the key to maintaining a competitive advantage. Instead of focusing only on external market conditions, RBV emphasizes the strategic value of developing and optimizing internal capabilities (Douglas 2019). With the restaurant chain, the warehouse manager is not just an operational role but an extremely precious asset.

Additionally, the Human Capital Theory, the warehouse manager's skills are important to ensure the restaurant operates efficiently. Their expertise in warehouse management, supply chain, and cost efficiency directly contributes to the restaurant's ability to profitability (Sean 2023). A well-controlled warehouse system not only minimizes costs but also enhances the quality of service by ensuring that the kitchen is fully supplied with fresh, high-quality materials. A good control manner in inventory management can provide a tangible competitive advantage.

3.2.5 Proposal: Establishing a New Role for the Warehouse Manager

To fully optimize the proactive benefits of Resource Base View (RBV), it is mandatory to determine and improve the role of the warehouse manager (Douglas 2019). The new role should add value not only to the traditional duties of inventory tracking but also to the responsibility for the continuous improvement of warehouse procedures

According to Human Capital Theory, the warehouse manager must oversee optimizing the supply chain, from purchasing raw materials to storage handling inventory, and maintaining the warehouse processes (Sean 2023). By implementing advanced inventory management techniques, such as accurate demand forecasting, the warehouse manager can cut waste, avoid overstocking, and ensure that inventory costs decrease to a minimum.

Moreover, the warehouse manager must be empowered to regularly inspect and revise storage procedures to bypass spoilage, maintain product quality, and optimize the warehouse's storage space. This requires not just practical skills in operation but also financial knowledge to improve cost management efficiency

To sum up, the restaurant should make the most of its internal resources such as the warehouse manager and align with the RBV and Human Capital Theory framework. The warehouse manager's role oversees driving down costs, improving service quality, and increasing profitability. This new role will change the traditional perspective from a simple job to a

necessary source of competitive advantage in the restaurant. With this approach, warehouse management will be empowered by the restaurant owner to control costs in their scope

3.3 Presenting and interpreting the result.

Regarding to the scenarios in the article 2.2.2, there are three considerable reasons that negatively impacts the profitability, including spoiled food, high-cost inventory, and unqualified food. The aspects will analysis and interpreting the result in sequence.

- **Spoilage food due to lack of warehouse management skills**

In 2023, the restaurant needed fresh milk for producing the dishes to customer. However, there was not any stock for this item. Warehouse manager hid this problem and called to a familiar supplier from China to deliver this item with the high price. Consequently, the bad qualified materials cause spoilage dishes after processing.

Table 7: The table analyzes the context of Spoilage food due to poor management skills

A detailed interpretation of contextual information
<p>The context can divide in four distinct phases:</p> <ul style="list-style-type: none"> - Stage 1: The fresh milk ingredient was shortage in the warehouse. - Stage 2: The warehouse manager concealed the inventory shortage and intentionally placed new orders to cover up this misconduct. - Stage 3: The warehouse manager purchased from a familiar supplier in China. - Stage 4: The warehouse manager did not identify all materials were spoiled when storing them in the warehouse.
Conduct a comprehensive analysis of the contextual information
<p>The four stages directly involve four skills:</p> <ul style="list-style-type: none"> - Lack of Strategic Planning Skills: In stage 1, a warehouse manager does not have the skills to forecast the market demands inaccurately, leading to a shortage of raw materials. Basically, the inventory planning skills in the restaurant is the actions that orientated to forecasting the maximum number of products to meet with selling demand. The inventory forecasting method will be based on two datasets. Internal da-ta is derived from prior year sales data at the restaurant to forecast

future sales. Ex-ternal data includes public holidays, government-organized festivals, weather conditions, such as rain or sunshine, and customer preferences, such as vegetarian or non-vegetarian food preferences (Hubworks, 2023). Moreover, some of activities like inventory tracking, counting and reconciliation every can provide an accuracy amount that positively contribute to planning tasks. (Koco, 2018).

- Lack of Problem-Solving Skills: In stage 2, a warehouse manager lacks the experiences for responding to emergencies. According to the theory, problem-solving skills is a process includes identify-brainstorm-analyse problems, and offer the solutions promptly (Zoe, 2023). Regarding this case, there are insufficient raw materials for producing dishes to serve customers promptly, the warehouse manager has to report directly to the boss so that cancelling this dish or convincing a new dish to customers. However, he hid it and did not inform the boss.
- Lack of Risks management Skills: In stage 3, a warehouse manager purchases poor quality goods and accepts high prices from familiar suppliers. He failed the risk management skills, because a poorly qualified ingredient influences reputational risks for the customer and the product with a high price contributes to financial risks for the restaurant. Because regarding the standard, restaurant risk management skills refer to the identify the common risk in the restaurants such as infections caused by food, cooking accidents, inadequate equipment, supply chain interruptions, and economic loss. Then make the risks management plan and cautions to stakeholders (Know 2022).
- Lack of Inventory Management Skills: In stage 4, a warehouse manager did not identify the spoiled ingredient in storing process before issuing to food production process. In the theory, inventory management skills refer to the physical count accurately, setting for stock level, storing items according to FIFO principle, checking menu and remove the dishes with high price materials (Juliusz, 2024). Therefore, this show that a warehouse manager lack of inventory management skills. Correctly, a warehouse manager must do inventory tracking and counting daily to ensure that all goods in the warehouse are closely monitored, especially perishable items such as food ingredients.

- **High-cost inventory due to lack of supply chain management skills**

In 2023, the warehouse department was failed the KPI of cost-saving for raw material and Packaging. These problem root from human elements such as professional skills and limited knowledge. The table below will provide an adequate explanation.

Table 8: The table analyzes the context of high-cost inventory due to supply chain skills

A detailed interpretation of contextual information
<ul style="list-style-type: none"> - The objective for declining the purchase price of raw materials by 10% and using bio-packaging to decrease packaging costs by 5% were not passed which negatively impact the profitability.
Conduct a comprehensive analysis of the contextual information
<p>Two kinds of expenses include the purchasing costs, and the expenses associated with using Bio recyclable packaging are too high that indicate potential gaps in the skill of warehouse managers on two skills, including Procurement skills and Recycling Innovation Skills.</p> <ul style="list-style-type: none"> - High Purchasing Costs: Procurement skills offer an effective procurement strategy, such as vendor negotiation, and price market research, and cost analysis. Moreover, purchasing activities can help assess the suppliers to accept the vendors with low price and good quality (Koco, 2018). However, the warehouse manager seems to lack the necessary skills in supplier relationship management. Effective procurement management not only manages orders but also evaluates cost-benefit scenarios and technical information of products. In this case, the warehouse manager doesn't have negotiation skills and cost analysis and management skills. - High Packaging Costs Due to Bio Recyclable Materials: The objective is to use bio recyclable packaging. Although it is an environmentally good decision, it has led to significantly higher packaging costs. if using sustainable materials have to understand its theory of lifecycle cost analysis. Correctly, the warehouse manager can find the replacement materials for Sustainable Development Goals (SGDs), because bio ingredients are produced by a complex production process, so the production cost is too high. Thus, the warehouse manager did not meet with this objective because of lacking Recycling Innovation Skills

- **Unqualified materials due to the procedures**

Regarding the issue of substandard materials in the warehouse, this problem arises from two primary causes. First, the procurement process lacks clarity in assigning responsibilities to individual members. Second, warehouse manager has failed to adhere to the steps outlined in the receiving goods procedures. These inefficiencies contribute to the problem's expenditure.

Firstly, unqualified materials due to designing the procedure incorrectly assignment to the participants. The receiving goods process (FI/FO) was designed incorrectly by delegating responsibility to members. This procedural gap leads to increasing the cost of spoiled materials every year. This is mainly due to the warehouse manager's lack of experience and expertise in compiling inventory management procedures.

The receiving goods process (FI/FO) is designed to control all stages of warehouse management. This process includes receiving raw materials, conducting quality checks before warehousing, sorting, and shelving materials, distributing from the main warehouse to branch locations, and final storage at these branches. However, there was a mistake on assigning the role of Warehouse Manager and Quality Control Manager. The warehouse manager holds dual responsibilities, overseeing both inventory management and quality control operations. Figure 10 depicts the RACI Matrix of receiving goods process (FI/FO).

The receiving goods process (FI/FO) - RACI Matrix

Process Step	Responsibilities	Accountability	Consulting	Receive Information
Receiving raw materials	Warehouse staff	Warehouse manager	Importing manager	Quality control (QC) manager
Inspecting raw material quality	Quality control (QC) manager	Warehouse manager	Chef manager	Operation Manager

Figure 10: The RACI Matrix of receiving goods process

According to the theory of RACI matrix, RACI chart is a useful tool to identify the roles and responsibilities of each member in a process. RACI stands for four English words (RACI chart, 2024):

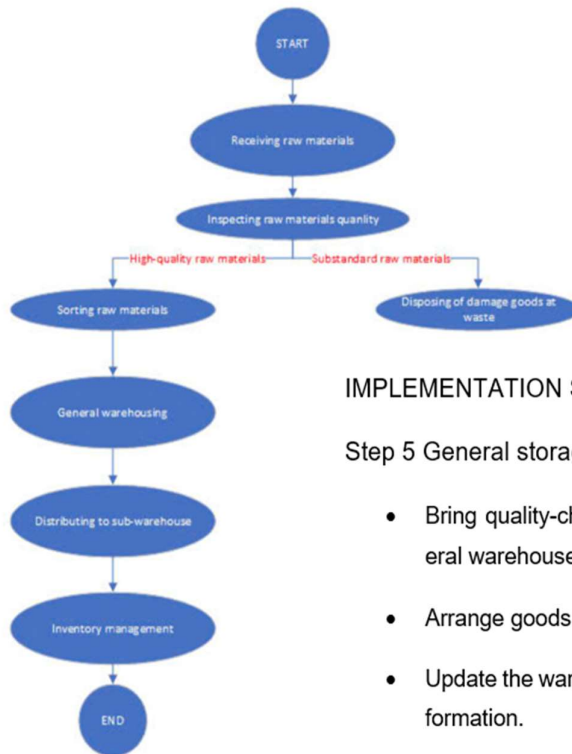
- **Responsible - R:** The person who does the task. This is the person directly responsible for completing the work (RACI chart, 2024).
- **Accountable - A:** The person ultimately responsible for the work. This is the person who must ensure that the work is completed on time and to the required quality (RACI chart, 2024).
- **Consulted - C:** The person who provides information and support. These are people who have the knowledge or expertise needed for the work and can provide advice or additional information (RACI chart, 2024).
- **Informed - I:** The person who needs to be informed about the progress or results of the work. They are not directly involved but need to be informed to stay updated (RACI chart, 2024).

Pay attention that the individual assigned to "**Accountability**" will be the **primary responsibility** for each step.

In detail, RACI matrix above, a critical error occurred in step 2. Warehouse manager was assigned to the role of "Accountability" in the phase of inspecting the material quality. This shows that the warehouse manager is responsible not only for overseeing inventory management but also for ensuring quality control. This misassignment represents a serious gap in the restaurant's quality assurance framework. Warehouse managers, although their expertise in inventory management, lack the knowledge required to accurately assess the quality of raw materials. Consequently, this oversee has contributed to material wastage, and financial losses.

Secondly, the issue is unqualified materials due to non-compliance procedure which was not identified within eight months. In this phenomenon, the warehouse manager failed to adhere these important steps in the receiving process (FI/FO), resulting in improper stock rotation and storing incorrect items. This failure in procedure not only increases the likelihood of product spoilage but also interrupts the efficiency of our supply chain, directly affecting the restaurant's cost management and overall profitability. Figure 11 depicts the Flow chart of receiving goods process (FI/FO)

The receiving goods process (FIFO) - Flow chart



IMPLEMENTATION STEPS

Step 5 General storage

- Bring quality-checked and classified raw materials to the general warehouse.
- Arrange goods according to the FIFO principle
- Update the warehouse management system with new goods information.

Figure 11: The flow chart of receiving goods process

In this case, the warehouse staff's non-compliance on step 5 of the restaurant's stock rotation process (FIFO). According to required procedures, once the input raw materials have been assessed to meet quality standards, they are stored following the First-In, First-Out (FIFO) principle. This principle ensures that the oldest inventory is used first (Koco, 2018).

In order to solve this issue, the warehouse manager fully understands and strictly complies with the FIFO process. The lack of compliance with the warehouse management procedure requires internal training courses on best practices in warehouse operations. By ensuring that all warehouse staff have a deep understanding of the execution steps and are committed to these processes, the restaurant can prevent similar issues in the coming days.

To sum up, the analysed result show that a warehouse staff did not obey to current process and enacting an ineffective process.

3.4 Solutions for warehouse manager skills & better processes

The outcome of the analysis above in article 3.3 highlights a critical and urgent requirement for improved warehouse management at Hoang Yen restaurant, it is necessary to implement an effective solution that copes with both the skills gap and the need for updated inventory management processes. The warehouse manager is responsible for improving profitability through two main contributions: technical warehouse management skills and extensive experience in managing warehouse procedures.

3.4.1 Solution to solve the skills gap for Warehouse Manager

- **Establish training courses: External – Internal, and Consulting Agencies**

The restaurant can enroll in online courses in advanced inventory management for warehouse managers and staff. This external training will provide an outlook on best practices such as supply chain management, risk management, and the necessary technologies of warehouse management. Moreover, restaurant owners can require experienced warehouse managers to convey their real-life experience to the new staff. Finally, regular workshops should be organized weekly so that the employees can work through practical cases at the restaurant.

3.4.2 Solution for developing the updated Inventory Management Process

- **Review and Revise Existing Procedures**

For the outdated processes, conduct a review of the task lists. Try to identify potential risks that directly affect profitability. Furthermore, updating outdated stages and enacting new procedures. If internal resources are insufficient knowledge. The restaurant can find external consultants who have expertise in supply chain and inventory management. These professionals can advise appropriate procedures. The restaurant's internal team can learn their knowledge through these discussions.

3.4.3 Solution for Ensuring Compliance with Procedures

The restaurant should offer compliance policies and training. Enacting a quality control policy for warehouse management. The QA manager in the restaurant should offer a policy for procedure compliance. Audits and checks the policy frequently to ensure that all employees adhere to these procedures. QA-Led Training Programs: The internal QA team should organize training courses orientated to the importance of procedural compliance. There will be detailed instructions on how to follow the updated processes and an emphasis on the

profitability impact of compliance. After completing the program, all warehouse staff should sign a compliance agreement, confirming their knowledge of the procedures and commitment to obey them. This formal agreement will add to accountability.

3.5 Simulating the Action Plans for solutions

3.5.1 Action Plan for the problem of spoiled food due to lack of skills

- Analyzed result

According to the analyzed results in article 3.4.1, the warehouse managers lacked skills: Planning Skills; Problem-Solving Skills; Risks management Skills; Inventory Management Skills, Procurement skills, and Recycling Innovation Skills.

Table 9: The action plan for lacking skills of warehouse manager

No.	Skills	Training models
1	Planning Skills	<p>Online: Structured courses on inventory planning</p> <p>Internal Workshops: Scenario-based exercises focusing on demand forecasting for inventory</p>
2	Problem-Solving Skills	<p>Case Study Analysis: Examine and solve real-world inventory management problems such as inventory count, FIFO stock rotation</p> <p>Group Workshops: Collaborative problem-solving sessions with cross-functional teams between head chef and warehouse manager</p>
3	Risk Management Skills	<p>Online Webinars: Sessions on risk assessment and mitigation strategies in urgent buying with high prices and poor quality</p> <p>Simulations: Practice handling unforeseen disruptions such as shortages of raw materials with large quantities</p>
4	Inventory Management Skills	<p>Internal Training: In-depth training on the skills related to inventory count, temperature check in freezer, racks, and chemical areas</p> <p>Mentorship Program: Collaborating with experienced consulting agencies for on-the-job training.</p>
5	Procurement Skills	<p>Online Courses: Training on purchasing strategies, cost analysis, and vendor management</p> <p>External Seminars: Attending cuisine events concentrates on the latest purchasing trends and updating the current price of essential products from opponents</p>
6	Recycling Innovation Skills	<p>Workshops: Discussions on sustainable practices and innovative recycling methods in the cuisine industry</p> <p>Field Visits: Tours of other restaurants to find initiatives related to recycling and waste reduction</p>

3.5.2 Action plan for the problem of revising ineffective processes

- Analyzed result

According to the analyzed result in article 3.4.2, the result illustrates that the current stock rotation process delegated wrong roles between the warehouse manager and QC manager

- Action plan

To cope with the problem impacting the restaurant's profitability concerns with delegating wrong responsibilities between QC manager and the warehouse manager on the quality assurance of input products. Need to revise the role like QC manager will be in charge of checking the quality of the product "Accountability". This will be updated in the RACI Matrix of the stock rotation process. Figure 12 depicts the RACI Matrix of receiving goods process (FIFO), which was revised the roles of warehouse manager and Quality Control Manager.

Process Step	Responsibilities	Accountability	Consulting	Receive Information
Inspecting raw material quality	Warehouse manager	Quality control (QC) manager	Chef manager	Operation Manager

Figure 12: The receiving goods process was revised Warehouse manager role

3.5.3 Action Plan for the problem of non-compliance processes

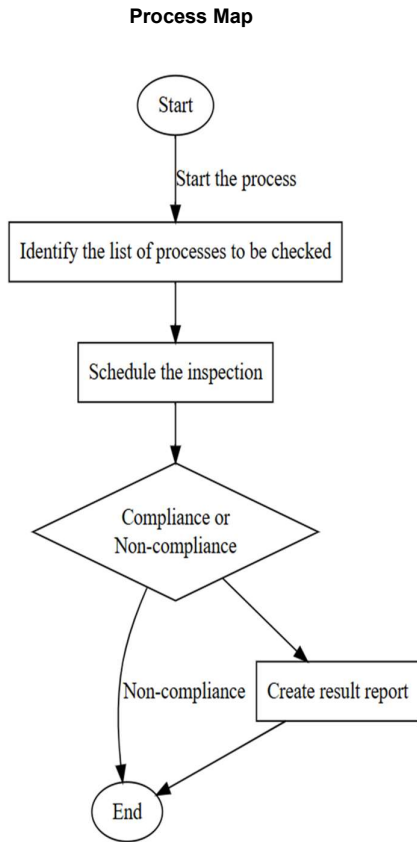
Analyzed result:

According to the analyzed result in article 3.4.3, the warehouse staff did not follow the stock rotation process that led to a loss in profit because of putting material's wrong location.

Action plan:

Enacting the compliance procedure. The process is offered by Quality Control department that help to warehouse manager control the staff under on implementing the process. Figure 13 depicts the compliance control procedure.

COMPLIANCE CONTROL PROCESS



Implementation process

1.1 Identify the List of Processes before Auditing

Collect a list of processes from the warehouse departments.
 Cross-check this list with the current regulations and in the Company
 Categorize the list based on the priority and importance of each process.

1.2 Schedule the Audit

Work with the relevant departments and the staff involved about the audit schedule
 Determine the resources needed to ensure compliance during the audit.
 Assign tasks to each staff member participating in the audit process.

1.3 Conduct the Compliance Audit

Conduct the audit according to the established schedule.
 Compare actual activities with the established processes to determine the compliance level.
 Record the audit results and classify any issues identified according to their severity.

1.4 Generate the Audit Report

Compile the audit results from the previous steps.
 Analyse the results and assess the overall compliance level
 Create a detailed report with necessary actions to improve process compliance if needed.

RACI Matrix

Process Step	Responsibilities	Accountability	Consulting	Receive Information
Identify the Process List before Testing	QA Manager	QA Manager	-	-
Schedule the Test	QA Manager	QA Manager	-	-
Check for Compliance	QA Manager	QA Manager	-	-
Generate Results Report	QA Manager	QA Manager	-	-

Figure 13: The Compliance Control Process

3.5.4 Simulating the final result of Hoang Yen after applying Action Plans

This section will simulate the projected increase in net profit following the implementation of the solutions outlined in Section 3.5. Three strategies were applied: engaging staff in professional training programs, updating outdated procedures, and enforcing compliance monitoring regulations. As a result, the gaps and issues identified in previous years have been effectively closed post-implementation of these improvements. Figure 14 shows the result of Hoang Yen restaurant after conducting the solutions.

ASSUMPTIONS REPORT FOR IMPROVING THE COST AFTER APPLYING SOLUTIONS							
Article	Issues	Solution	Result	Scale	Account	ACT 2023	Reduced cost
Solution for article 3.5.1	Skills Gap for Warehouse Manager	Establish training courses: External – Internal, and Consulting Agencies	Good purchasing skills will reduce the purchase price of raw materials by 10%.	-10%	COGS for Food	3,529,767.26	-358,271.38
			Good Recycling innovation skills can reduce packaging costs by 5%	-5%	Packaging cost	24,749	-1,237.47
			Good Planning skills and Problem-solving skills will forecast inventory accuracy that boost increase of 2% in revenue due to improved sell productivity	-2%	Revenue for food	11,895,461	-237,909.22
			Risk management, Inventory Management skills can help to reduce the small purchase cost like consumable materials, Gas Fuel, Ice by 5%	-5%	Consumables	42,519	-2,125.96
				-5%	Gas, fuel	184,807	-9,240.37
-5%	Ice	6,852	-342.61				
Solution for article 3.5.2 & 3.5.3	Ineffective processes	Revising the existing process Establish the compliance policy	The cost of lost, destroyed raw materials will reduce to zero	-100%	Lost, destroyed raw materials	5,053	-5,053
TOTAL REDUCED COST							-614,180

Figure 14: The figure shows the increased profit after closing the warehouse gaps

According to the estimated result, the Hoang Yen restaurant can reduce the cost by 614 thousand euros. This can contribute a huge amount to new profit.

Table 10: Estimating the profit margin after closing the warehouse gaps

Spadsheet
$\text{New profit margin} = \frac{\text{Increamental Profit}}{\text{Current profit}} * 100\%$ $= \frac{614,180}{1,538,188} * 100\%$
Result
New profit margin = 40%

This result shows that the profitability can increase 40% when Hoang Yen restaurant focuses on the human resource in the warehouse, especially the warehouse manager position. This demonstrates the critical role of the warehouse manager, a position that is essential in a restaurant system. An unprofessional warehouse manager or a shortage of one can decrease the restaurant's profit by nearly 40%. On the contrary, a professional warehouse manager can potentially increase the restaurant's profit by a corresponding rate. Figure 15 shows the increasing of profit after closing the warehouse gaps.

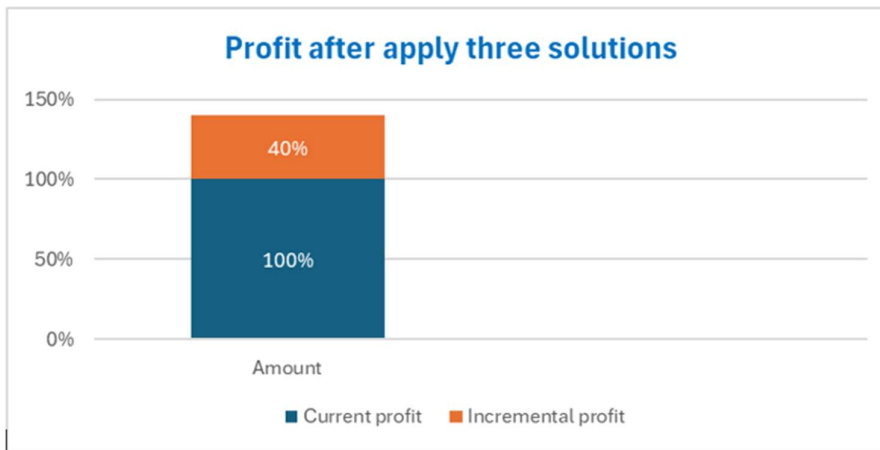


Figure 15: The chart shows the estimated profit increase by 40% after solutions

4 SUMMARY AND DISCUSSION

4.1 Recapping the objective and result

In conclusion, restaurants face significant challenges in not achieving their expected profit margins due largely to rising costs, particularly in inventory management. Underperforming warehouse managers and inadequate KPI achievements have contributed to poor inventory control.

According to the Resource-Based View theory, restaurants should focus on utilizing internal resources, specifically old warehouse managers. They are deeply familiar with processes, regulations, and inventory items, which are essential in improving inventory control efficiency, ultimately lowering inventory management costs.

In addition, the Human Capital theory emphasizes the important role of warehouse managers' professionalism. Apart from experienced employees, they must have high levels of expertise to ensure a more modern approach to inventory management. This would lead to time saving on operations, waste reduction, and the ability to make precise ordering decisions that align with customer demand, thereby increasing the restaurant's revenue.

This paper also demonstrates these two theories in the practical case of Hoang Yen Restaurant. According to the results, the restaurant's profit increased by 40% by utilizing its existing warehouse staff and investing in additional professional training to address past inefficiencies.

4.2 Discussing the applicability, reliability and ethicality of the results

Reliability mainly refers to survey questionnaires. These survey questions must be detailed and aligned with the research content and be easily converted into specific data, which facilitates data analysis (Woodrow, 2014).

Validity refers to the feasibility of developing the project. It responds to the reasonableness of the research. Validity includes two types: internal validity and external validity. If the results are impacted by variables in the report, it indicates an internal threat. Whereas the results affect the current sample, it shows an external threat (Woodrow, 2014).

The research must be conducted ethically, meaning the safety of participants must be ensured security for participants (Woodrow, 2014).

In this article, the author meticulously prepared a set of interview questions, ensuring they were well-aligned with the research objectives. The content aligns with the research and tends to the way used for data collection.

Additionally, the dataset used actual financial statement reports and real issues that occurred in the restaurant in the past. This pushes the project's feasibility.

The interviewees include three restaurant owners in Vietnam and one restaurant owner in Finland. To ensure individual safety between the participants and the author before the interviewing, the appointments were booked directly through the interviewees' private and secure accounts. This enhances ethical conduct in protecting the safety of the interview participants.

4.3 Suggestion for further research

In next research evaluating the role of warehouse managers in Asian restaurants, it is suggested that future research focus on exploring the theoretical framework of Supply Chain Management (SCM) principles. This theory concentrates on managing the value chain of goods and services from suppliers to processing, and finally to the customer. In the restaurant, the warehouse manager plays an important role in managing this flow. Therefore, the warehouse manager optimizes inventory levels, reduces waste, ensures timely deliveries, and enhances customer satisfaction, which is a pivotal concern.

Additionally, the Lean Management theory considers a comprehensive solution to minimize waste and improve operational efficiency in the restaurant. A shorter inventory turnover cycle will contribute to increased profitability for the restaurant. Future research should aim to the theory of how warehouse managers implement lean principles to optimize inventory turnover.

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Appendix 1. Report on four restaurant owners

SURVEY OF RESTAURANT'S WAREHOUSE			
Survey date:	26/6/2024		
A. THE CUSTOMER'S GENERAL INFORMATION			
Age:	43	Gender: Female	Position: Head chef
Restaurant name	Khai Ngo	Restaurant catalog	Vietnam Vegan Restaurant
B. QUESTIONAIRES			
I. Finance			
1. How many warehouse in your restaurants			
Answer:	1		
Note:	1 Main warehouse at the restaurant		
2. How many items in your warehouse's restaurants			
Answer:	Stick "x"		
		a. 0-49	
		b. 50-99	
	x	c. 100-499	
		d. Over 500	
Note:	Restaurant have 150 stock items		
I. The curent issues			
3. Could you list down the present problems in your restaurant's warehouse, how to rate the important impact of current issues from 1 to 5?			
Answers:			
	Rate 1-5	Issues description	
Issue 1		No	
Issue 2		No	
Issue 3		No	
Issue 4	2	The restaurant have just opened. To make a raw materials plan must wait for a year to collect the historical data	
Issue 5		Currently, there is not any cases of shortage raw materials	
Issue 6		No	

SURVEY OF RESTAURANT'S WAREHOUSE			
Survey date:	28/6/2024		
A. THE CUSTOMER'S GENERAL INFORMATION			
Age:	35	Gender:	Male
		Position:	CEO
Restaurant name	Onam	Restaurant catalog	Vietnam Food Restaurant
B. QUESTIONAIRES			
I. Finance			
1. How many warehouse in your restaurants			
Answer:	3		
Note:	1 Central warehouse + 2 warehouses at the restaurant		
2. How many items in your warehouse's restaurants			
Answer:	Stick "x"		
		a. 0-49	
		b. 50-99	
	x	c. 100-499	
		d. Over 500	
Note:	Restaurant have 180 stock items		
I. The curent issues			
3. Could you list down the present problems in your restaurant's warehouse, how to rate the important impact of current issues from 1 to 5?			
Answers:			
	Rate 1-5	Issues description	
Issue 1	2	Restaurant has experienced some increased usage of fresh ingredients, including items like salad greens and bell peppers. However, the cost impact is low, and the overall level of consumption isn't significant.	
Issue 2		No	
Issue 3		No	
Issue 4	1	There are some problems about the inventory planning, but it is low impact.	
Issue 5	3	Restaurant is facing ingredient shortages, with the reasons yet to be determined.	
Issue 6		No	

SURVEY OF RESTAURANT'S WAREHOUSE			
Survey date:	18/7/2024		
A. THE CUSTOMER'S GENERAL INFORMATION			
Age:	43	Gender:	Female
Position:	Accounting Manager		
Restaurant name	Hoang Yen	Restaurant catalog	Vietnam Seafood Restaurant
B. QUESTIONARES			
I. Finance			
1. How many warehouse in your restaurants			
Answer:	24		
Note:	1 Central warehouse + 23 restaurant warehouses		
2. How many items in your warehouse's restaurants			
Answer:	Stick "x"		
		a. 0-49	
		b. 50-99	
		c. 100-499	
	x	d. Over 500	>2000 ITEMS
Note:	Restaurant have over 2000 stock items		
I. The curent issues			
3. Could you list down the present problems in your restaurant's warehouse, how to rate the important impact of current issues from 1 to 5?			
Answers:			
	Rate 1-5	Issues description	
Issue 1	4	I have seen unusually high levels of ingredient consumption, particularly with fresh produce like vegetables and mushrooms. The cause of this excessive usage is unclear, and we need to investigate further	
Issue 2	5	Restaurant is currently facing a serious issue with our inventory management. There have been significant and frequent discrepancies between our recorded inventory levels and the actual stock on hand	
Issue 3	4	dates. This has resulted in losses when these items had to be discarded. It's crucial that we carefully monitor these ingredients and dispose of them promptly to avoid any negative impact on the quality of our dishes	
Issue 4	4	Restaurant has encountered inventory shortages, which have forced us to make emergency purchases at higher prices, thereby increasing our overall costs	
Issue 5	5	Restaurant is experiencing significant ingredient shortages, stemming from various unidentified causes. This is our most pressing concern at the moment.	
Issue 6	5	Hoang Yen use FAST software. Need to enhance some functions relating to warehouse system	

SURVEY OF RESTAURANT'S WAREHOUSE

Survey date:	18/7/2024		
A. THE CUSTOMER'S GENERAL INFORMATION			
Age:	52	Gender:	Male
		Position:	CEO
Restaurant name	Tinh Tam Trai	Restaurant catalog	Vietnam Vegan Restaurant
B. QUESTIONARES			
I. Finance			
1. How many warehouse in your restaurants			
Answer:	4		
Note:	1 Central warehouse + 3 restaurant warehouses		
2. How many items in your warehouse's restaurants			
Answer:	Stick "x"		
		a. 0-49	
		b. 50-99	
	x	c. 100-499	
		d. Over 500	
Note:	Restaurant have 300 stock items		
II. The curent issues			
3. Could you list down the present problems in your restaurant's warehouse, how to rate the important impact of current issues from 1 to 5?			
Answers:			
	Rate 1-5	Issues description	
Issue 1	4	I have seen unusually high levels of ingredient consumption, particularly with fresh produce like vegetables and mushrooms. The cause of this excessive usage is unclear, and we need to investigate further	
Issue 2	3	There have been some discrepancies between our inventory records and actual stock, but these occurrences have been infrequent and the variances are minimal.	
Issue 3	4	The expired date is particularly common with fresh vegetables and mushrooms. These ingredients account for 70% of our ingredient costs	
Issue 4	4	Restaurant is currently dealing with an inadequate purchasing plan. This has resulted in frequent instances of either surplus or shortages in inventory, leading to unplanned purchases at higher costs to compensate	
Issue 5	4	Restaurant is encountering shortages of ingredients needed for sales. The root cause is still unclear, and we are actively investigating the situation with multiple measures in place	
Issue 6	4	Restaurant are using MISA which does not meet with current requirements	

Appendix 2: The finance statement in Hoang Yen 2022 and 2023



INCOME STATEMENT

Period: 2022 - 2023

Ex change rate

27000 VND/EUR

Indicator	2022 (EUR)	2023 (EUR)	Variance (EUR)	Variance (%)
REVENUE				
Revenue (Excluding SC, VAT, and Discounts)	10,243,196	12,653,409	2,410,213	24%
Revenue (Food + Beverage)	9,457,467	11,895,461	2,437,993	26%
Food (including breakfast, set lunch, tour, set menu, ...)	8,697,535	11,086,153	2,388,618	27%
COST OF GOODS SOLD	3,482,401	5,586,387	2,103,985	60%
Cost of goods sold (food + beverages)	2,164,847	4,183,822	2,018,975	93%
Food	1,697,292	3,529,767	1,832,475	108%
Beverages	467,555	654,055	186,500	40%
Beer, wine, soft drinks, mineral water...	138,797	163,623	24,825	18%
Mixed drinks, desserts	328,757	490,432	161,675	49%
Cost of service	0	0	0	0%
Cost of Flora (Mid-Autumn, Tet gift packages, ...)	289,530	322,170	32,640	11%
Internal cost of goods sold	997,970	1,046,551	48,580	5%
Internal cost of goods	469,583	501,789	32,206	7%
Internal cost of finished goods	528,387	544,762	16,375	3%
Cost of special business model goods sold	511	549	37	7%
Cost of finished goods HYY_Hoàng Yến Express	225	229	4	2%
Cost of goods HYY_Hoàng Yến Express	286	319	33	12%
Other cost of goods sold	25,757	28,243	2,486	10%
Lost, destroyed raw materials	3,786	5,053	1,267	33%
GROSS PROFIT	6,355,864	6,636,415	280,551	4%
VARIABLE COSTS	1,333,121	1,358,339	25,218	2%
Consumables	42,519	59,848	17,329	41%
Gas, fuel	184,807	186,890	2,083	1%
Ice	6,852	6,881	29	0%
Packaging	17,408	24,749	7,342	42%
Sales staff costs (COL)	1,081,535	1,079,971	-1,564	0%
Service staff salary costs	513,743	517,513	3,770	1%
Staff salary	417,958	418,671	712	0%
Salary	211,297	211,391	95	0%
13th month bonus	0	0	0	0%
Social insurance, health insurance, unemployment insurance	13,342	13,359	16	0%
Overtime pay, part-time pay	193,319	193,921	601	0%
Management salary	95,784	98,842	3,058	3%
Salary	81,177	83,997	2,820	3%

13th month bonus	0	0	0	0%
Social insurance, health insurance, unemployment insurance	5,820	5,977	157	3%
Overtime pay, part-time pay	8,788	8,869	81	1%
Kitchen staff salary costs	473,000	484,431	11,430	2%
Staff salary	383,771	386,122	2,350	1%
Salary	301,444	302,102	657	0%
13th month bonus	0	0	0	0%
Social insurance, health insurance, unemployment insurance	14,097	14,139	42	0%
Overtime pay, part-time pay	68,230	69,881	1,651	2%
Management salary	89,229	98,309	9,080	10%
Salary	75,346	83,906	8,560	11%
13th month bonus	0	0	0	0%
Social insurance, health insurance, unemployment insurance	5,179	5,612	432	8%
Overtime pay, part-time pay	8,704	8,792	87	1%
Staff meals (Price / meal x Number of meals ordered)	94,792	96,894	2,103	2%
FIXED SELLING COSTS	2,684,222	2,731,008	46,786	2%
Sales staff costs	54,605	58,670	4,065	7%
Uniforms	9,243	9,156	-88	-1%
Bonuses (holidays, sales, etc.)	8,494	10,572	2,078	24%
Training, recruitment	44	53	9	20%
Other (health check-ups, laundry, staff parking...)	36,824	38,890	2,066	6%
Tools, equipment, machinery costs	63,623	68,681	5,058	8%
Tools used within the period	17,285	18,158	873	5%
Short-term tools allocation (<12 months)	18,032	19,703	1,671	9%
Long-term tools allocation (>12 months)	28,306	30,821	2,514	9%
Broken, lost tools	0	0	0	0%
Depreciation of fixed assets	284,503	291,039	6,536	2%
Basic construction	150,909	152,604	1,696	1%
Interior	44,384	44,804	420	1%
Mechanical & Electrical	67,215	70,540	3,325	5%
Machinery, equipment	19,325	19,985	660	3%
Transportation	0	0	0	0%
Other fixed assets	2,670	3,106	436	16%
Marketing, sales support costs	50,247	54,102	3,855	8%
Printing, design costs	23,940	26,796	2,856	12%
Advertising, media	5,359	5,458	99	2%
Promotion costs	2,366	2,409	44	2%
Customer relationship management (CRM) costs	18,582	19,438	856	5%
Market research costs	0	0	0	0%
Shopping center advertising costs	0	0	0	0%
Outsourced service costs	2,130,724	2,158,451	27,728	1%
Public administration costs	269,157	274,230	5,073	2%
Security, parking costs	0	10	10	0%
Electricity	209,311	211,397	2,086	1%
Water	34,761	35,177	416	1%

Telephone, internet, cable TV costs	5,780	5,827	47	1%
Office supplies	2,857	2,866	9	0%
Cleaning, pest control fees	16,020	18,484	2,464	15%
Shopping center service costs	428	470	42	10%
Rental costs	1,653,343	1,663,298	9,955	1%
Store, space rental	1,653,343	1,663,298	9,955	1%
Staff housing rental	0	0	0	0%
Warehouse rental	0	0	0	0%
Transportation, travel, toll fees	13,673	14,591	918	7%
Bank charges	51,168	49,609	-1,560	-3%
Warranty, maintenance costs	24,509	25,011	502	2%
Repair fees	18,561	18,646	86	0%
Maintenance fees	5,948	6,364	416	7%
Other initial operation costs	0	0	0	0%
Product research and development costs	41	3,342	3,300	8014%
Commission, discount costs	87,910	96,581	8,671	10%
Taxes, fees and charges	30,922	31,791	869	3%
Other	100,521	100,064	-457	0%
Allocated OPS salary costs	65,553	67,200	1,647	3%
Other costs	34,968	32,864	-2,103	-6%
STORE PROFIT BEFORE DEPRECIATION (EBITDA)	2,651,330	2,868,927	217,597	8%
STORE PROFIT (UC)	2,338,521	2,547,068	208,547	9%
FIXED MANAGEMENT COSTS	1,269,490	1,295,964	26,474	2%
Management department staff costs (including SAL, MKT)	562,896	573,628	10,732	2%
Office staff salary	228,041	228,897	856	0%
Management salary	199,339	202,344	3,005	2%
Overtime salary	8,460	8,625	165	2%
Social insurance, health insurance, unemployment insurance, union dues, ...	30,400	30,817	417	1%
13th month salary (accrued)	0	0	0	0%
Allowances (lunch, parking, ...)	21,733	23,834	2,101	10%
Bonuses (holidays, sales, ...)	25,839	29,122	3,283	13%
Training, recruitment	5,679	6,145	465	8%
Employee welfare costs	43,404	43,844	440	1%
Management material costs	5,971	6,788	817	14%
Cleaning supplies (trash bags, toilet paper, brooms...)	2,212	2,376	164	7%
Office supplies	3,758	4,411	653	17%
Tools, equipment, minor office repairs	55,462	59,630	4,169	8%
Tables, chairs, cabinets, shelves...	41,565	43,218	1,653	4%
Electronic, household, and refrigeration appliances	12,521	14,160	1,639	13%
Minor office repairs	1,375	2,252	876	64%
Depreciation of fixed assets	389,437	397,754	8,317	2%
Basic construction	268,234	275,183	6,949	3%
Interior	964	1,052	88	9%
Mechanical & Electrical (M&E)	21,071	20,985	-86	0%
Machinery, equipment	15,693	15,944	251	2%
Transportation, transmission	48,634	49,491	857	2%

Computer software	6,727	6,891	164	2%
Other fixed assets	28,115	28,208	93	0%
Taxes, fees and charges	2,836	2,866	30	1%
Business license tax	1,167	1,175	9	1%
Bank fees	1,669	1,690	21	1%
Other charges	1	1	0	0%
Provision costs	0	0	0	0%
Outsourced service costs	229,782	231,513	1,731	1%
Office costs (electricity, water, telecommunications, internet, ...)	27,466	27,378	-88	0%
Postal, mailing, courier fees	679	637	-42	-6%
Office, warehouse rental	187,650	187,730	81	0%
Service, expert consulting fees	2,192	3,882	1,689	77%
Other service costs (taxes, audit, software...)	11,795	11,886	91	1%
Other cash costs	23,107	23,786	679	3%
Travel expenses, hospitality	10,624	10,789	165	2%
Fuel costs, toll fees, taxi fares	3,664	3,913	249	7%
Meeting, event organization costs	230	374	144	63%
Dish testing costs	681	723	42	6%
Other management costs	7,908	7,987	79	1%
FIXED PRODUCTION COSTS	285,156	299,591	14,435	5%
Production department staff costs	136,131	142,533	6,402	5%
CKC staff salary	99,582	101,221	1,640	2%
13th month salary (accrued) CKC	0	0	0	0%
Social insurance, health insurance, unemployment insurance, union dues, ... CKC	6,823	6,926	103	2%
Overtime salary CKC	17,856	21,553	3,697	21%
Allowances (lunch, parking, ...) CKC	10,865	11,723	858	8%
Other bonuses CKC	370	296	-74	-20%
Training, recruitment CKC	0	0	0	0%
Employee welfare costs CKC	635	814	178	28%
Production material costs	15,297	21,130	5,833	38%
Material and packaging costs (packaging materials...)	1,272	3,781	2,508	197%
Consumable material costs CKC	14,025	17,349	3,325	24%
Tools, equipment, minor repairs CKC	12,046	12,803	757	6%
Management department equipment and tools (BPSX)	1,567	2,441	874	56%
Production equipment and tools	3,381	3,547	165	5%
Minor repairs CKC	7,098	6,816	-283	-4%
Depreciation of fixed assets	22,502	23,007	506	2%
Basic construction	3,871	4,077	206	5%
Interior	129	133	4	3%
Mechanical & Electrical (M&E)	7,146	7,311	165	2%
Machinery, equipment	8,674	8,760	86	1%
Transportation, transmission	2,682	2,726	44	2%
Other fixed assets	0	0	0	0%
Outsourced service costs	86,873	88,206	1,333	2%
Electricity CKC	39,168	40,041	873	2%

Water CKC	3,031	3,242	210	7%
Gas CKC	7,722	7,887	165	2%
Fuel costs, toll fees, vehicle maintenance CKC	4,766	4,851	85	2%
Space rental	32,185	32,185	0	0%
Other cash costs	12,307	11,910	-396	-3%
Allowances	3,864	2,995	-869	-22%
Environmental, fire prevention, food safety, pest control costs	1,739	1,842	102	6%
Discrepancies in material, finished goods inventory	0	0	0	0%
Other costs	6,704	7,074	370	6%
PROFIT BEFORE TAX & FINANCIAL ACTIVITIES	783,873	951,513	167,638	21%
FINANCIAL REVENUE	90,530	90,736	206	0%
Interest on deposits, loans	90,530	90,736	206	0%
Other financial revenue	0	0	0	0%
FINANCIAL EXPENSES	37,273	37,360	87	0%
Bank loan interest	37,273	37,360	87	0%
Other financial expenses	0	0	0	0%
OTHER INCOME	544,648	533,300	-11,348	-2%
Income from sale, liquidation of fixed assets	34,749	24,786	-9,963	-29%
Income from gifts, support	108,512	110,279	1,768	2%
Recovered bad debts written off, unidentified payable debts	0	0	0	0%
Tax reductions	134,878	132,775	-2,103	-2%
Service charge	236,170	236,001	-169	0%
Other extraordinary income	30,339	29,459	-880	-3%
OTHER EXPENSES	22,760	1	-22,758	-100%
Compensation, fines	1,503	1	-1,502	-100%
Expenses for liquidation, sale of fixed assets	1,239	0	-1,239	-100%
Other extraordinary expenses	11,501	0	-11,501	-100%
Remaining value of liquidated, dismantled fixed assets	8,516	0	-8,516	-100%
PROFIT BEFORE TAX	1,359,020	1,538,188	179,168	13%
CORPORATE INCOME TAX PROVISION	0	0	0	0%
PROFIT AFTER CORPORATE INCOME TAX	1,359,020	1,538,188	179,168	13%