

HANOI UNIVERSITY OF MINING AND GEOLOGY
Faculty of Economics and Business Administration

INTERNATIONAL CONFERENCE
ECONOMIC MANAGEMENT IN
MINERAL ACTIVITIES - EMMA 4

19th-20th November, 2018 - Hanoi, Vietnam



PUBLISHING HOUSE FOR SCIENCE AND TECHNOLOGY

PRODUCTION AND COST MANAGEMENT IN MINING COMPANIES

THE APPLICATION OF SMART MONITORING AND FORECASTING SYSTEM IN NUI PHAO MINING.....	217
<i>Nguyen Tuan Binh, Vu Hong, Tran Van Tuan, Doan Thi Hoang Yen</i>	
PLANNING INFORMATION SYSTEM MODEL TO AGREE WITH COAL MINING COMPANIES OF VIET NAM NATIONAL COAL - MINERAL INDUSTRIES HOLDING CORPORATION LIMITED....	221
<i>Le Dinh Chieu, Dang Huy Thai, Nguyen Ngoc Khanh</i>	
THE EFFECTIVENESS OF MECHANIZATION OF COAL MINING IN HA LAM JOINT STOCK COMPANY - VINACOMIN	227
<i>Bui Thi Thu Thuy, Nguyen Van An, Pham Hung Cuong, Vu Van Tue</i>	
THE COST OF COAL PRODUCTION IN VIET NAM AND THE COMPARISON TO THAT IN SOME OTHER COUNTRIES IN THE WORLD	235
<i>Nguyen Thi Kim Ngan, Bui Thi Mai</i>	
THE INTEGRATED INFORMATION SYSTEM MODEL FOR COST MANAGEMENT IN MINING ENTERPRISES	242
<i>Nguyen Thi Bich Ngoc, Pham Thi Hong Hanh</i>	
IMPROVING QUALITY OF CONTROL COMMITTEES' PERFORMANCE IN JOINT-STOCK COMPANIES OF VIET NAM NATIONAL COAL-MINERAL INDUSTRIES HOLDING CORPORATION LIMITED	250
<i>Nguyen Van Bui</i>	
THE ACCORDANT BUSINESS PLAN MODEL OF COAL MINING COMPANIES IN VIET NAM NATIONAL COAL-MINERAL INDUSTRIES HOLDING CORPORATION LIMITED (VINACOMIN)	256
<i>Le Dinh Chieu, Dang Huy Thai, Nguyen Ngoc Khanh</i>	
QUALITY OF ACCOUNTING INFORMATION IN APPLICATION OF MODERN INFORMATION TECHNOLOGY IN COAL MINING ENTERPRISES OF VIET NAM NATIONAL COAL-MINERAL INDUSTRIES HOLDING CORPORATION LIMITED	261
<i>Pham Thi Hong Hanh, Vu Ngoc Thinh</i>	
DISCUSSION ON THE INTERNAL AUDIT IN COAL MINING ENTERPRISES OF VIET NAM NATIONAL COAL-MINERAL INDUSTRIES HOLDING CORPORATION LIMITED	267
<i>Nguyen Thi Bich Phuong, Vu Ngoc Thinh</i>	
PROPOSING PERFORMANCE INDICATORS OF COAL MINING COMPANIES IN VIET NAM NATIONAL COAL - MINERAL INDUSTRIES HOLDING CORPORATION LIMITED.....	273
<i>Pham Thu Trang, Nguyen Thi Hong Loan, Nguyen Thi Ngoc Anh</i>	
SOLUTIONS FOR COMPLETING COST MANAGEMENT ACCOUNTING ORGANIZING IN MONG DUONG COAL JOINT STOCK COMPANY.....	284
<i>Nguyen Thi Huyen Trang</i>	

FINANCIAL MANAGEMENT IN THE MINING INDUSTRY

APPLICATION OF BENEISH M-SCORE MODEL IN DETECTING FINANCIAL STATEMENT FRAUDS IN SOME COAL MINING JOINT-STOCK COMPANIES - VIET NAM NATIONAL COAL AND MINERAL INDUSTRIES HOLDING CORPORATION LIMITED.....	291
<i>Nguyen Ngoc Khanh</i>	

THE ACCORDANT BUSINESS PLAN MODEL OF COAL MINING COMPANIES IN VIET NAM NATIONAL COAL-MINERAL INDUSTRIES HOLDING CORPORATION LIMITED (VINACOMIN)

Le Dinh Chieu^{*}, Dang Huy Thai^a, Nguyen Ngoc Khanh^a

^aHanoi University of Mining and Geology, 18 Vien, Duc Thang, Bac Tu Liem, Hanoi, Viet Nam

*Corresponding author: ledinhchieu@humg.edu.vn

Abstract: *Setting up a business plan is the most critical factor that affects the efficiency of both start-up and long-term companies. Thus, it is considered a critical task of a company's business. In order to set up and implement a business plan as well as connect all relatively independent parts of the business plan system, it is necessary to choose a planning model which based on the business characteristics of the coal mining companies. With the methods of theoretical studying, surveying the business activities of coal mining companies, and expert interviewing, etc. the paper offers an accordance plan model with the companies.*

Keywords: *Model, Business plan, coal mining company, VINACOMIN.*

1. INTRODUCTION

Planning is one of the necessary management activities of a company. According to the viewpoint of the International Labour Organization "Planning means thinking about and organizing the activities required to achieve the desired goal. For your business, planning means thinking about and working out what to do in the future to improve your business" (ILO, 2015).

Business plans of a company play a significant role in focusing business activities on achieving its business goals. The environmental business analysis for planning will help a company with adapting to the changing of the business environment as well as creating practical solutions to allocate the resources. On the other hand, the business plan is an essential basis for a company to implement and manage the business effectively.

By such an important role, business planning is considered as the most critical task in business management of a company

with the aim of helping businesses adapt to the changes in the business environment. In order to effectively implement the plan, it is necessary to create a rigorous process, have complete scientific and practical basis as well as a business plan model which is used as the basis for planning and link the parts of the plan to achieve the goals.

Base on the examine the business of coal mining in VINACOMIN in general and its business planning in particular as well as the theoretical models of planning, the paper proposes a suitable business plan model for coal mining companies in VINACOMIN.

2. THE BASIC FOR SETTING UP A BUSINESS PLAN OF A COAL MINING COMPANY IN VINACOMIN

2.1. Theoretical models are applied in modeling business plans

In order to set up a business plan model of a coal mining company, the article reviews some planning models as the following:

2.1.1. *The Strategic Management Model of Fred R. David (Fig 1)*

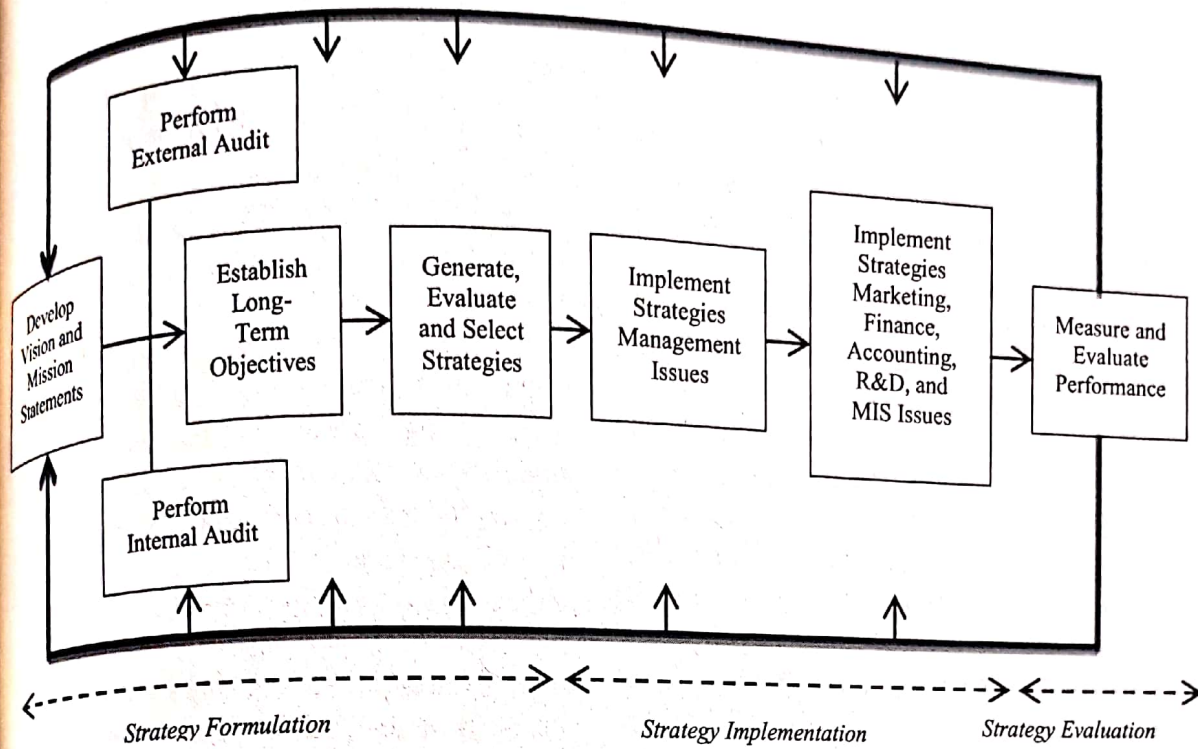


Fig 1. The Strategic Management Model

(Source: Fred R. David, "How Companies Define Their Mission", Long Range Planning 22, No3 (June 1988): 40)

The model provides an approach method in formulating, implementing, and evaluating of strategies. It shows the relationship between steps in the strategic management process. The business strategy and plan of a company have a close relationship and are the two parts of its business planning. The

business strategy is the basis for a short-term plan to help the company with adapting to the changes in the business environment. Therefore, the model can be applied as the basis for building the business plan model.

2.1.2. Business Model Canvas - BMC (Fig 2)

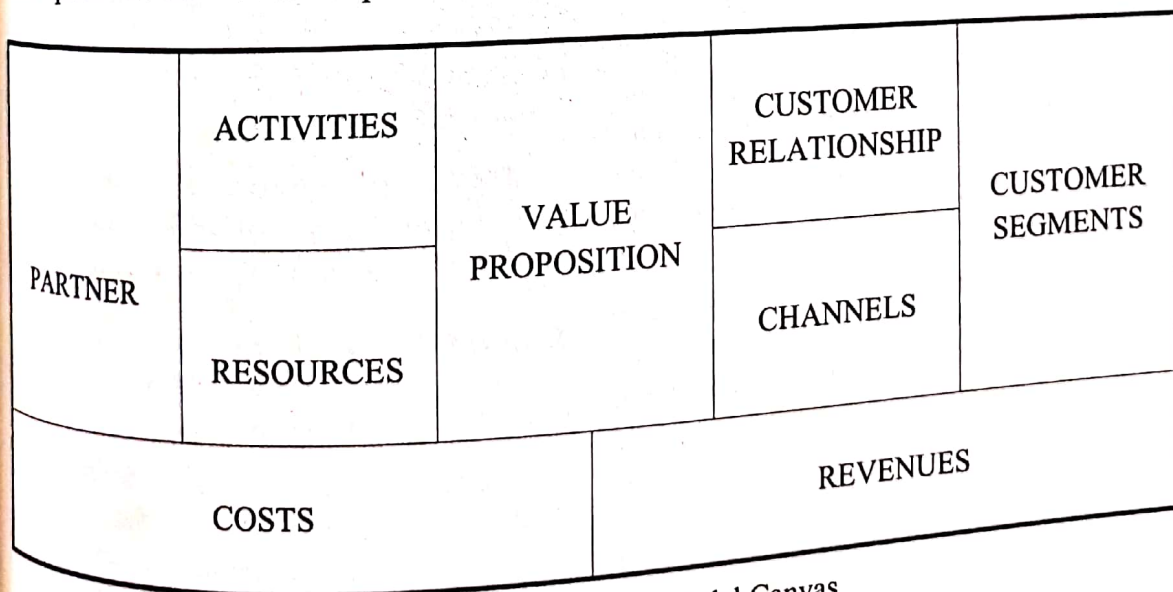


Fig 2. The Business Model Canvas

BMC expresses the information of input factors which create value chain of a company. The nine main factors in BMC which form the organization of a company, including Partners, main business activities, primary sources, proposition values, customer relationships, channels of information and distribution, client segment, costs, and revenues. The model is widely used in the planning of both start-up and long-term companies. The nine main factors in the model are the vital basis of setting up, implementing a business plan and connecting all relatively independent parts of the business plan as well as combining the basic activity of a company. Thus, BMC can be applied as an essential basis for building the business plan model.

2.2. Business characteristics of coal mining enterprises that affect the modeling of a business plan

The planning of coal mining companies depends on their business characteristics. Therefore, it is necessary for coal mining companies to study the characteristics of their production, business, and management of these companies to build a business plan model. Some characteristics of coal mining companies should be noted as follow:

- Concerning business nature, coal mining companies in VINACOMIN have the only function of coal exploiting service and its activities such as production output, the consumption, primary consumers and suppliers, etc. are implemented under the unified direction of VINACOMIN.

- In term of strategy, VINACOMIN is considered an enterprise with an own business strategy. All its enterprises, including coal mining enterprises, are considered as strategic business units, and their strategies are implemented consistently with VINACOMIN's strategy. Thus, coal

mining enterprises do not set up strategies; they only build business plans which based on VINACOMIN's strategy and plan, without any of their own.

Specifically, based on the basis available resources such as natural resources, human resources, finance, and equipment, a coal mining company establish the economic-technical indicators and submits The Group. After being approved, The Group and the company will sign a business co-operation contract which is the basic for the company to set up functional plans, carry out the annual planned objectives and tasks and for VINACOMIN to manage the contract implementing. The adjustment of the targets in the contract will be made when it has the changes in production and business due to objective reasons and the approval of VINACOMIN.

The planning activities of a coal mining company are appraised to be relatively scientific and following the tight process. Its annual business plan which includes objectives of the co-operation contract and functional plans is based on the scientific basis. The plan also covers the full range of the company's activity functions such as human resources, finance, materials, resource mobilization, equipment mobilization, depreciation, and cost, etc.

These characteristics are the essential basis for modeling a suitable business plan for coal mining enterprises in VINACOMIN.

3. BUILDING AN ACCORDANT BUSINESS PLAN MODEL OF COAL MINING COMPANIES IN VINACOMIN

Based on the summary of theoretical models and analyzes of the business characteristics of coal mining companies, the paper proposes an accordant business plan model (Fig 3).

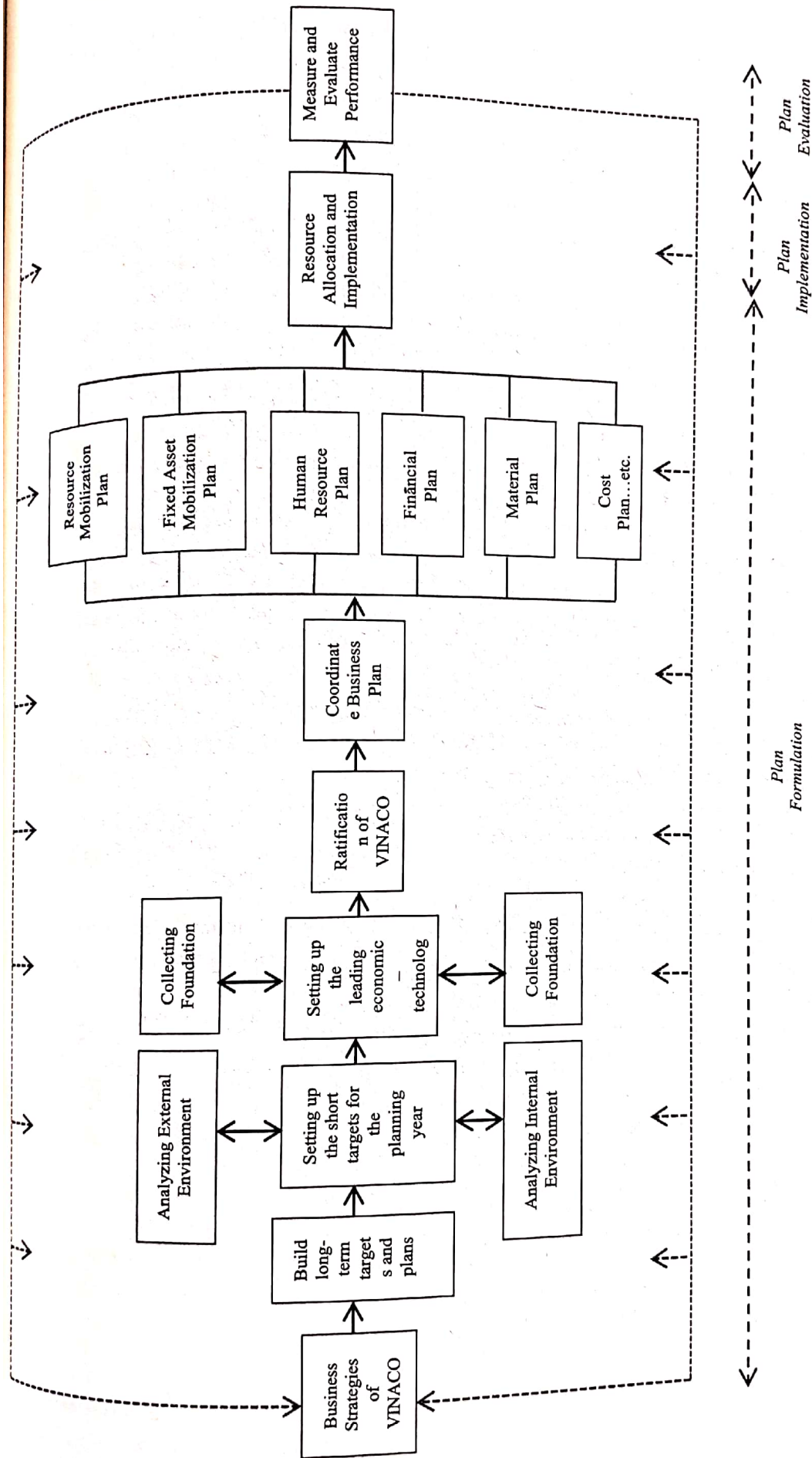


Fig 3. Business plan model of coal mining Companies in VINACOMIN (proposed by the authors)

According to the model, based on the overall strategy of VINACOMIN, a coal mining company builds its long-term goals and plans. The long-term goals and plans, as well as the environmental analysis (its internal and external environment), are used for setting the targets for the planning year. These targets and other supportive information such as the norm system, mobilized resources (nature resources, human resources, etc.), or the results of business activity analysis, the company builds the business plan with main economic - technical indicators and submits to VINACOMIN. If being approved, the company sets up its functional plans such as the resource mobilization, equipment mobilization, material, human resources, financial and expenditure - cost - price plan, etc.

At the beginning of the planning year, according to the business plan, a coal mining company shall allocate its resources and organize the production. Finally, the measurement and evaluation activities will be done. If there is any mistake, the analysis will be carried out to find the cause and the adjustment made from the errors to ensure the achievement of the objectives.

In general, this business plan model will help a coal mining company with a comprehensive and systematic view of their planning as well as the effectiveness of the planning because of abilities to carry out, implement, control, adjust the business plan and to link the parts of the planning system.

4. CONCLUSION

A business plan model of a company which consists of different parts, stages in the planning activities will be the critical basis for implementing planning works to achieve the efficiency. Based on the summary of theoretical models and analyzes of the business characteristics of coal mining companies in VINACOMIN, the paper proposes for them an accordant business plan model of the enterprises. The model will help them achieve the efficiency in planning activities.

REFERENCES

- Alexandre Joyce, Raymond L. Paquin, 2016. The Triple Layered Business Model Canvas: A tool to design more sustainable business models. *Journal of Cleaner Production* 135, p. 1474-1486.
- Bui Duc Tuan et al., 2005. *Business Plan Texbook*. Labour Publishing House, p.9-24.
- Fred R. David, 2011. *Strategic Management: Concepts and Case* (13th edition). Prentice Hall. P. 2-26.
- International Labour Organization, 2015. *Improve Your Business: Planning For Your Business*. P. 01-12.
- Ngo Kim Thanh et al., 2012. *Strategic Management Texbook*. Publishing House of the National Economics University, p. 14.