

When Revenue Holds but Profit Fades: How Vietnamese Companies Regain Clarity in a Changing Market

Vietnam's economy is moving, but many companies feel the ground shifting.

The real question is whether each order, product, route or client still contributes enough.

Calm leadership begins with seeing clearly, not cutting blindly.

When Revenue Holds but Profit Fades: How Vietnamese Companies Regain Clarity in a Changing Market

Many business owners in Vietnam are currently describing a situation that is difficult to define precisely. Operations continue. Orders are coming in, customers are present, activity remains visible. And yet, there is a growing sense that something no longer fully holds together. Decisions take longer, discussions become more intense, and results feel noticeably thinner.

A logistics entrepreneur recently described it with striking clarity: this is not a collapse. It is a state in between. In the past, selling meant advising the customer. Today, it often means proving that you are not too expensive. Orders still exist, but when recalculated carefully, profit almost disappears. At the same time, costs are rising across multiple areas. And despite all this, companies continue. Not only to generate revenue, but also to maintain relationships, preserve market presence, and sustain a certain operational rhythm.

This is not an isolated experience. It is a structural phase affecting many companies at the same time.

A Growing Market with Changing Mechanics

The macroeconomic picture remains robust. Vietnam's economy grew by 7.83 percent in the first quarter of 2026, according to the General Statistics Office of Vietnam.

This growth is real. However, its effects have changed. Demand is still present, but it is distributed more selectively. Capital continues to circulate, but it no longer flows automatically to every business model.

For companies, this creates a new reality: the market is not weaker, but more demanding. Success depends increasingly on how well the business is understood and managed internally.

When the Rules Change Quietly

Part of this shift is driven by global developments. Geopolitical tensions affect supply chains, energy prices, and transportation costs. At the same time, cost pressure within companies is increasing across a broader base than in previous years.

In parallel, customer behavior is evolving. Decisions are made more cautiously, prices are scrutinized more closely, and alternatives are compared more intensively.

These changes do not occur abruptly. They unfold gradually, which is precisely why they are often recognized only once their impact has become significant.

What emerges is not a disruption, but a shift in the underlying economic logic.

Industry Snapshots: Different Symptoms, Same Pattern

Companies naturally interpret their situation through the lens of their industry. This is understandable. Each sector has its own dynamics. Yet, when examined closely, recurring patterns become visible.

In logistics, the shift is particularly evident. Utilization fluctuates more strongly while costs continue to rise. There is movement in the system, but not always economic stability. Routes are adjusted more frequently, pricing is under constant pressure, and even high activity does not necessarily translate into solid margins.

In manufacturing, order books often remain stable or even strong. The challenge lies less in demand and more in cost control and predictability. Input prices, energy costs, and supply disruptions complicate planning. Companies continue to produce and deliver, but with reduced certainty about their actual profitability.

In trade and distribution, demand appears stable at first glance. However, customer behavior has shifted. Price sensitivity has increased, decision-making has become more deliberate, and transparency through digital channels intensifies competition. Revenue alone has become a less reliable indicator of economic success.

In tourism and services, volatility is even more visible. Demand exists, but it is less predictable. At the same time, cost structures often remain relatively fixed. Businesses must maintain capacity without fully knowing how it will be utilized.

Across these sectors, a common observation emerges—one that repeatedly appears in the work of **VIET Transformation Advisors**: activity levels remain relatively high, but the connection between activity and profitability becomes weaker and less transparent.

The Core Issue: Limited Transparency Within the Business

Across industries, a similar pattern emerges. There is often a gap between operational activity and financial clarity.

Costs are not consistently separated into fixed and variable components. Revenues are not clearly allocated to products, customers, or regions. Decisions rely on aggregated figures that reveal pressure but do not explain where it originates.

In practical transformation work, this is rarely a question of capability. It is usually the result of growth that outpaced internal structuring. As businesses expanded, complexity increased faster than visibility.

The consequence is a condition many managers intuitively recognize: work continues, but not all of it contributes to stability.

Transparency Creates Room to Act

The next step does not begin with major restructuring. It begins with clarity.

When a company understands which parts of its business actually contribute to covering its costs, the quality of decision-making changes. Discussions become more focused, priorities clearer, and actions more targeted.

In many transformation situations, this is the moment where pressure begins to decrease—not because the market changes, but because the company starts to see itself more clearly.

FROM AGGREGATED VIEW TO OPERATIONAL CLARITY

See where value is created. Act where it matters.

- SEE CLEARLY**
Bring transparency to complexity
- FOCUS SMARTLY**
Prioritize actions that drive impact
- GROW PROFITABLY**
Strengthen results sustainably

LEVEL 1

AGGREGATED COMPANY VIEW

The big picture. Where do we stand overall?

COMPANY OVERVIEW (AGGREGATED)

YTD 2026 (Q1)

REVENUE (B VND)	TOTAL COSTS (B VND)	CONTRIBUTION MARGIN (B VND)	CONTRIBUTION MARGIN %
1,245B	1,067B	178B	14.3%
+12.6% vs Q1 2025	+10.8% vs Q1 2025	+20.7% vs Q1 2025	+1.0pp vs Q1 2025

REVENUE VS COSTS OVER TIME (B VND)

CONTRIBUTION MARGIN OVER TIME (B VND)

CONTRIBUTION MARGIN %

14.3% CM %

WHAT THIS SHOWS

Aggregated numbers can hide what's really happening. Breaking down by products, customers, and regions reveals where value is created—and where it's lost.

LEVEL 2

BREAKDOWN BY DIMENSIONS

Where is value created—and where is it lost?

BREAK DOWN TO UNDERSTAND PERFORMANCE DRIVERS

BY PRODUCT

Product	Revenue (B VND)	CM %	CM (B VND)	PRODUCT PROFITABILITY HEATMAP
Product A	420	22.1%	93	A B C D E
Product B	310	15.8%	49	Revenue
Product C	250	8.2%	21	CM %
Product D	155	-2.4%	-4	CM (B VND)
Product E	110	-12.7%	-14	CM (B VND)

BY CUSTOMER

Customer	Revenue (B VND)	CM %	CM (B VND)	CUSTOMER PROFITABILITY HEATMAP
Customer 1	280	18.7%	52	1 2 3 4 5
Customer 2	240	11.5%	28	Revenue
Customer 3	210	6.3%	13	CM %
Customer 4	165	-1.6%	-3	CM (B VND)
Customer 5	150	-9.8%	-15	CM (B VND)

BY REGION

Region	Revenue (B VND)	CM %	CM (B VND)	REGION PROFITABILITY HEATMAP
North	460	17.2%	79	N S C W Q/S
South	390	13.0%	51	Revenue
Central	220	7.1%	16	CM %
West	105	-3.2%	-3	CM (B VND)
Overseas	70	-11.4%	-8	CM (B VND)

KEY INSIGHTS

- Focus on high contribution areas that drive profit.
- Address low or negative contribution areas.
- Tailor strategies by customer and region.
- Make decisions with clarity, not guesswork.

LEVEL 3

OPERATIONAL CLARITY

Drill down to act with precision.

DRILL DOWN: EXAMPLE – PRODUCT C

Channel / Segment	Revenue (B VND)	Variable Cost (B VND)	Contribution (B VND)	CM %
Direct Sales	120	103	17	14.2%
Distributor A	60	56	4	6.7%
Distributor B	45	46	-1	-2.2%
Online	25	28	-3	-12.0%
Total	250	233	21	8.2%

PROFITABILITY HEATMAP (ALL COMBINED)

Customers → 1 2 3 4 5

Products ↓

A	High	High	High	High	High
B	High	High	High	High	High
C	High	High	High	High	High
D	High	High	High	High	High
E	High	High	High	High	High

LEGEND & HOW TO READ

- **High Contribution**
Strong value creation. Invest and grow.
- **Positive Contribution**
Contributes to covering fixed costs. Optimize.
- **Low / Weak Contribution**
Limited impact. Improve or reposition.
- **Negative Contribution**
Destroys value. Fix, redesign, or exit.

CLARITY DRIVES ACTION. ACTION DRIVES RESULTS.

Measure precisely.
Manage proactively.
Lead confidently.

Why Full-Cost Views Are No Longer Sufficient

Many companies continue to rely on full-cost accounting. This approach remains valid for long-term perspectives.

In the current environment, however, it is often too coarse. It masks important differences between business segments and limits the ability to make fast, precise decisions.

Experience from advisory and restructuring work consistently shows that companies only recognize the real drivers of performance once they move beyond aggregated views and start isolating contributions.

Contribution Margins as a Practical Management Tool

A more precise perspective is provided by contribution margin analysis.

It allows each activity to be evaluated based on whether it contributes to covering fixed costs. This perspective becomes particularly powerful when applied in a structured, layered way across different levels of the business.

From Revenue to Real Profit: Achieving Operational Clarity through Layered Analysis

THE BUSINESS DASHBOARD BREAKDOWN

Total Revenue
Beyond Aggregated Revenue
While total revenue may hold steady, it is a lagging indicator that can hide eroding margins and inefficient cost allocations.

Segmenting the View
Effective dashboards must break down data into distinct pillars: Product Profitability, Customer Behavior, and Regional Performance.

Identifying Value Drivers
Clarity is achieved when revenue is no longer a single number but is clearly allocated to the specific products and clients that generate it.

THE LAYERED CONTRIBUTION MARGIN STRUCTURE

Level I: Product Contribution (DB I)
Evaluates whether individual products generate enough revenue to cover their direct variable costs.

Level II: Customer & Regional Contribution (DB II)
Factors in costs specific to maintaining client relationships and logistics routes within particular geographical areas.

Level III: Business Unit Contribution (DB III)
Analyzes how different divisions contribute to covering the company's remaining fixed overhead and total profit.

NET PROFIT

STRATEGIC BENEFITS OF CLARITY

Targeted Action over Blind Cutting
Understanding exactly where value is created allows for precise structural adjustments rather than broad, damaging cost-cutting.

Calm and Focused Leadership
Transparency reduces the need for reactive decisions, allowing managers to focus on high-contribution areas with confidence.

Maturity through Transparency
Shifting from a "growth-only" mindset to a "manageable growth" mindset is a natural step toward a more mature business environment.

CONTRIBUTION MARGIN LOGIC FLOW

Margin Level	Focus Area	Goal
DB I	Product/Service	Cover direct variable costs
DB II	Customers & Regions	Cover customer-specific and logistics costs
DB III	Business Units	Cover fixed overhead and generate net profit

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From products to customers, from regions to business units, a more realistic picture of economic performance emerges.

In practical application, including work carried out by **VIET Transformation Advisors**, this approach proves effective not because it is complex, but because it connects directly to decisions. Companies quickly identify which areas to adjust and where to focus.

Adjusting Structure Without Losing Substance

As transparency increases, structural questions naturally arise. Many companies still carry cost structures shaped during periods of stable growth.

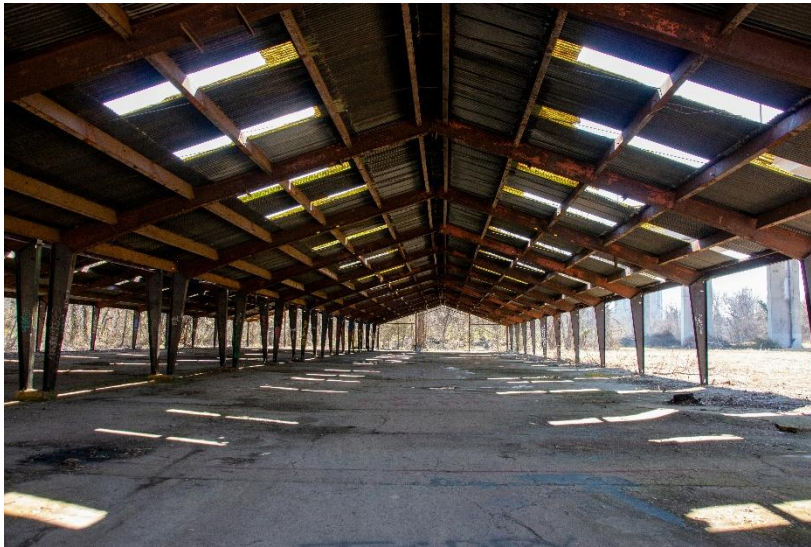
In a more volatile environment, adaptability becomes more important than maximum utilization.

Mid-sized companies, in particular, have an advantage. They are large enough to act with impact, yet flexible enough to adjust quickly.

In practice, companies that consciously review and reshape their structures tend to regain control faster—not by reacting more, but by reacting more precisely.

Logistics as an Early Indicator

The logistics sector illustrates this development particularly well. Activity within the system does not automatically translate into stable results.



This observation extends beyond logistics. It reflects a broader shift: performance is no longer defined by activity alone, but by how that activity is managed.

Picture by [Salomé Guruli](#) on [Unsplash](#)

A Phase of Evolution

Vietnam remains a dynamic market with strong long-term potential.

At the same time, the current phase is reshaping what it means to operate successfully. Growth alone is no longer sufficient. It must be manageable. Efficiency remains important but is complemented by flexibility. Experience continues to matter, but increasingly needs to be supported by transparency.

This is not a setback. It is a natural step toward a more mature business environment.

A Calm and Clear Next Step

Many entrepreneurs have already begun to adjust. They review, adapt, and recalibrate their businesses, often quietly and pragmatically.

The next step is less visible, but more decisive. It is the point at which adaptation turns into structured control.

In practice, one pattern becomes clear across different companies and industries: once transparency is established and internal dynamics become visible, decision-making changes. It becomes calmer, more focused, and more consistent.

Understanding where value is created builds confidence. Knowing the break-even point strengthens positioning. Seeing the structure behind the numbers reduces the need for reactive decisions.

In a changing environment, strength does not come from speed alone. It comes from clarity.



If you would like to see how this level of transparency could be established in your business, it may be worth taking a closer look together.

A focused, confidential discussion is often enough to identify where clarity can be created quickly and where it will have the strongest impact.



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