

BEEZ AND BUNS CO. LTD.

Background Guide

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- Contact your Faculty Advisor/Head Delegate to inform them of your request if you are a part of a delegation



AIDAN THOMPSON (HE/HIM)
DEPUTY SECRETARY-GENERAL

LETTER FROM THE DIRECTOR

Dear Delegates,

Welcome to Beez & Buns Co.Ltd! I am very excited to have you be a part of this committee. Back during Covid, the Youtube Algorithm introduced me to the wonderful thing called an MLM, inspiring this committee. When doing research for this committee, look into current companies like MONAT, YoungLiving, and SaladMaster to gain a better understanding and inspiration.

If there's anything you should take away from this committee, it's only good to be in a multi-level marketing scheme if:

- 1.You are at the top (one of the founders or executives) or
- 2.You lack morals and want to misrepresent and scam people.

To prepare for this committee, I strongly recommend you do a dive into Multi-level-Marketing schemes and look at a few of the companies I've listed above. Get up to date with the current political, economic and social environment of the world with news and take a look at the past years biggest business scandals. Besides those two things, show up with your best, most unethical and money seeking selves.

If you'd like to know a bit about me, my name is Megan and I am a 2nd year student at the University of Toronto studying Rotman Commerce (Business) with a Specialist in Management, a Minor in Economics and a Focus in Finance. I was sucked into the Model UN pipeline in 2021, and participated in many conferences until I entered University, where I then became a staffer at SSICSIM, UTMUN and NAMUN (go check out those conferences).

I'd like to give many thanks to the SSICSIM team here for hiring me and letting me cook, my friend Cuong for helping me with flushing out the concepts of this committee, Nesta for all the trouble I've given him, and our lovely staffers Di, Ceara, Mandy and Shreya (plus apologies for the chaos that will occur during the conference).

Have fun!

MEGAN PHAN (SHE/HER)
DIRECTOR, BEEZ AND BUNS CO. LTD.



INTRODUCTION

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Dear Executives:

I hope this letter finds you all well. We would like to extend a welcome as you begin to embark on this exciting new chapter of Beez and Buns Co.Ltd. We are delighted to have you a part of the executive board as a valued addition to the team, and family. Your expertise and experience will be well valued here as we work to better this company.

As you begin the difficult transition process into your role, we at Beez & Buns Co.Ltd want to ensure that you are up to date with our company policies, culture and values that we hold dearly. Our only objective, first and foremost, is profitability. While we do have a legal commitment to follow proper conduct and ethics, we, the board of directors, would like to see this investment double our returns. We have a 'work hard' and 'play hard' mentality, striving for only the very best. Those who fail to meet goals will be punished.

We have a very difficult road ahead of us. Should any internal issues arise, please resolve them before the next quarterly meeting or annual audits. We urge you to prevent any scandals from reaching the public's and the government's eyes.

Once again, welcome to the team. Here at Beez & Buns Co.Ltd and we look forward to the many contributions you all will make.

Warm Regards,
Board of Directors

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DEFINITIONS

Multi-Level-Marketing (MLM)

A legal business model where individuals (Huns / IBOs) become independent distributors of a company's products and services, earning income through the sale of these products or for the sales and recruitment of new distributors as their "downline".

Pyramid Scheme

An illegal business model which relies on recruiting new members, not the sale of legitimate products or services. Participants pay an upfront "fee" to join the pyramid scheme, promising a great return on their investment under the condition they recruit other members. The recruited members' upfront "fees" go towards paying those higher up on the pyramid scheme.

Ponzi Scheme

An illegal investment scam where investors must pay an upfront "investment fee" to join, promising a high return on their investment. However, the older investor's returns are paid by newer investors joining the scheme, eventually collapsing when the influx of investment money runs out.

Hun / Independent Business Owner (IBO)

Common names referring to the participants/product distributors of Multi-Marketing-Level schemes. They sell the company's products or services and earn a commission based on the sale.

Fun fact: The "Hun" is a common opener of a text from a person who's part of an MLM. Old highschool classmates will text you about joining an "amazing opportunity" to meet a "great community, be your own boss and earn a six-figure income from working at home." This text will begin with "Hi Hun..."

Hun Status

A Hun's Seniority level in the company. Their level which dictates the Hun's compensation from sales, commission and bonus on new member recruitment.

Commission

An incentive and form of compensation received by an individual for the successful recruitment of a new participant, or the successful sale of a product or service. Usually a fixed percentage, earnings vary depending on company policy (see Hun Status).

Sponsor

The personal title of a Hun who referred you into the company.

Downline

Refers to all Huns one recruits into the MLM system.



HISTORY/CONTEXT

2010	<u>June:</u> Beez's child falls severely ill, allegedly no doctor or medication helps. Raw honey, produced in their apiary, cures the child. This begin Beez's and Bun's journey to spreading their miracle honey concoction.
2011	<u>February:</u> Research and development begins for a honey-based wellness product line in Buns's garage.
2013	<u>April:</u> Beez & Buns Co.Ltd is cofounded by current Co-Ceos Beez and Buns. <u>May:</u> The company finds 5 investors to bankroll its operations.
2014	<u>September:</u> First product line "Hon-YAY" releases centred around wellness products such as Honey based essential oils, massage oils, nutritional supplements and vitamins.
2015	<u>January:</u> The company has recruited 5000 Huns across Canada <u>August:</u> The first B&B Convention dedicated to Huns takes place in Toronto, and tickets sell out instantly. The convention becomes a yearly occurrence. <u>October:</u> New Product line launch dedicated to honey-infused skincare
2016	<u>June:</u> Beez & Buns Co.Ltd expands, sets up new branches in US and Mexico.
2017	<u>May:</u> New milestone hit of 27,000 Huns in North America.
2019	<u>March:</u> Some news outlets report on the fraudulent nature of MLMs and Beez & Buns Co.LTD
2020	<u>April:</u> New milestone of 100,000 Huns in North America! <u>May:</u> Annual Sales drop 30% due to pandemic and internal factors, they never recover.

<p>2021</p>	<p><u>November:</u> The Current CFO has been caught embezzling company funds along with other directors. The incident was shortly buried 1 month later. <u>December:</u> An internal investigation from a hired independent auditor yielded financial discrepancies, impacting profits.</p>
<p>2022</p>	<p><u>February:</u> Huns are reportedly dissatisfied with working conditions and disparities between the earnings of the executives and themselves. <u>August:</u> The Board of Directors passes a unanimous vote to fire all current executives, save for the current Co-Ceo's. <u>November:</u> The company undergoes an exhaustive process to rehire the executive board.</p>
<p>2023</p>	<p><u>November:</u> Day 1 of Committee, first day of work!</p>



HUNBUN BUSINESS MODEL

Core Business

Beez & Buns business revolves around 2 main streams of income: sales of products and services to customers, and the recruitment of other participants (Huns) who also sell and recruit new Huns into the Multi-Level marketing structure. Beez & Buns cover product categories such as health & wellness, beauty, and personal care all relating to bee-produced goods.

Beez & Buns maintains a very holistic company image: an image focused on a healthy living and wellness while promoting the amazing benefits of their proprietary honey infused products. The company is committed to supplying “natural” and “miracle-worthy” products for boosting the quality of life for every customer.

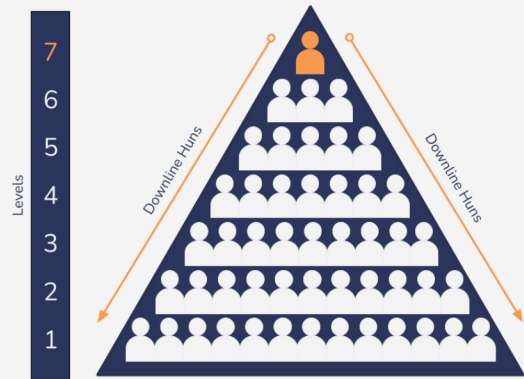
Product Mix

Beez & Buns Co.Ltd has the current product mix of a Honey-based skin care line with cleansers, moisturisers, various serums to treat dark spots and acne. Under health & wellness, the company sells its special raw honey, raw beeswax and bee pollen pills.

The MLM Structure

The structure of the Multi-level-marketing business resembles a pyramid. Those who are at the top of the pyramid have the highest potential for earnings. Selling products generate commission however, the bulk of a Hun’s revenues stem from recruitment bonuses and their downline’s sales and recruitment efforts.

To become a Hun, one must be recruited into the program by another more senior Hun (see the orange Hun). Once successfully initiated, they must pay an initial fee, supplying them with a starting product bundle to sell directly to customers. For each product sold, the Huns earn a set sales commission, based on their Hun Status (see Hun commission chart).



Multi-Level Marketing Recruitment Pyramid

Hun Commission Chart

Depending on a variety of factors, a Hun may be promoted into a new level, thus increasing their earnings potential.

Canada Hun Compensation Chart							
Hun Ranks							
Qualifications	1 Associate	2 Senior Associate	3 Associate Consultant	4 Senior Consultant	5 Managing Senior Consultant	6 Market Director	7 Senior Market Director
Personal Volume	100	200	300	400	400	400	400
Downline Volume				40,000	80,000	160,000	400,000
Group Volume			1,000	2,500	4,000	6,000	6,000
Rank Advancement Bonus	\$100	\$100	\$100	\$1500	\$3000	\$6000	\$12,000
Retail Bonus	Earn 10% commission on all sales from retail customers						
Group Bonus				2%	3%	4%	

Two main deciding factors are the personal volume and downline volume which are calculated at the end of the month. Opportunities for level advancements, once a Hun meets the qualifications, are available twice a month. Personal volume is the amount of products sold to consumers. Downline volume is the quantity of products collectively sold by Huns in the downline. Group volume is the downline volume in addition to the sponsoring Hun's personal volume. Retail bonus gives a commission every time a product is sold while a group bonus gives additional income to the sponsor, based on the group's volume.

Key Resources

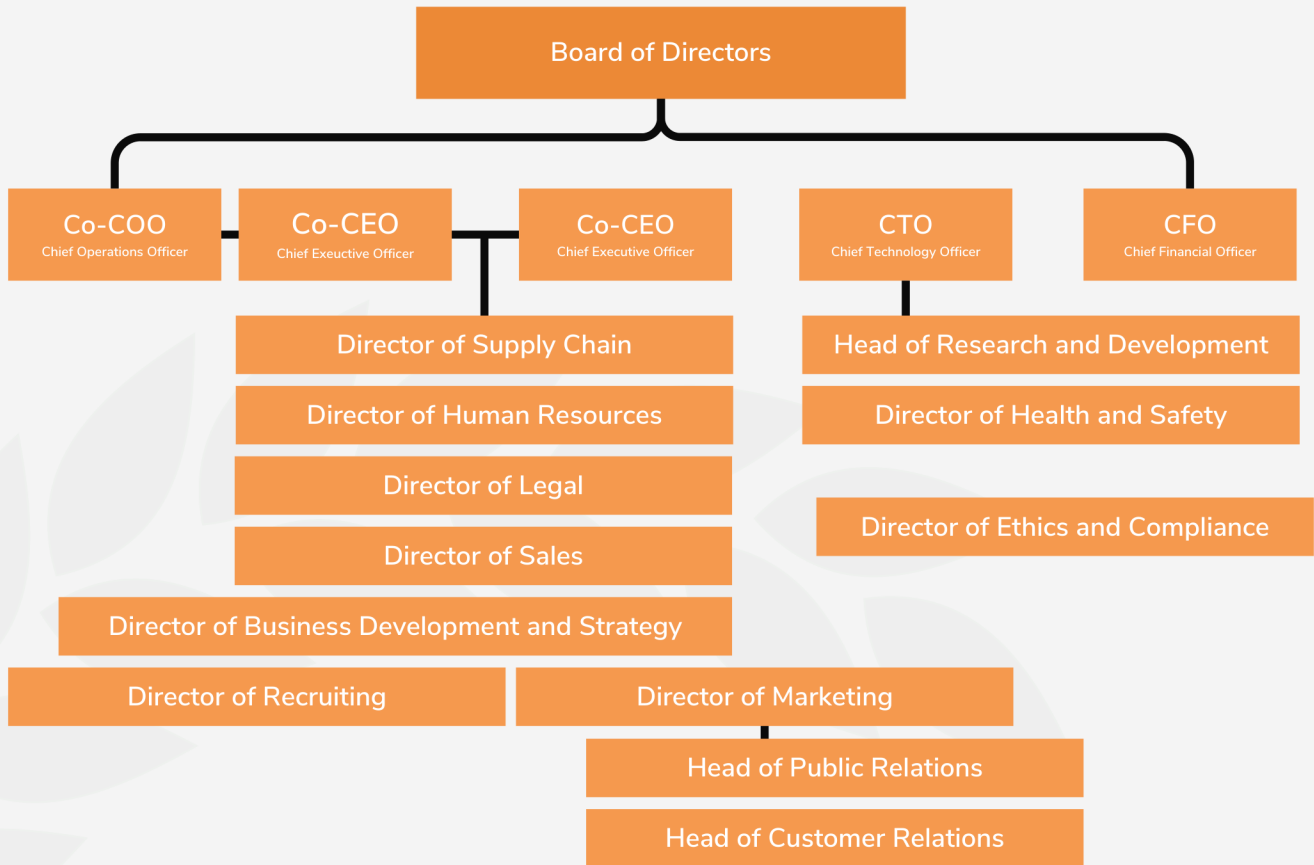
Beez & Buns Co. most important resources are its Huns (independent business owners), along with intellectual properties and proprietary formulations. Huns generate nearly 60% of the company's revenue alone through sales and recruitment efforts. Another major revenue split is Hun training and associated revenues, including selling "leadership" and "sales" training packages, the annual B&B convention and selling company merchandise.

The intellectual property and proprietary formulations of Beez & Buns Co. are of utmost secrecy and must be kept concealed to those outside the company. The industries the company operates in are fierce and Beez & Buns Co. must maintain a competitive advantage through superior products.

Corporate Structure

The company's corporate structure comprises a Board of Directions, the C-suite executives and fellow directors or heads of departments. All employees serve the company for a singular purpose, money. Those who continuously fail and or undermine the efforts of the company to reach the goal of profit will be disposed of.

See Next Page for Organizational Chart



The Board of Directors

The Board of Directors are a secret group of investors and members who guide the company and its executives with major business decisions. Board members may interject and override executive and c-suite decisions in times of company crisis. They have a large vested stake in the Beez & Buns Company and hope to see their investment grow.

The Co-CEO's

While co-founders and Co-CEOs of the company, both own a miniscule share of the company in comparison to members on the Board of Directors. They are responsible for the operations and preserving the founding vision of the company. As CEOs they must cater to the wishes of the Board of Directors and put profit above all else.

STATE OF AFFAIRS

Onboarding Executive

The board of directors will soon extend an invitation to all executives. This meeting at Beez and Buns Co. holds paramount significance as we will begin to map the goals of the upcoming fiscal year. Here, you will be provided documents noting the internal and external affairs, financials and statistics of Beez and Buns Co.

First, in light of the previous executives mishandling of company funds and reputation, the general public and especially the employees and Huns are anticipating transformative changes. To rebuild reputation, there should be a discussion on a potential public apology, communicating the company's commitment to its goals and ethics. The specifics and the depth of blame is to be discussed.

Recent company surveys reveal dwindling satisfaction among employees and Huns. One takeaway is a hope for a change in the compensation plans and a better public reputation. Rumours have it that dissatisfaction will lead to unionisation, something the company wants to avoid. Therefore, addressing these concerns should be a top priority. However the company is currently under some financial constraints, and any policy changes should be approached with caution and due diligence to ensure the company's profitability.

Amidst these numerous pressing challenges, you must collectively decide which issues to prioritise, ensuring it is cost-effective. The company's longevity and profitability are linked to the strategic decisions made in this meeting. As executives, you are entrusted with the responsibility of guiding Beez and Buns Co.Ltd through these difficult times. As a team, you can steer the company out of this crisis, and pave the way for a prosperous and profitable future.

The Government

The Government encompasses all which falls under the federal, provincial and municipal laws along with their associated branches and agencies. These include the: CRA, the judiciary system, the Competition Bureau, the Financial Consumer Agency of Canada, Canadian Trade Commission, Health Canada and the Canadian Food Inspection Agency.

While all government departments are important to consider, executives in Beez & Buns Co.Ltd should pay particular attention to the CRA and the Competition Bureau and reference other agencies when necessary. Something important to note is that under the Competition Act, a multi-level marketing business is legal, whereas the Pyramid Scheme is illegal and is a criminal offence.

The CRA completes a yearly audit of all businesses and uses this opportunity to find financial discrepancies in their reportings. There have also been instances of high-profile employees within companies whistleblowing to the public, something the company must avoid at all costs.

Currently, while the government is aware of Beez & Bun's corporate restructuring, their attention is elsewhere. Investigations are ongoing and will take years before the previous executives are brought to trial.

The Competition

Other more established companies who operate as an MLM and are in the health & wellness or beauty & cosmetics industries are Monat, Young Living and Herbalife. After the company's recent scandals, a sizable number of Huns have left the company and joined competing companies as fellow associates and distributors. The Board of Directors, as part of the restructuring, hope to grow bigger and take back market share from these companies.

PRESENT ISSUES & LONG-TERM STRATEGY

Topic A: Too Much Honey but We're Leaking Money

Following the previous CFO embezzling company funds, coupled with the effects of decreasing company reputation, annual revenues have dropped by 30%. To combat this, the Board of Directors have reworked the corporate structure, allowing for more “accountability” and “transparency” between all departments and processes, especially the financials.

Guiding Questions:

1. What policies and punishments can the company put in place to defer the embezzlement and misuse of company funds?
2. How should the company manage executives found guilty of fraud? Does the company want to handle this matter externally or internally, will there even be a choice?

Topic B: The Huns aren't Having Much Fun

Rumours have been circling around the HunBun circles regarding workplace dissatisfaction. The decrease in HunBun recruitment numbers coupled with an unprecedented amount retiring from the program has the Board worried. While yearly flagship events such as the B&B convention are highlights for the Huns, they might need a little more incentive to continue staying with the company.

Another ongoing issue is Huns reporting pushback from family members, friends and community members for joining a multi-level-marketing company. While this business type is completely legal and Beez & Buns being an established company, internal reports have shown these outsider opinions do affect recruitment levels and tenure at the company.

Guiding Questions:

1. How can we further promote and incentivize long-stays with the company? How can we disallow Huns from working with our competitors?
2. What should be done about the external influences interfering with the Hun's loyalty?

Topic C: Innovation, Growth, New Products

In order to expand into further markets, Beez&Buns must expand its product offerings and categories. The Research and Development department has identified a few key industries and product categories for the company to expand into, mainly in further developing the Health & Wellness lines.

Guiding Questions:

1. Should Beez & Buns begin to explore breaking into new industries or offering new products?
2. How much money should be allocated into the R&D of these processes?
3. Specifically which markets or countries would be good to break into? How will we manage these divisions and scale our processes?



FURTHER READING

If you don't know where to start, start here! Here's a few good videos, articles and website links to real MLM's. While this committee focuses more on the executives, it's still good to know the general structure of this corporation.

A video about MONAT: <https://www.youtube.com/watch?v=1875zLSk010>

How Money Works Video about MLM's: <https://www.youtube.com/watch?v=kcPjpG6oglg>

MLM Cults : <https://www.youtube.com/watch?v=He1bgJ0sqtw>





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