

Žíznivá Kafárna: A Business Plan

Terezie Lagová

Bachelor's Thesis
2021



Tomas Bata University in Zlín
Faculty of Humanities

Univerzita Tomáše Bati ve Zlíně

Fakulta humanitních studií

Ústav moderních jazyků a literatur

Akademický rok: 2020/2021

ZADÁNÍ BAKALÁŘSKÉ PRÁCE

(projektu, uměleckého díla, uměleckého výkonu)

Jméno a příjmení: **Terezie Lagová**
Osobní číslo: **H170128**
Studijní program: **B7310 Filologie**
Studijní obor: **Anglický jazyk pro manažerskou praxi**
Forma studia: **Prezenční**
Téma práce: **Žíznivá Kafárna: podnikatelský plán**

Zásady pro vypracování

Zpracování literární rešerše k vybranému tématu
Provedení analýzy relevantního trhu
Sestavení podnikatelského plánu
Posouzení rentability předloženého plánu
Zhodnocení rizik a omezení navrženého plánu

Forma zpracování bakalářské práce: **Tištěná/elektronická**
Jazyk zpracování: **Angličtina**

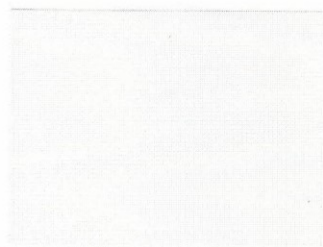
Seznam doporučené literatury:

Abrams, Rhonda. 2019. *Successful Business Plan Secrets & Strategies*. 7th ed. Palo Alto, CA: Planning Shop.
Červený, Radim, Jiří Ficbauer, Alena Hanzelková, and Miroslav Keřkovský. 2014. *Business plán: Krok za krokem*. Prague: C. H. Beck.
Finch, Brian. 2010. *How to Write a Business Plan*. 3rd ed. London: Kogan Page.
McKeever, Mike P. 2012. *How to Write a Business Plan*. Berkeley: Nolo.
Srpová, Jitka, and Václav Řehoř. 2010. *Základy podnikání: Teoretické poznatky, příklady a zkušenosti českých podnikatelů*. Prague: Grada.

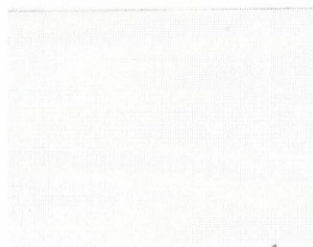
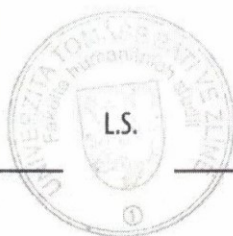
Vedoucí bakalářské práce: **Ing. Jiří Dokulil**
Ústav krizového řízení

Datum zadání bakalářské práce: **9. listopadu 2020**

Termín odevzdání bakalářské práce: **10. května 2021**



Mgr. Libor Marek, Ph.D.
děkan



doc. Mgr. Roman Trušník, Ph.D.
ředitel ústavu

Ve Zlíně dne 5. března 2021

PROHLÁŠENÍ AUTORA BAKALÁŘSKÉ PRÁCE

Beru na vědomí, že

- odevzdáním bakalářské práce souhlasím se zveřejněním své práce podle zákona č. 111/1998 Sb. o vysokých školách a o změně a doplnění dalších zákonů (zákon o vysokých školách), ve znění pozdějších právních předpisů, bez ohledu na výsledek obhajoby ¹⁾;
- beru na vědomí, že bakalářská práce bude uložena v elektronické podobě v univerzitním informačním systému dostupná k nahlédnutí;
- na moji bakalářskou práci se plně vztahuje zákon č. 121/2000 Sb. o právu autorském, o právech souvisejících s právem autorským a o změně některých zákonů (autorský zákon) ve znění pozdějších právních předpisů, zejm. § 35 odst. 3 ²⁾;
- podle § 60 ³⁾ odst. 1 autorského zákona má UTB ve Zlíně právo na uzavření licenční smlouvy o užití školního díla v rozsahu § 12 odst. 4 autorského zákona;
- podle § 60 ³⁾ odst. 2 a 3 mohu užít své dílo – bakalářskou práci - nebo poskytnout licenci k jejímu využití jen s předchozím písemným souhlasem Univerzity Tomáše Bati ve Zlíně, která je oprávněna v takovém případě ode mne požadovat přiměřený příspěvek na úhradu nákladů, které byly Univerzitou Tomáše Bati ve Zlíně na vytvoření díla vynaloženy (až do jejich skutečné výše);
- pokud bylo k vypracování bakalářské práce využito softwaru poskytnutého Univerzitou Tomáše Bati ve Zlíně nebo jinými subjekty pouze ke studijním a výzkumným účelům (tj. k nekomerčnímu využití), nelze výsledky bakalářské práce využít ke komerčním účelům.

Prohlašuji, že

- elektronická a tištěná verze bakalářské práce jsou totožné;
- na bakalářské práci jsem pracoval samostatně a použitou literaturu jsem citoval. V případě publikace výsledků budu uveden jako spoluautor.

Ve Zlíně5.5. 2021.....

1) zákon č. 111/1998 Sb. o vysokých školách a o změně a doplnění dalších zákonů (zákon o vysokých školách), ve znění pozdějších právních předpisů, § 47b Zveřejňování závěrečných prací:

(1) Vysoká škola nevydělčně zveřejňuje disertační, diplomové, bakalářské a rigorózní práce, u kterých proběhla obhajoba, včetně posudků oponentů a výsledku obhajoby prostřednictvím databáze kvalifikačních prací, kterou spravuje. Způsob zveřejnění stanoví vnitřní předpis vysoké školy.

(2) Disertační, diplomové, bakalářské a rigorózní práce odevzdané uchazečem k obhajobě musí být též nejméně pět pracovních dnů před konáním obhajoby zveřejněny k nahlížení veřejnosti v místě určeném vnitřním předpisem vysoké školy nebo není-li tak určeno, v místě pracoviště vysoké školy, kde se má konat obhajoba práce. Každý si může ze zveřejněné práce pořizovat na své náklady výtisky, opisy nebo rozmnoženiny.

(3) Platí, že odevzdáním práce autor souhlasí se zveřejněním své práce podle tohoto zákona, bez ohledu na výsledek obhajoby.

2) zákon č. 121/2000 Sb. o právu autorském, o právech souvisejících s právem autorským a o změně některých zákonů (autorský zákon) ve znění pozdějších právních předpisů, § 35 odst. 3:

(3) Do práva autorského také nezasahuje škola nebo školské či vzdělávací zařízení, užije-li nikoli za účelem přímého nebo nepřímého hospodářského nebo obchodního prospěchu k výuce nebo k vlastní potřebě dílo vytvořené žákem nebo studentem ke splnění školních nebo studijních povinností vyplývajících z jeho právního vztahu ke škole nebo školskému či vzdělávacímu zařízení (školní dílo).

3) zákon č. 121/2000 Sb. o právu autorském, o právech souvisejících s právem autorským a o změně některých zákonů (autorský zákon) ve znění pozdějších právních předpisů, § 60 Školní dílo:

(1) Škola nebo školské či vzdělávací zařízení mají za obvyklých podmínek právo na uzavření licenční smlouvy o užití školního díla (§ 35 odst.

3). Odpirá-li autor takového díla udělit svolení bez vážného důvodu, mohou se tyto osoby domáhat nahrazení chybějícího projevu jeho vůle u soudu. Ustanovení § 35 odst. 3 zůstává nedotčeno.

(2) Není-li sjednáno jinak, může autor školního díla své dílo užít či poskytnout jinému licenci, není-li to v rozporu s oprávněnými zájmy školy nebo školského či vzdělávacího zařízení.

(3) Škola nebo školské či vzdělávací zařízení jsou oprávněny požadovat, aby jim autor školního díla z výdělku jím dosaženého v souvislosti s užitím díla či poskytnutím licence podle odstavce 2 přiměřeně přispěl na úhradu nákladů, které na vytvoření díla vynaložily, a to podle okolností až do jejich skutečné výše; přitom se přihlédne k výši výdělku dosaženého školou nebo školským či vzdělávacím zařízením z užití školního díla podle odstavce 1.

ABSTRAKT

Tato bakalářská práce se zaměřuje na sestavení podnikatelského plánu pro kavárnu Žíznivá Kafárna ve Zlíně. Kavárna slouží i jako bar a splňuje poptávku po veganských produktech. Práce má dvě části – teoretickou a praktickou. Teoretická část slouží jako základ pro část praktickou a popisuje druhy podnikání, podnikatelské prostředí, podnikatelský plán a analýzy v něm použité. Praktická část obsahuje zpracovaný podnikatelský plán. Cílem práce je zhodnocení realizovatelnosti podnikatelského plánu na základě zpracovaných analýz. Po zpracování optimistické, realistické a pesimistické verze byl předložený podnikatelský záměr zhodnocen jako aplikovatelný v optimistické a realistické variantě.

Klíčová slova: podnikatelský plán, podnikání, SWOT, PEST, analýza, kavárna

ABSTRACT

This bachelor's thesis aim is to develop a business plan for a café Žíznivá Kafárna in Zlín. The café serves as a bar and is meeting a demand for vegan products. The thesis has two parts - theoretical and analytical. The theoretical part serves as the basis for the analytical part and describes the kinds of entrepreneurship, the business environment, the business plan and used analyses. The practical part contains the functional business plan. The aim of the thesis is to evaluate the feasibility by performing several analyses. After drawing up optimistic, realistic, and pessimistic scenarios, the business plan was evaluated as feasible in the optimistic and realistic scenarios.

Keywords: business plan, entrepreneurship, SWOT, PEST, analysis, feasibility, café

ACKNOWLEDGEMENTS

The big thanks belong to my supervisor Ing. Jiří Dokulil for his incredible patience, guidance, and valuable comments that helped me improve the quality of this work. Additionally, I would like to thank my family and boyfriend, who supported and encouraged me during the studies.

I hereby declare that the print version of my Bachelor's/Master's thesis and the electronic version of my thesis deposited in the IS/STAG system are identical.

CONTENTS

INTRODUCTION	10
I THEORY	11
1 BUSINESS.....	12
1.1 BUSINESS ENVIRONMENT	12
1.2 ENTREPRENEURSHIP	13
1.3 ENTREPRENEUR	14
Current business conditions in the Czech Republic	15
2 TYPES OF BUSINESSES.....	16
2.1 BUSINESS OF A NATURAL PERSON	16
2.2 BUSINESS OF A LEGAL ENTITY	16
2.2.1 Partnership.....	17
2.2.2 Capital Companies	17
2.2.3 Cooperatives.....	18
2.2.4 European Legal Forms of Entrepreneurship	18
3 BUSINESS PLAN	20
3.1 GOALS AND BENEFITS OF BUSINESS PLAN	21
3.2 CHAPTERS OF BUSINESS PLAN	21
3.2.1 Title page.....	22
3.2.2 Executive summary	22
3.2.3 Company description	23
3.2.4 Product or service description	23
3.2.5 Market analysis	24
3.2.6 Marketing plan	24
3.2.7 Organizational plan	25
3.2.8 Financial plan	25
3.2.9 Risk assessment.....	26
3.2.10 Appendix	27
4 ANALYSES USED IN BUSINESS PLAN.....	28
4.1 MARKETING MIX.....	28
4.2 PORTER ANALYSIS	30
4.3 SWOT ANALYSIS	30
4.4 PEST ANALYSIS	31
II ANALYSIS	32
5 BUSINESS PLAN	33
5.1 TITLE PAGE	33
5.2 EXECUTIVE SUMMARY	33
5.3 COMPANY DESCRIPTION	34
5.4 PRODUCT DESCRIPTION	36
5.5 MARKET ANALYSIS	36
5.5.1 PEST analysis.....	36
5.5.2 PORTER Analysis	39

5.6	MARKETING PLAN	41
5.6.1	SWOT Analysis	41
5.6.2	Target Market.....	42
5.6.3	Marketing Mix	43
5.7	ORGANIZATIONAL PLAN.....	45
5.8	FINANCIAL PLAN	46
5.8.1	Simplified Balance Sheet	46
5.8.2	Start-up costs	46
5.8.3	Labour costs	49
5.8.4	Fixed Costs.....	49
5.8.5	Variable Costs	49
5.9	EVALUATION OF PROFITABILITY	54
5.9.1	Gross Margin.....	54
5.9.2	Optimistic Scenario	55
5.9.3	Realistic Scenario	56
5.9.4	Pessimistic Scenario	56
5.10	RETURN ON INVESTMENT	57
6	RISK ASSESSMENT	58
	CONCLUSION	59
	BIBLIOGRAPHY	60
	ONLINE SOURCES.....	62
	LIST OF ABBREVIATIONS	64
	LIST OF FIGURES.....	65
	LIST OF TABLES	66

INTRODUCTION

The author of this bachelor's thesis has chosen a business plan for a potential café. This work aims at developing a feasible business plan and assessing its potential profitability.

The author chose the topic based on her interests in sustainability, veganism, and love for coffee. The author decided to offer vegan food and plant-based milk for reasonable prices as she wants to raise awareness in a more sustainable way of eating. The café will be located in the centre of Zlín. The author is fully aware of other cafés in the area, so she decided that the café will serve as a bar in the evening.

The thesis has two parts - theoretical and analytical. The theoretical part is mainly about the theory of the entrepreneur and the entrepreneurship, the business environment in the Czech Republic. The theoretical part also covers the types of business and gives detailed information about the business plan structure. This part covers all necessary information to create a business plan. The analytical part follows the structure that is described in the theoretical part. The author provided all the information about the company, the market analysis, the marketing plan, the organizational plan, the financial plan, the evaluation of profitability, the return on investment, and the risk assessment. As mentioned, the aim is to assess the feasibility and the viability of the plan. The author used several analyses to support her ideas and beliefs in the business concept, such as PEST analysis, Porter's five forces, SWOT analysis, and the marketing mix. The author supported her belief that people in the Czech Republic are getting more interested in a plant-based diet, believing that the business has potential. The financial plan gives crucial information about the feasibility and viability of the plan. This chapter covers a simplified balance sheet, start-up costs, labour costs, fixed and variable costs. The following chapters are the evaluation of profitability and the return on investment. The author also mentions the risk assessment and how to prevent potential risks.

I. THEORY

1 BUSINESS

The main goal of the business is to make a profit and satisfy customers' wants and needs.

According to Kozubíková, there are three primary business concepts:

- Business as a process (action) - A purpose of this concept is to create something with a new added value that can have financial as well as non-financial form.
- Business as a process (method) - this concept has certain characteristics such as:
 - The will and effort to create something extra (an added value).
 - To look individually for opportunities to achieve the goal.
 - To deposit and effectively use sources, time, and name of the entrepreneur.
 - To voluntarily take over your responsibilities and to take on adequate risks.
- Business as a value orientation - symbolically, it is referred to as "entrepreneurial spirit," representing a typical structure of values and attitudes that have a social dimension and individual dimension.

Businesses are essential economic entities, along with states and households of a market economy. Business activities create the principal portion of the gross domestic product (GDP), and this GDP production activity is a part of the macroeconomic functions of the business. The primary function is to fulfil the role of the key creator of the offer on the market with goods and services (Kozubíková, 2017, 15).

1.1 Business environment

The business environment is a vital aspect of any business. A specific type of business environment surrounds every enterprise. The meaning of a business environment is that there is a collection of elements that directly impact a specific business. These elements affect the function of the whole company.

The business environment can also help identify business opportunities, find valuable resources, improve overall performance, and raise profitability (Alexy, Sivák, 2005, 16).

The external environment, according to Synek and Kislíngrová (2015, 16-20), of an enterprise consists of the following factors:

- Geographic - an environment that is affecting mainly the company's logistics.
- Social - every business should research and consider the effects of its activities on society. Ideally, the activity should be beneficial to both the company and society. However, this situation is hard to achieve in real life.
- Political - this environment influences the business mainly as a summary of influences.

- Legal - law and its forms are essential for the performance of the business activity. Legal standards determine if the company's behaviour is adequate. The most important legal standard defining the law in the Czech Republic is the New Civil Code that defines legal conditions for a natural person and a legal entity.
- Economic - the importance of this environment for an enterprise is fundamental. From this environment, the company's input is production factors and capital, and the output is goods and services. It also includes subscribers, suppliers, and financial institutions (mainly banks).
- Environmental - an element which must be respected more and more among companies. If not because of their will, then because of the regulations of the country and very active Civic Associations. On the one hand, it can create several barriers for the business because existing companies have to transform their technological processes (e.g., mining gold by using chemicals) to more ecologically friendly ones, which represents an economic burden for companies. On the other hand, it creates opportunities for companies to make environmentally friendly products, recyclable packaging, etc.
- Technological - a source of technical and technological advancement that enables the company to achieve a bigger profit, higher competitiveness, and humanize work. It can also have a negative impact on the environment and society.
- Ethical - standards of ethics, including providing truthful information, fair competition, advertising campaigns, and providing pleasant goods and services to customers, are more important in the companies.
- Culture-historical - is being created for years or even centuries. The educational and cultural level of the population is essential for progress in the economic and technological areas. The cultural environment is the most significant promise for the future.

1.2 Entrepreneurship

Entrepreneurship represents a collection of activities that realize the business goal. Entrepreneurship is about running the business and taking care of the customers. Additionally, it is a conscious human activity undertaken to meet the wishes and needs of individuals or society as such. Entrepreneurship is not just an establishment of a business; it is all about mindset. The general characteristics of entrepreneurship are seeking opportunities, taking risks, and pushing ideas to reality (Kuratko, 2014, 3).

Moreover, entrepreneurship is also about drive, enthusiasm, and creativity. The entrepreneur should be determined to make the business successful and to serve his/her customers (Kuratko, 2014, 23).

The entrepreneur should be able to develop ideas that help him/her differentiate his/her enterprise.

Entrepreneurship could also be defined as an effective process that requires vision, change, and creation. The creation and realization of innovative ideas and solutions need energy and passion from the entrepreneur (Kuratko, 2014, 23).

According to Synek and Kislingerová (2015, 3–4), entrepreneurship is defined by these features:

- The primary goal is to generate a profit.
- The business achieves profit by satisfying customer's needs - the attention is given to customers interests and needs.
- There is a need to enter the specific market to be able to offer products and services to meet the wants and needs of customers.
- Entrepreneurship is also about minimizing the risks associated with entering the market.
- Any business demands capital that is put there by the entrepreneur. The amount of capital depends on the object and scope of the company.

1.3 Entrepreneur

According to Kuratko, an entrepreneur comes up with innovative ideas, and he/she can seize opportunities. The entrepreneur can transform those opportunities into ideas that are practicable as well as tradeable. Entrepreneur adds value to his/her ideas (through time, effort, money, etc.) and tries to develop a competitive advantage to realize these ideas. When carrying out this entrepreneurial process, the entrepreneur must do proper research and thorough planning (Kuratko, 2014, 23).

Entrepreneur creates something new, and he/she is starting a new project where he/she can foresee neither the outcome nor the financing. The motivators to become an entrepreneur could be money that will provide the owner with financial freedom or freedom by gaining control over his/her life and work. On the other hand, not every self-employed person is an entrepreneur (Tvede, Faurholt, 2018, 4 – 5).

A New Civil Code defines an entrepreneur as “the one, who carries out a gainful activity on his account and responsibility with intending to do so consistently for the

purpose of a profit, is considered an entrepreneur concerning this activity” (Kozubíková, 2017, 15).

Additionally, the entrepreneur is registered in the Commercial register (Švarcová et al., 2016, 61).

Current business conditions in the Czech Republic

When establishing a business in the Czech Republic, there are specific criteria based on the Trade Licensing Act that need to be held:

- “Age of eighteen.
- Legal capacity.
- Impeccability.
- Evidence that the person who provides or provided business on the Czech Republic territory does not have any evidenced delinquent tax from this type of business on their account.
- Evidence that a natural person who provides or provided business on the territory of the Czech Republic does not have any arrears of insurance on public health insurance” (Businesscenter.cz 2020).

2 TYPES OF BUSINESSES

Before starting a business, the owner must choose the type of business appropriate for him/her. However, if he/she chooses wrong, it could be changed later and by selecting another type (Srpková and Řehoř, 2010, 67). The New Civil Code allows the business of natural and legal persons, and it will be described in this chapter.

2.1 Business of a natural person

In the Czech Republic, the natural person's form of business, also called self-employed, is very common. The person who chooses this form of business should meet some requirements such as a minimum age of 18, no criminal records and legal capacity, and a special qualification if required by Trade Licensing Act or regulation.

A person who wants to commence a business needs to form a trade, or he/she can start that business according to special legislation, for example, attorneys.

As Srpková and Řehoř (2010, 67) stated, according to The Trade Act, we have two options of trade:

1. **Declared** ("ohlašovací") trades are certificate from the Trade Register, and they are divided into:
 - Craft trades.
 - Qualified trades.
 - Free trades.
2. **Licensed** ("koncesované") trades where is the condition that a person needs to be granted by a concession, which is a special business license necessary in this type of trade.

2.2 Business of a legal entity

The form of a legal entity is way more complex and more demanding in terms of administration. The creation of the legal entity is on the day when it is registered in the business register. A person should consider some factors such as start-up costs, start-up capital (Srpková and Řehoř, 2010, 68).

Factors mentioned by Veber and Srpková (2012, 70) are:

- The number of people needed for starting a business - one person or more.
- The difficulty of the establishment.
- Legal regulations.
- Liability of entrepreneur for the obligations.

- The size of business activities.
- Taxation rate.
- Degree of own responsibility.

Pavlová Dočekalová (2017, 25) stated types of legal entities in the Czech Republic:

- Commercial companies
 - Partnerships - general commercial partnerships, limited partnerships
 - Capital companies - limited liability companies, joint-stock companies
- Cooperatives
- European legal forms of entrepreneurship - European economic interest grouping, European cooperative society, European company.

2.2.1 Partnership

General Commercial Partnership

In Czech, it is “Veřejná obchodní společnost” (v.o.s.) is founded by two or more people - natural person or legal entity. This type of partnership could only be established by signing the partnership agreement (Srpková and Řehoř, 2010, 70). According to Veber and Srpková (2012, 72), this form of business is the most popular for small and medium enterprises after the Limited Liability Company type of business. Decisions rights of associates are equal, and profit as well as loss, are divided between them equally. The maximum number of associated is not restricted (BusinessInfo.cz, 2020). The advantage of this form of business is that there is no need for registered capital, and there are also no difficulties for an associate to join the company (Veber and Srpková, 2012, 72).

Limited Partnership

In Czech, it is “Komanditní společnost” (k.s., kom. spol.). This type of business must be found by at least two members – a limited partner and a general partner (iPodnikatel.cz 2021). The general partner has unlimited liability, and the limited partner’s liability is limited to the amount of his/her contribution (Synek and Kislingerová, 2015, 82).

2.2.2 Capital Companies

Limited Liability Company

This type of business is the most common in the Czech Republic, and in Czech, it is called “Společnost s ručením omezeným” (s.r.o.). The registered capital must be at least CZK 1 if the partnership agreement proposes a different amount of money, and only one person can establish the LLC.

The profit is divided between shareholders according to their shares. The company is responsible for its liability with all its property, but the associate is responsible only by the amount of money that he/she contributed (BusinessInfo.cz 2019).

Joint-Stock Company

In Czech, it is “Akciová společnost” (a.s., akc. spol.). This type of business can be founded by one legal entity and one natural person. The registered amount of money is divided into a set number of stocks with a particular nominal value (Synek and Kislingerová, 2015, 82). The minimal registered capital must be 2 000 000 CZK or 80 000 EUR (Strouhal 2016, 14).

The joint-stock company is responsible for its liabilities in breaching with all its property, and the shareholder is not responsible for its liabilities (Synek and Kislingerová, 2015, 82).

2.2.3 Cooperatives

In Czech, it is called “Družstvo” needs to have at least three founders - a natural person or a legal entity and there is no need for registered capital. Every associate has one vote and is not responsible for the company’s liabilities. The main goal is to support its members or the third party, but it also could be to make a profit.

If the cooperative is established for the business, the board of directors must obtain a trade or other business license. Suppose the activity may be performed only by natural persons with authorization according to special regulations. In that case, this activity shall be registered in the subject of the cooperative’s business only if the cooperative proves that this activity will be performed by persons authorized to do so (BusinessInfo.cz, 2019).

2.2.4 European Legal Forms of Entrepreneurship

European economic interest grouping

In Czech, it is called “Evropské hospodářské zájmové sdružení” (EHZS). It is the oldest legal entity that the EU regulates with the primary purpose of enabling entrepreneurs to partner with other entrepreneurs from countries that are members of the EU. The company members are responsible for the debts of the company with all their assets (Strouhal, 2016, 17).

European cooperative society

The European cooperative society, in Czech it is “Evropská družstevní společnost,” should be established by five natural persons and companies at a minimum of two members of EU countries. The registered capital should be at a minimal amount of 30 000 EUR, and the

capital should consist of shares of members. SCE aims at satisfying the needs of the members and develops economic and social activities (Pavláková Dočekalová, 2017, 27).

European company

This type of business can also be called Societas Europaea (SE), and it is a capital company based on the laws of the European Union (Synek and Kislingerová, 2015, 85). European company enables entrepreneurs to do business with other entities that are the members of the European Union. The company must be established as a legal entity, and in the name must be the “SE” abbreviation. The required capital is EUR 120 000, and then this capital is divided into stocks. The shareholders have liability up to the initial investment. The main advantage is that the company can have the headquarters in any EU member. This decision could be made by considering the best conditions for a particular business. The first European company established in the Czech Republic was in 2007 (iPodnikatel.cz 2011).

According to Strouhal (2016, 16), European company may be established based on the following conditions:

- Merger of two or more joint-stock companies or European companies into one.
- Establishment of a European holding company by two or more joint-stock companies, limited liability companies, or European companies.
- Establishment of a subsidiary.
- Transformation of a joint-stock company according to EU state law.

3 BUSINESS PLAN

The main goal of the business plan is to give an insight into the whole concept of the planned business. It describes and analyses the business and offers predictions. (McKeever, 2012, 6). Basically, the business plan tells what the owner plans to do and how. Not only starting a new business can trigger the need to write a business plan. According to Shelton, other events require a business plan, such as growing an existing business using new products and new channels, acquiring a business, franchising the already existing one or exiting the business. There is a need to provide potential buyers with information about the company (Shelton, 2017, 24).

According to Abrams, the main purpose of developing a business plan is to have a successful business. When creating one, the entrepreneur must be sure that it will be successful. The entrepreneur should be confident that he/she address the business's long-term needs, and the strategies he/she will use will enhance the company's overall performance and satisfaction (Abrams, 2019, 4).

As McKeever said, a business plan is in the written form, and it analyses the business and gives the details about its future.

The business plan also covers the financial facets of starting or expanding the business, such as how much money will the owner need and how he/she will pay it back (McKeever, 2010, 6).

According to Červený (2014, 3), at the very beginning of writing a business plan, the entrepreneur should consider these factors:

- The business activity.
- The value for the customers.
- Virtues of a business sector and if they are sufficient.
- Whether or not virtues are applied at a place where the outcomes will be produced.
- What is the suitable market for business activity not only now but also in the future.

According to McKeever, writing a business plan is a long and time-consuming process, but it can help the owner to get money. How? Well, some lenders and investors could require a written business plan before even considering the proposal. They want to know if the owner considered the critical issues the owner might face in the future and if he/she understands his/her business. They can also make sure if the company has a chance of succeeding (McKeever, 2010, 6).

3.1 Goals and benefits of business plan

McKeever (2012, 7 – 8) specified five types of benefits of writing a business plan:

- Helps to get money - Having a reasonable chance of success and being persistent, it is certain that the entrepreneur will find the money he/she needs.
- Helps to decide if to proceed or stop - Understanding the strengths and weaknesses of the business. If the analysis demonstrates that the idea will not work, the entrepreneur will be able to avoid starting or expanding the business.
- Helps to improve the business idea - The business plan uncovers how changing parts of the plan increases profits or accomplishes other goals.
- Helps to improve a chance of success - Having the business plan increases the chances of a successful business. Most of the new small businesses do not last very long, and most small businesses do not have a business plan.
- Helps to keep on track - The written business plan will help the entrepreneur face facts if things do not work out as planned.

3.2 Chapters of business plan

The structure of a business plan is unified because banks and investors may have different requirements on the form and length. Investors may prefer just a presentation due to the lack of time. On the other hand, banks may demand some documents and additional information (Srpová et al., 2011, 14).

This business plan structure is a result of many pieces of literature such as Abrams (2019), Finch (2010), Srpová et al. (2011), which agreed that the business plan should include these chapters:

- Title Page.
- Executive Summary.
- Company Description.
- Product or Service Description.
- Market Analysis.
- Marketing Plan.
- Organizational Plan.
- Financial Plan.
- Risk Assessment.
- Appendix.

3.2.1 Title page

The first page of the business plan is a title page, where the owner should provide all the essential information essential, such as the name and logo of the company, the name of the business plan, the author and founder's names, the date of establishing, etc. (Srpová et al., 2011, 15).

According to Pinson (2008, 17), it is essential to make a great first impression. The title page should be attractive and immediately grab the reader's attention.

3.2.2 Executive summary

Typically, the business plan readers are very busy, so the only part of the business plan they may read is the executive summary. The ideal length of it is only one page. The summary is the essential part and takes place at the beginning, even though it is written last.

On this one page, the owner should be able to attract the audience enough to make them read the rest of the document (Finch, 2010, 23).

To attract the reader, the entrepreneur should convey a sense of optimism about the business by using a confident tone and demonstrating that he/she is well-positioned to exploit a market opportunity.

In a well-structured executive summary, the entrepreneur should include:

- The business concept is clear and well-planned.
- Efficient management.
- Existing specific target market.
- The presence of competitive advantage.
- Realistic financial projections.
- A massive chance of profitability for investors or lenders.

Including all these points in the executive summary will make the person almost certainly read the rest of the business plan (Abrams, 2019, 55).

Knowing the business plan's target audience and the executive summary can improve the chance for a positive reception. With the knowledge of who the target audience is, for example, a bank interested in managers with previous success, the entrepreneur can slightly adjust the summary to have an advantage. However, the executive summary will most likely end up in the hands of someone else, so never tailor it just for one person (Abrams, 2019, 55).

According to Abrams (2019, 55 - 56), there are two types of executive summary. The synopsis summary and narrative summary.

The Synopsis summary

This style of a summary is more straightforward and includes each section of the business plan. The advantage is that it is effortless to write, so a non-talented person can also produce it. The disadvantage is that it may appear to be quite dry.

The Narrative summary

This style looks more like a story, and it takes a capable writer to be able to write one in this style. The advantage of this style is that the owner can easily attract the person reading it and drag him/her into reading it. The possible disadvantage is that the writer can cross over the line into hyperbole while trying to express enthusiasm.

3.2.3 Company description

The essential information included in the company description is the mission, key goals, the legal form of organization, where the organization was formed, contact information, and owners with their shares (Shelton, 2017, 73 - 74).

The company description may be simple to complete. However, a lot of the basic ideas related to the business plan should be well-thought-out.

An essential part of the company description is a mission statement. The mission statement enables the writer to express the nature of the business, and it also allows the reader to understand its objectives (Abrams, 2019, 68).

3.2.4 Product or service description

The next chapter of the business plan focuses on the product or service description. The author of the business plan can describe the product or service in this chapter, or it can be included in the company description. It is worth mentioning the distribution channels like retail, wholesale, internet. There also should be included how the author plans to protect his/her intellectual property (IP), such as patent, trademark, copyright. The following essential point that is worth mentioning is a competitive advantage. For example, what makes the product or service unique, and what benefits the customer gains when purchasing it (Shelton, 2017, 83 - 84).

In the product description, the author should focus on describing how the product looks and for what it serves. While offering the service, the author should mention the features (Srpková et al., 2011, 16).

3.2.5 Market analysis

Creating a market analysis enables an entrepreneur to identify and understand the target customers, their wants, and needs. The company needs to be market-driven to attract potential investors. Investors look for companies driven by the demands and trends of the marketplace (Abrams, 2019, 106).

In addition, the target market needs to have enough customers who will purchase the product or service (Shelton, 2017, 90).

The market analysis can save the entrepreneur much money in the long run. The market analysis will help the entrepreneur adjust and choose marketing vehicles, such as advertising, to best reach the target market.

The crucial step is to define the target market, and the entrepreneur should focus only on that market segment he/she wants to reach.

Moreover, the target market needs to be definable, meaningful, sizeable, and reachable (Abrams, 2019, 106 - 107).

The single segment the entrepreneur chooses should be the most profitable one. As Srpová et al. (2011, 20) mentioned, the segment needs to meet these criteria:

- The appropriate size of the segment.
- The growth of the segment.
- Availability of customers.

3.2.6 Marketing plan

A marketing plan is a short-written document of marketing objectives, strategies, and activities prepared annually and should follow the company's long-term strategic plans. The marketing plan defines how an entrepreneur will operate in the marketplace. The marketing plan should be filled with facts and accurate assumptions, and it should offer strategies that help accomplish set goals and objectives (Hisrich et al., 2017, 220 - 221).

According to Abrams (2019, 164), marketing is about raising awareness about the product or service among potential customers by using commercials, social media marketing, sales calls, etc.

In the marketing plan, the entrepreneur should define:

- How the company plans to attract customers.
- How the company would like to be understood by the customers.
- The means to that understanding.
- Ways to secure sales.

3.2.7 Organizational plan

Employees are the essential part of every business. Furthermore, according to Abrams (2019, 236-240), employees may be more important than the product or service marketed by the company. The skilled and capable staff may be the crucial factor in the decision-making processes of investors. These employees provide the company with a long-lasting competitive advantage, and investors also look at how the entrepreneur makes the best use of the talented employees.

Tasks carried out by the management team are, for example, determining the strategies, decision-making processes, sales efforts. Several employees carry out these tasks, so when creating a management team, the entrepreneur should include these team roles:

- Key employees.
- Board of directors.
- Advisory committee.
- Consultants and other specialists.
- Key management.

Not only the skills and experiences are vital characteristics of employees, but also loyalty and the willingness to work for an acceptable salary (Hisrich et al., 2017, 242).

3.2.8 Financial plan

This chapter aims at clarifying the source of money the business needs to function. And additionally, how much money the company requires.

If a company wants to make a profit, it is vital to create a financial plan that will result in long-term profitability and sustainability (Červený, 2014, 152).

The financial plan provides information about how much funds are available and where they are needed in the organization. Furthermore, the entrepreneur can use the financial plan to prevent such problems as the lack of money due to poor cash flow management.

The following vital aim of the financial plan is to inform the potential investors how an entrepreneur is planning to meet his/her financial obligations, for example, maintain venture liquidity, paying off debt, etc.

The financial plan should include information about financial items such as income statement, cash-flow, balance sheet, break-even point analysis (Hisrich et al., 2017, 269).

Income statement

An income statement, also called a Profit and Loss statement shows if the company makes profit or loss. If the company's revenues are higher than the costs, the company makes a profit; otherwise, the company achieves a loss. However, the income statement does not determine the overall worth of the company because the income statement does not show if the company owns something valuable or if the company can pay its bills. While preparing the income statement, the entrepreneur should summarize all information about his/her sales and expenses (Abrams, 2019, 310).

Cash-flow

Money coming in and out of the company is called cash-flow. Generally, there are two types of cash flow - positive and negative. Positive cash flow means that the amount of money flowing into the business is higher than the amount of money flowing out of business. On the other hand, negative cash flow means that the amount of money flowing out of business is higher than the amount of money flowing into the business (McKeever, 2012, 122).

Balance sheet

The balance sheet gives information about the company's assets and liabilities, and it is based on the double-entry bookkeeping accounting theory. This theory practically means that an asset must be paid for by a liability, and the assets and liabilities should be equal (Finch, 2010, 100).

Break-even point analysis

Break-even analysis is used to determine how much the entrepreneur must earn or how many products he/she must make to pay his/her expenses. The break-even point means that the company makes neither profit nor loss. Basically, it means that the total revenues of the company are equal to its total costs (Abrams, 2019, 320).

3.2.9 Risk assessment

Risk is a part of every starting business. Talking about the potential risk may show that the author perceives risks to the business proposal. On the other hand, pretending that there are no risks to the business will only cause harm. Potential investors and business partners will not take the proposal seriously. Answering risk-related questions that readers may think about will help the owner to strengthen the case.

Ways of dealing with risk, for example, could be to show that there is a small probability of something happening. The author can demonstrate that the impact the

potential risk may have on the business would not damage it. And explaining how the author would respond (Finch, 2010, 109).

According to Abrams (2019, 154 - 155), the author should be aware of the type of risk he/she may be facing in the future.

The key types of risks are:

- Market risk - There is no market, or the market is not ready yet.
- Competitive risk - New competitors entering the market or repositioning of the already existing competitors.
- Technology risk - The technology will not work at all or as the entrepreneur intended.
- Product risk - The product will be finished late or will not work as planned.
- Execution risk - Not being able to effectively roll-out the company because of incapable management, not having enough time, etc.
- Capitalization risk - Running out of money because of underestimating costs or overestimating income.

3.2.10 Appendix

If a business plan has detailed evidence to support it, the author should consider whether it needs to be included or not.

The data that the author may include in appendices are:

- Patents, copyrights, trademarks.
- Copies of leases.
- Detailed accounts.
- Reports of market research.
- CVs.
- Product brochures.

Referring to the appropriate appendix in the business plan may help the author keep the plan short and easy to read while information supporting the credibility is written in the appendix (Finch, 2010, 20 – 21).

And as Shelton (2017, 167) claims, the appendix should be organized and consisting only of relevant information and documents supporting the business.

4 ANALYSES USED IN BUSINESS PLAN

This chapter focuses on the analysis used in the business plan. As mentioned earlier in the Market analysis chapter, analyzing the market is beneficial to the entrepreneur in many ways. All analyses described in this chapter are related to marketing; those analyses are marketing mix, PORTER analysis, SWOT analysis, and PEST analysis.

4.1 Marketing mix

The marketing mix is used to decide what will be the most suitable marketing strategy. The marketing mix is combines four important variables (4Ps) - product, price, place, and promotion (Hisrich et al., 2017, 223 - 224). Additionally, the extension of the 4P is 7P, and it is made by adding 3P - process, planning, people (Červený, 2014, 203), and the buyer's point of view is represented by 4C - customer value, customer cost, customer convenience, customer communication (Kotler, 2005, 45).

Product

The crucial part of the marketing mix is the product. The product creates the offer on the market and satisfies the wants and needs of the customers. Thus, the product is the core of the marketing. The issues that the entrepreneur has to deal with are:

- Which products will be offered, which new product will be launched, and which product will no longer be offered on the market.
- The characteristics and changes of the product (design, packaging, guarantee, etc.).
- The output of the product.
- The life cycle of the product (Srpová et al., 2011, 23 – 24).

According to Hadraba (2004, 18), customer service belongs to this section as well. Customer service can make a difference in the decision-making processes of customers. When the product is similar to the competition's product, customer service is often the crucial factor that can win customers. These services can be a guarantee, payment terms, providing services such for example consultancy.

Price

The other tool of the marketing mix is the price. The pricing policy is about setting the right price, which provides the company with income essential for the existence and welfare of the company. By setting the price, the company can influence the behaviour and decision-making of the customers and define the position of the company on the market.

When setting the right price, the company must consider factors, such as the company's objectives and pricing objectives, costs, demand, competition, the phase of the product's life cycle, and legal and regulatory measures.

The company's objectives are the essential factor in setting the right price.

The pricing policy goals:

- Survival orientation - The entrepreneur chooses this policy when he/she has to face a big competition, a change in preferences of customers, or a surplus of the products. This pricing policy is not meant to make a profit.
- Profit orientation - The entrepreneur sets the price after considering the demand. The aim is to create as a big profit as possible.
- Market share orientation - The company with the most significant market share will achieve the lowest costs and the most prominent market profit (Srpová et al., 2011, 24).

Place

It is crucial to plan ways how to get the product to the end-user. The company must choose its distribution channels. This is the most complicated marketing decision because the entrepreneur must consider several factors. The entrepreneur must choose between direct and indirect selling. The direct one is a more manageable form of selling. The customer buys the product directly from the entrepreneur. When choosing indirect selling, the owner must select the number and the type of intermediaries (Srpová and Řehoř, 2010, 213 - 215).

Promotion

The promotion is the most visible part of the marketing mix. The communication policy helps achieve economic objectives, such as stimulating demand, providing information about the product, such as the features and quality, emotive goals, such as creating preferences toward the product.

The tools of communication mix are advertisement, sales promotion, public relations, personal selling, direct marketing (Srpová et al., 2011, 26). The development of technology made the opportunity for digital marketing. As Příkrylová et al. (2019, 170 – 181) mentioned, the essential part is an online promotion (paid impersonal advertising in an online environment) that consists of:

- Display adds - The digital content publisher offers some of the space on his/her website for advertising purposes.
- In-text advertising - It is contextual targeting of selected keywords in the text.

- Search engine marketing - here belongs tools such as pay-per-click and search engine optimization.
- Social media promotion - Usage of social media platforms, such as Facebook, Instagram, Twitter.

4.2 PORTER analysis

PORTER analysis examines the potential and already existing competition in the selected market the company enters (Koráb et al., 2007, 49).

Five forces influencing the company:

- Threat of entry - New competitors entering the market, wanting to gain market share. When there are many trademarks and patents, it is way harder to enter that market.
- The power of suppliers - Suppliers can change pricing policies. Their suppliers offer differentiated products to gain more control.
- The power of buyers - Buyers can encourage competition by demanding lower prices or higher quality of products and services.
- The threat of substitutes - Substitutes do not have to be the direct competition; these can be very similar products or services preferred by the customers over the entrepreneur's products or services.
- Rivalry among competitors - There are different kinds of rivalry, for example, discounts, product launches, and advertisements. Rivalry can limit the profitability of the industry (Porter, 2008, 80 - 85).

4.3 SWOT analysis

A SWOT analysis assesses the strengths, weaknesses, opportunities, and threats of the company, and the goal is to determine internal and external factors influencing the business (Kotler, Keller, 2013, 80).

Internal factors that the company can influence are strengths and weaknesses, for example, management skills. The external factors are opportunities and threats. These factors cannot be affected by the company, but the company can react to it, for example, the new competitor on the market (Koráb et al., 2007, 48 - 49).

4.4 PEST analysis

PEST analysis analyses the macroeconomic environment and focuses on the environment in which the company operates. PEST is an acronym for the factors used for that analysis - Political, Economic, Socio-cultural, and Technological environment. The analysis is used to detect the company's environment's future development and the exposure of the potential threats and opportunities (Červený, 2014, 54).

II. ANALYSIS

5 BUSINESS PLAN

5.1 Title Page



Figure 1: Logo of the café (own creation)

Name of the company:	Žíznivá Kafárna
Legal form:	Natural person
Address:	Školní 85, 76001 Zlín, Česká republika
Date of the establishment:	1. August 2021
Founder:	Terezie Lagová
E-mail:	tereziel68@gmail.com
Telephone number:	+420 773 030 059

About us: Žíznivá Kafárna is not only a café but also a bar! In the morning you can come for a coffee and breakfast, in the afternoon you can come for a dessert, and in the evening do not forget to come for a drink. Plus, we have here vegan food as well!

5.2 Executive Summary

The company Žíznivá Kafárna is a café located in Zlín. The café will offer an assortment typical for cafés with the opportunity to choose between regular and vegan version. The café will serve as a bar in the evening, and thanks to this concept, the café will mainly target young people and students of TBU and people from nearby offices.

The café is founded by the natural person Terezie Lagová, who will conduct the business based on a trade license.

The café will offer mainly coffee, desserts, and snacks. The owner decided to provide the customers with vegan desserts and snacks and plant-based milk. As the owner is interested in sustainability, she will encourage the customers to bring their cups and boxes for food. The café will use metal straws instead of plastic ones to reduce the waste.

The owner plans to turn the café into a bar in the evening. The bar can offer various alcoholic and non-alcoholic beverages so that anyone can choose. The bar will be opened longer on Fridays and Saturdays as more people can come.

The location of the café is an advantage since there is outside seating and it is on the frequented street in front of a park. FHS and FMK are near to the café as well.

The required amount of money to establish the business is CZK 560,000. The amount is the sum of start-up costs, fixed costs for one month and a financial reserve. The owner has the required capital; therefore, there is no need for a loan.

5.3 Company Description

Žiznivá Kafárna is a coffee shop and a bar offering snacks and desserts in a vegan version as well as plant-based milk in the coffee. The café offers takeaway coffee and snack and is using recyclable cups and packages. The vision of the café is to omit plastic packages as much as possible and use recyclable packaging and materials.

Mission Statement

The main aim of the café is to offer high-quality coffee and food to its customers. The entrepreneur is interested in a healthy lifestyle, recycling, and omitting waste, and she wants to reflect that in her business. The café seeks to attract those customers that appreciate that offer. The entrepreneur wants to build a loyal customer base that will continue to come to the café with professional and friendly staff and a comfortable environment.

Legal form

The entrepreneur decided to operate as a natural person, and this legal form in the Czech Republic is regulated according to Trade Licencing Act No. 455/1991 Coll. The reason for choosing that legal form is lower tax (instead of 19% paying just 15%) and simple conditions to meet. The owner meets the general conditions (legal age, clean criminal record, legal capacity); unfortunately, the owner needs to meet special requirements, which she does not. The owner decided to conduct a craft trade through a representative who meets the special requirements.

Location

The café is in Zlín on Školní street, more precisely on Školní 85. Zlín is a city full of students and people commuting to work, an ideal location.

Školní is a crowded street near FHS and FMK, thus near for students to come. Furthermore, the café is in front of a park with a playground and tram stations Školní and Náměstí Práce.

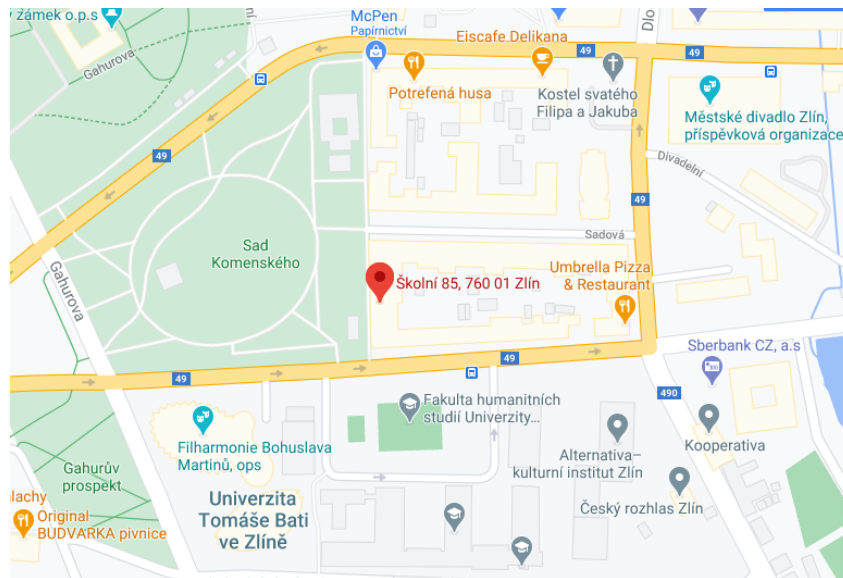


Figure 2 - Location of the café (Source: Google Maps)

Opening hours

Žíznivá Kafárna will be open every day. Since most people purchase coffee mainly in the morning, the owner decided to start selling early in the morning. The opening hours may change with time, depending on the customers and their demand, and this aspect may be the first that will change. For opening hours, look below on the table.

OPENING HOURS	
Monday	7:30 – 22:00
Tuesday	7:30 – 22:00
Wednesday	7:30 – 22:00
Thursday	7:30 – 22:00
Friday	7:30 – 23:00
Saturday	9:00 – 23:00
Sunday	9:00 – 15:00

Table 1 - Opening hours (own creation)

5.4 Product Description

As the café wants to please as most customers as possible, the owner plans to offer a wide range of coffee. As mentioned before, the owner intends to provide snacks and desserts in vegan versions as well.

The café will provide takeaway food and coffee in recyclable cups and packaging, and customers can bring their cups.

As the owner plans the café to turn into a bar in the evening, there will be a wide variety of alcoholic and non-alcoholic beverages.

The confectioner will supply desserts. The owner plans to offer different kinds of desserts every week, and the desserts will be ordinary ones and vegan; some snack will be provided as well.

5.5 Market Analysis

The market analysis focuses on the examination of the external environment of the company. In this chapter, the owner will analyse if the market is ready to absorb the business plan.

5.5.1 PEST analysis

PEST analysis is a combination of the acronyms – Political, Economic, Socio-cultural, and Technological.

Political environment

The current political-legal conditions in the Czech Republic is relatively constant. The government uses tools such as a tax statement and the Registration of sales to inspect entrepreneurs. Not increasing taxes contributes to a stable environment, even though the labour tax is relatively high. A potential advantage could be increasing the minimum wages and retirement pensions as this may cause to increase the amount of spend money.

First, the natural person must have a Trade license worth CZK 1,000 to start a business. The entrepreneur must meet certain conditions (no criminal record or being at least 18 years old, etc.) to create or maintain a successful business, such as obtaining a health certificate and getting a Trade license. The sole trader must be prepared for controls from institutions such as Czech Trade Inspectorate, Agriculture and Food Inspection Authority, Public Health Authority, Health Insurance Company, etc. (Hovorka 2017).

In the Czech Republic, entrepreneurs and legal entities with business activities are obligated to pay income tax. The tax base is the difference between income and expenses.

According to the Act on Registration of Sales, a natural person who provides gastronomic services must register sales from the 1st December 2016. The Registration of sales (in Czech, it is “EET”) is an online communication system between entrepreneurs and Financial Authority resulting from the Act on Registration of Sales No. 112/2016 Coll. The Registration of Sales’ goal is to restore fair competition and ensure the state’s tax revenue. An entrepreneur must send data about every payment to the Financial Authority, which sends back confirmation of receipt with a unique code. The entrepreneur must provide the customer with that receipt, and the entrepreneur can verify the sales registered under his/her name (Etrzby 2021).

The owner will establish the business as a natural person and has certain obligations. The owner must pay an income tax that is 15%. The following responsibilities are health insurance, that is, for a sole trader, 6.75% from a profit, and social insurance of the amount of 14.6% from the profit. If the company employs full-time workers, the employer needs to pay health insurance of 9% and social insurance of 25% from the employee’s wages. The minimal amount in 2021 of the health insurance reserves is CZK 2,393 per month, and of the social insurance, the amount of the reserves is CZK 2,588 per month (Jak podnikat 2021).

Economic environment

The economic environment in the Zlín region can be analysed based on the unemployment and the average wage factors.

According to the Czech Statistical Office, by the end of January 2021, unemployment rose to 3.44% in the Zlín region. From that per cent, 6,451 are women, and 596 are graduates and adolescents (Český statistický úřad 2021).

From the data obtained from the Czech Statistical Office, the average gross wage in the Zlín region rose to CZK 30,642 but is still below the national average that is currently CZK 38,525 (Český statistický úřad 2021).

A change began to apply from January 2021 in contrast to 2020 in minimum wages, which increased by CZK 600. From 2021 minimum wages rose to CZK 15,200 or 90.50 CZK/hour (Ministerstvo práce a sociálních věcí 2021). In 2020 the average inflation was 3.2%; by the end of January, inflation slightly decreased to 3.0%. In 2020 there was the most significant decline in GDP, which fell by 5.6%, in the Czech Republic history (Český statistický úřad 2021).

The pandemic highly influences the current economic development. The lower GDP leads to low income of the population and low customer spending, and household

consumption. These factors reflect in the large number of business that went bankrupt. However, there is expected a significant economic recovery after the end of the pandemic.

Socio-cultural environment

The entrepreneur plans to open the coffee bar. During the day, it will mainly serve as a café and in the evening as a bar. The company will sell coffee, snacks, and desserts (also in a vegan version), so there is a confident expectation that the main clientele will be students and the university's employees. The business also sells alcoholic beverages, and as mentioned before, it will mainly serve as a bar in the evening.

The entrepreneur intends to establish a business near to FHS building of Tomas Bata University. Additionally, the business's place could be an advantage, thanks to a significant fluctuation of people. Another potential advantage that will gain more customers is providing free Wi-Fi.

University students often have not enough time to go for lunch, and there is a rising interest in vegan food. The IPSOS agency made research focused on the eating habits of the Czech Republic's population. According to the study, 4% of the Czech Republic's overall population prefer a vegetarian diet. Among young people (18 - 34 years old), it is up to 10%. Additionally, 28% of the citizens plan to eat less meat and more plant-based food (Česká veganská společnost). The customers can choose from either the vegan or the regular version of snacks and desserts as well as the vegetable or the regular milk. Coffee is also popular among students, and the business can provide its customers with the coffee-to-go service throughout the day.

According to Czech Statistical Office, in Zlín live 73,873 people, and out of these, around 44,500 are 18 years old and older, and about 6,300 people commute for education to Zlín (Český statistický úřad 2021).

Technological environment

There are no threats in a technological environment for the café. However, the café will need coffee makers, fridges, an oven, and cooling showcases.

The company intends to provide the customers with a Wi-Fi connection to surf the internet, take pictures of food and coffee and post it on their social media platforms. By doing so, they can promote the café.

The vital technological factor worth considering is the connection of the region to the transporting network. The motorway enables a full connection between the Zlín region and the Czech Republic's motorway network, and this factor affects the accessibility of the facility and the connection with suppliers (Petr Zahradník et al., 2019).

Another crucial factor is enabling customers to pay via cards and mobile phones, while there is a rising popularity in this payment method.

5.5.2 PORTER Analysis

Bargaining Power of Buyers

A café is not something new in Zlín. However, a café offering vegan snacks and desserts is unique. The potential customers from nearby cafés may not want to try a new café as they are used to those that already exist. Not gaining new customers may also cause the vegan restaurants in the centre. The crucial factors that may attract customers from the competition are vegan versions of snack, desserts, and vegetable milk. Another factor is turning into a bar in the evening with a variety of alcoholic drinks. The entrepreneur also sees the advantage in the interior of the café, as she plans to hang some paintings from Czech art students.

Bargaining Power of Suppliers

In this area, it is crucial to find the right supplier of coffee. The entrepreneur decided to choose Mr. Coffee. The reason is the high-quality coffee, providing consulting services, and making the espresso blend for the particular business. Makro Zlín will supply alcoholic and non-alcoholic beverages. Local marketers will supply snack and dessert ingredients, vegetables and fruit, and supermarkets like Lidl, Albert, and the wholesaler Makro. Chosen suppliers are reliable, and since the competitive rivalry in the market among these suppliers is high, the purchaser can replace the supplier very easily.

Threat of Entry

Currently, there is no high chance of new competitors entering the market, mainly because of the pandemic. Although cafés and coffee shops do not usually have any patents and trademarks; therefore, it is accessible to enter the market. Not only cafés are the competitors of Žiznivá Kafárna, but also any bistro with healthy food and bars. Luckily, the area where the café will be open is now stacked, so there is not a high chance of any new competitor entering at the moment. Problematic competitors could be those with any innovative ideas, trademarks, or patents.

Threat of Substitutes

The business concept is hard to subsidize, considering that the business is a bar and café with vegan food. However, substitutes for the business' products already exist in competitors' businesses, such as coffee and vegan food. Additionally, people tend to make

their coffee and food at home; luckily for the company, many people prefer good quality coffee and food prepared in cafés.

The business plans to focus on students, and they tend to be in a hurry. A café with snacks is the best choice for a snack or small lunch and coffee since the working days are very long and exhausting.

Competitive Rivalry Within Industry

In the area of Žiznivá Kafárna there are many competitors, as there are established coffee shops, restaurants, and bars. Even though the competition is strong, there is a solid chance of taking over the customers. The main competitors to Žiznivá Kafárna are Pštros, Mr. Coffee, Búrger, Coffee Express, and Eiscafe Delikana.

- Pštros may be the biggest competitor to the café as they are selling alcoholic beverages and drinks, desserts, and coffee. Pštros is placed in front of the park, and the café has outdoor seating. They are a music bar as well and play their music even outside.
- Mr. Coffee is a coffee shop and a coffee roaster. Their competitive advantage is a wide range of high-quality coffee, but unfortunately, they specialize in takeaway coffee as they do not have much space inside the shop. Even though their coffee is quite expensive, they still have a loyal base of customers.
- Búrger is a bistro offering takeaway food, mainly burgers. In their offer are variants of the plant-based burgers that make them a competition to Žiznivá Kafárna.
- Coffee Express targets students of TBU as well. According to the entrepreneur's experience, the coffee express happens to be inside the FHS in the winter and in front of it during the spring and autumn. Fortunately, their coffee is expensive for those students.
- Eiscafe Delikana offers a wide range of products, mainly desserts. However, their coffee is not that quality, and they lack vegan snacks and desserts.

Mentioned competitors may be a challenge, but the advantage of the café is offering vegan versions of snacks and desserts, which happens to be a solid selling point. As the café will be situated in the close area of its competitors, it could be easy to attract the customers thanks to that selling point. The entrepreneur plans to establish outside seating for its customer's, and the entrepreneur believes this could be a huge advantage as people love to sit outside in the park during the spring and summer.

Worth mentioning is how some of the competitors try to mitigate losses. For example, Pštros, Mr. Coffee, and Bürger are selling the products through dispensing windows which is a decent way to reach the customers.

5.6 Marketing Plan

In this chapter, the entrepreneur will define how she plans to attract customers and how she would like her café will be perceived by the customers. This chapter of the business plan aims at SWOT analysis, marketing mix and target market of the café.

5.6.1 SWOT Analysis

SWOT analysis is used to evaluate the strengths, weaknesses, opportunities, and threats of the company. It is used to determine internal and external factors that influence the business.

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> - Vegan and plant-based products - Recyclable packaging - Alcoholic drinks - Location - Customers can bring own cups - Providing a wide range of products 	<ul style="list-style-type: none"> - No experience with running the business - Limited funds
OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> - Gain a loyal customer base - Growing interests in ecology and healthy food - Unusual concept 	<ul style="list-style-type: none"> - Strong competition - Alcohol regulations - Economic crisis - New competitors

Table 2: SWOT Analysis (own creation)

Strengths

The café plans to provide a wide range of products to suit everyone’s taste. To do so, the owner decided to offer vegan snacks and desserts along with ordinary ones. The reason for selling those products is a rising attraction to plant-based food and healthy food as such, mainly among young people.

The owner decided only to use recyclable packages to reduce the waste as much as possible. The owner is also aware of the trend of recycling and being eco-friendly; again, this trend is most popular among the young, which the owner would like to attract.

Offering alcoholic and non-alcoholic drinks is nowadays not an unusual concept. However, a café with a bar is. The owner is aware that the main customer base will

probably be students and the young; these cohorts from the owner's experience gather in bars and pubs.

The location is advantageous for the café, as it is placed in a crowded street and easily reached. The surrounding is very nice as it lies in front of the park.

The customer's opportunity to bring their own cup will be advantageous for them, as they will gain a discount (the price for the coffee minus the costs of the cup).

Weaknesses

Although the owner believes she gained crucial knowledge for running the business during her studies, she is aware that she has no business experience.

The weakness of hers is limited funds. This disadvantage may prevent from buying the up-to-date technology, but the funds are well divided. As the business will grow, there will be the possibility for restoration of the technology.

Opportunities

The café will probably soon gain a loyal customer base as the business concept is unusual, and the owner knows who the target market will be (see subchapter target market).

The owner sees the opportunity of raising awareness in ecology, recycling, and healthy eating.

Threats

A strong competition may be the biggest threat along with a new competition. The biggest competitor in the area of the café is "Pštros - art, coffee & music bar" as they sell coffee, alcoholic drinks, desserts, and snacks. However, the competitive advantage of the café is selling vegan products.

Any economic crisis (for example, pandemic) is logically a threat. The pandemic caused higher unemployment, lower spending in gastronomy, and is changing the provision of service. Entrepreneurs need to be more flexible and find another way how to provide services in a non-personal form. Additionally, alcohol regulations could be a possible threat.

5.6.2 Target Market

Thanks to the location of the café, there is a real chance to attract not only students but also older people.

To understand better our target market, the owner defined three customer segments:

Segment 1 - Students and young people from the age of 15 to 26.

Segment 2 - People with a steady job and families from the age of 27 to 50.

Segment 3 - People from the age of 50 and older.

5.6.3 Marketing Mix

The entrepreneur decided to use the marketing mix to determine what the most suitable marketing strategy will be.

Product

The main product that will the café sell is coffee. As mentioned before, Mr. Coffee will be the supplier, and customers can decide if they want regular or plant-based milk, and staff will serve the final product in recyclable cups or customer's cups.

The café will offer desserts and snacks, providing vegan versions as well. Desserts will be obtained from the skilled confectioner; the owner will provide snacks. Customers will have the option to take their food away, and the boxes will be from recyclable material, or they can bring their own containers.

As the owner plans to turn the café into a bar in the evening, there will be a wide range of alcoholic and non-alcoholic beverages. The owner will hire a skilful bartender who will prepare high-quality drinks. As mentioned above, the owner wants to be as eco-friendly as possible; therefore, she plans to use straws from glass or metal ones.

Price

The prices for single products will be based on the competition's prices. According to the online reviews on Facebook and Google, competitors are expensive; thus, the café needs to have lower prices. The competitions' higher prices allow the café to take over the customers by setting lower prices. Coffee, for example, can outgrow its costs even ten times, and according to the research, customers find the coffee unnecessarily expensive. By providing the opportunity to bring the own cup, the costs for the coffee will be lower; therefore, the café can provide a discount for the coffee.

The owner sees the opportunity to save money thanks to the rent, as the residence is not very big.

Place

As the café has indoor and outdoor seating, it is meant to serve its customers on the place. The café's focus is on indirect selling. The staff will serve customers who will come and wish to sit. When customers want to sit, there will be tables inside and outside, depending on the weather. Inside will be five tables with sixteen chairs plus two chairs at the bar. Outside will be four smaller tables with eight chairs. The option to sit outside depends

principally on the weather. The owner plans to provide the opportunity mainly in the summer and autumn.

Waiters will approach the customers and serve fresh snacks and desserts along with any drink from the menu. Customers ordering at the bar are expected to take their order somewhere else.

The café's location is on Školní street (see Figure 1), with outdoor seating in front of the park, and it is considered an advantage.

Additionally, the owner plans to create a pleasant and comfortable environment.

Promotion

As business targets mainly young people, the owner will focus on online marketing the most. The main promotion channels will be Facebook, Instagram, website, leaflets, and word of mouth.

The owner defined the customer segments in the chapter Target Market, mainly to understand how to address them adequately. The owner plans to reach via social media and the website Segment 1. Segment 2 will be reached primarily via the website of the café, and the last Segment 3 will be reached by leaflets and the website.

- **Social media**

Nowadays, Facebook and Instagram create an essential part of online marketing. The café will have a Facebook profile, where will be the information about opening hours, menu, and location, including a map. Customers can also review the café there. Moreover, the owner plans to share the profile of the café in Facebook groups of students of TBU.

On Instagram profile of the café will be mainly photos promoting the products. The account will be public, and customers who will take a picture can mention the café. This photo will be shared on the Instagram story (images stay there for 24 hours). Customer's photos are free of charge promotion. The owner wants to use the Instagram story promotion to gain more followers and increase profits.

- **Website**

The entrepreneur has an education in programming and creating websites (mainly HTML and CSS); she can make the website all by herself free of any costs.

The website will include links to the social media platforms, opening hours, the menu, location, photos of the interior and a short story about the café, some information about recycling and veganism.

- **Leaflets**

The owner will distribute the leaflets to raise awareness about opening the café, especially before the opening day. The distribution will be done mainly among students of FHS and FMK, in the park Komenského, on Školní street, and Náměstí Práce and Míru. The leaflets' purpose is to provide information about location, the opening date and links to the website and social media platforms.

- **Word of mouth**

This is entirely free of charge promotion done by satisfied customers. When customers are happy with the products and staff, they are more likely to recommend the café to their friends and family. They can share their positive feedback on Instagram and Facebook, therefore, to attract other potential customers.

TYPE OF PROMOTION	COST OF PROMOTION IN CZK
Facebook and Instagram Account	0
Instagram story	7,330 (four months)
Website (hosting + TLD)	505 (per year)
Leaflets (design + print of 2999 pcs)	3,684
Word of mouth	0

Table 3: Promotion Costs (own creation)

5.7 Organizational Plan

The organizational structure of the café is relatively modest. Along with the owner, there will be another three employees. The owner will consider hiring a part-time worker after gaining knowledge about customer's time preferences to visit the café. The owner's responsibilities will be marketing, accounting, promotion, communication with suppliers, employees (their salaries and shifts). Apart from these duties, the owner will also work some shifts in the café.

As mentioned before, the owner will hire a representative who meets the special conditions, who will work in the café full-time. Employees are an essential part of a business, and the owner plans to hire those who have barista and barman courses, and it is required to have experiences in the field. The owner intends to hire three full-time workers who will be waiters/waitresses and cashiers, and they will work for 40 hours a week, plus the owner will work 14,5 hours a week. The owner will pay full-time workers CZK 115 per hour and working 40 hours a week (including weekends) means that the gross wage for one employee will be CZK 18,400 in total. The owner plans to give a raise to the employees soon after the opening.

There will be just one employee in the morning since the snacks will be ready from the previous day, and the owner will be presented in the café and prepared to help with anything. The employee's primary duty is to prepare the coffee and serve snacks and desserts to customers. During the afternoon, there will be two employees at once, and during this time, one of them will serve the customers, the other will prepare the snacks for the other day. The owner believes that from 5 p.m., customers stop buying coffee and start buying drinks. Since there will be two employees, one will prepare drinks, and the other will be the waiter/waitress and cashier. After closing, one employee is expected to stay for half an hour to clean and prepare the café for the other day. Additionally, the owner expects her employees to be communicative, friendly, and responsible.

Desserts for the café will be provided by the family member who is a confectioner, and the owner will provide the ingredients.

5.8 Financial Plan

The Financial plan chapter covers all needed expenses to start and maintain the business. As the owner has all money required to start the business, she decided not to take any loan.

5.8.1 Simplified Balance Sheet

Table 4 shows the company's assets and liabilities in the simplified balance sheet. The company's registered capital is CZK 550,000 and it is covered by the owner's saving's and a loan from family.

ASSETS		LIABILITIES	
Long-term assets	0	Equity	560,000
		Registered capital	560,000
Current assets	559,000	Current liabilities	0
Bank account	559,000		
Other assets	1,000	Other Liabilities	0
Accruals (trade license)	1,000		
Total assets	560,000	Total liabilities	560,000

Table 4: Balance sheet (own creation)

5.8.2 Start-up costs

Start-up costs are expenses associated with opening the business. First, the entrepreneur must issue a Trade license. Costs related to promotion are described in detail in table 3.

The owner plans to renovate the place a little, including repainting, making a bar counter, and adjusting the electricity. Reconstruction costs in the table are costs of the material, as the owner can do the work and her family member is an electrician willing to help.

The most significant investment will be in the equipment. The essential part is the EET cash desk, as the Czech law commands to do so. Every other item mentioned in the equipment section is necessary for running the business, and the owner plans not to save money while purchasing the coffee machine.

The owner predicted each small piece of equipment based on the chairs, therefore the maximum number of customers.

The amount and prices for each item are:

- 35 glasses worth CZK 29 for each
- 35 drink glasses worth CZK 49 for each
- 35 drink glasses with a stem worth CZK 39 for each
- 35 white wine glasses worth CZK 25 for each
- 35 red wine glasses worth CZK 30 for each
- 35 champagne glasses worth CZK 45 for each
- 25 margarita glasses worth CZK 49 for each
- 25 martini glasses worth CZK 49 for each
- 40 shots worth CZK 39 for each
- 25 sets of mugs with saucers worth CZK 69 for each
- 25 mugs without saucers worth CZK 59 for each
- 35 straws worth CZK 50 for each
- 30 dessert forks worth CZK 20 for each
- 30 spoons worth CZK 20 for each
- 4 knives worth CZK 150 for each
- 30 carafes worth CZK 25 for each
- 40 plates worth CZK 30 for each
- 3 trays worth CZK 300 for each

In the interior of the café will be five tables worth CZK 1,200 for each, with sixteen chairs worth CZK 750 for each plus two chairs worth CZK 1,000 for each at the bar. The outdoor seating consists of four tables worth CZK 800 for each, with eight chairs worth CZK 600 for each and a parasol.

Total costs associated with the company	Price (CZK)
Initial Costs	92,519
Trade license	1,000
Promotion	11,519
Renovation (bar, painting, electricity)	20,000
Rent (3 months)	60,000
Equipment	128,500
EET cash desk	5,000
Wi-fi router	500
Coffee machine	80,000
Coffee milling machine	8,000
Cooling showcase	25,000
Refrigerator	10,000
Small Equipment	21,205
Glasses	11,605
Mugs	3,200
Metal straws	1,750
Dessert forks	600
Spoons	600
Knives	600
Carafes	750
Plates	1,200
Trays	900
Furniture	32,000
Tables	9,200
Chairs	16,800
Bar chairs	2,000
Parasol	4,000
Financial reserves	30,000
Total	271,705

Table 5: Start-up costs (own creation)

5.8.3 Labour costs

In the café will work four employees including the owner. Since the owner will not have a wage, the table shows only three employees. One employee's expenses are a gross wage, health and social insurance calculated on 34% from the gross wage.

LABOUR COSTS		
Article	One employee	Three employees
Gross wage	18,400	55,200
Social insurance (25%)	4,600	13,800
Health insurance (9%)	1,656	4,968
Super gross-wage monthly	24,656	73,968
Super gross-wage annually	295,872	887,616

Table 6: Labour costs (own creation)

5.8.4 Fixed Costs

Fixed costs do not change with the volume production. In the café, fixed costs are rent, insurance, wages, energy consumptions, OSA license, internet services, mobile services, and web hosting.

FIXED COSTS		
	Monthly	Annually
Rent	20,000	240,000
Insurance	4,000	48,000
Wages	73,968	887,616
Energy consumption	8,000	96,000
OSA license	380	4,560
Internet and mobile services	1,500	18,000
Web hosting	20	240
TOTAL	107,868	1,294,416

Table 7: Fixed costs (own creation)

5.8.5 Variable Costs

On the other hand, variable costs changes depend on the volume produced. In the following tables, you can see costs and prices. Costs show how much it costs to make one product, and prices are set according to competition and customers preferred costs (research done via competitor's reviews).

The owner decided to make all costs and prices into the average numbers, as she finds it more accessible to predict sales, ingredients, and the number of products bought by customers.

Coffee

The café will offer the following kinds of coffee (see table 8). After gaining knowledge about customer' preferences, there might be adjustments to the original offer, for example, the addition or removal of coffee from the menu or price adjustments. In the table are included costs for coffee with plant-based milk.

COFFEE				
Kind of coffee	Cost – regular milk	Cost – plant-based milk	Price	Price - plant-based
Espresso	3.7	3.1	39	39
Ristretto	3.3	3.3	39	39
Lungo	4.1	4.1	39	39
Doppio	7.4	7.4	59	59
Cappuccino	6.1	9.7	55	60
Caffe Latte	7.7	13.7	59	65
Espresso Macchiato	6.1	10.3	55	60
Flat white	10.4	14.9	65	70
Americano	4.1	4.1	39	39
Iced Latte	7.9	13.9	59	65
AVERAGE	6.1	8.5	50.8	53.5
AV. GROSS PROFIT	44.9			

Table 8: Coffee - costs and prices (own creation)

As you noticed from the table, coffee is relatively cheap to prepare, and prices are much higher than the production as customers are willing to pay for these products; therefore, there is a high return.

The owner plans to spend CZK 465 for one kilogram of coffee on average, CZK 20 for one litre of regular milk and CZK 50 for one litre of plant-based milk.

- Calculation of Espresso - $0.465 \cdot 8g = 3,7$
- Calculation of Cappuccino - $0.465 \cdot 8g + 0.02 \cdot 120ml \text{ (of milk)} = 6.1$

- Calculation of Cappuccino with plant-based milk - $0.465 \cdot 8g + 0.05 \cdot 120ml$ (of milk) = 9.7

The plant-based milk that the owner plans to use is almond milk, and it can change over time. As you can see in the table, some prices and costs in the plant-based columns are the same. The reason is that there is no milk; therefore, the ingredients remain the same, and there is no need to set higher prices. However, the customers have an opportunity to request additional milk for those coffees that do not contain milk.

- Additional 50 ml of regular milk - cost 1 ($0.051 \cdot 20$). The price will be about CZK 2 higher.
- Additional 50 ml of plant-based milk - cost 2.5 ($0.051 \cdot 50$). The price will be about CZK 4 higher.

The average gross profit is then calculated by making an average cost and average price and then deducted.

- $6.1 + 8.5/2 = 7.3$
- $50.8 + 53.5/2 = 52.5$
- $52.2 - 7.3 = 44.9$

All average gross profits that include a vegan version and a regular one are calculated the same way.

Alcohol beverages

The café is turning into a bar in the evening; therefore, there will be alcoholic drinks on the menu. The owner decided to make the menu relatively small and add more drinks after gaining knowledge about customer's preferences.

ALCOHOL BEVERAGES		
Item	Cost	Price
Red wine 2dcl	17.3	29
White wine 2dcl	17.9	29
Bohemia Sekt 2dcl	28.5	59
Prosecco 2dcl	42.9	69
Aperol spritz	27.3	80
Gin & tonic	40.2	75
Pink gin & tonic	43.3	75
Martini	22.1	75
Margarita	42.2	95

Cuba libre	23.8	70
Mojito	25.9	75
Wings	11.5	59
Jägermeister 0.05l	18.5	50
Gin 0.05l	20.5	55
Rum 0.05l	17.5	50
Vodka 0.05l	23	50
Tequila 0.05l	22.3	55
AVERAGE	26.2	61.8
AV. GROSS PROFIT	35.6	

Table 9: Alcohol beverages – costs and prices (own creation)

The owner used the division of rates to estimate costs. For example:

- Prosecco in a 0,75l bottle and is worth CZK 161. The café will sell 2dcl per order meaning that the cost per 2dcl is 42.9 ($161 \cdot 0.75 / 0.2$)
- Wings consist of 0.02 vodka and 0.02 Red Bull. One litre of vodka costs CZK 460, and one litre of Red Bull costs CZK 115; this means that the cost per one drink is 11.5 ($460 \cdot 0,02 + 115 \cdot 0,02$).

Non-alcoholic beverages

The costs of the finished beverages from the suppliers do not have to be calculated, and non-alcoholic drinks are calculated the same way as alcoholic ones. Every customer who will order an alcoholic drink will receive tap water for free automatically. If the customers ask for tap water when ordering something and staying inside, they will receive it. Necessarily to mention, prices and the types of beverages may change over time.

NON-ALCOHOLIC BEVERAGES		
Item	Cost	Price
Water 0.25l	4	15
Water 0.5l	8	22
Sparkling water 0.25l	4.5	15
Sparkling water 0.5l	9	22
Water with lemons 0.5l	16	35
Coca-Cola 0.33l	12.9	29
Fanta 0.33l	12.9	29
Cappy 0.33l (various kinds)	23	35

Virgin Mojito	12.6	55
AVERAGE	11.4	28.6
AV. GROSS PROFIT	17.2	

Table 10: Non-alcoholic beverages – costs and prices (own creation)

Desserts

The desserts offer will change most likely every week, but there will be most likely flavour changes, so the costs and prices may remain the same. As you can see in table 11, there will also be vegan desserts. After gaining knowledge about customers wants, the owner may add other desserts.

DESSERTS				
Item	Cost	Vegan - cost	Price	Vegan - price
Cheesecake	17.3	19.2	57	57
Muffin	3.8	5.2	15	15
Bábovka	10.8	12.1	30	30
Brownies	14.5	15.5	25	25
Fruit cake	12.7	13.4	47	47
AVERAGE	11.8	13.1	34.8	34.8
AV. GROSS PROFIT	22.3			

Table 11: Desserts - costs and prices (own creation)

Although the vegan costs of the desserts are higher, the owner set the same prices for both versions. The reason for that is not to include price into the customer's decision-making processes, therefore, encourage them to try the vegan ones.

Snacks

Sandwiches offered in the café can serve as breakfast, snack, or lunch. They will be prepared the day before so the employees can sell them early in the morning.

SNACKS				
Item	Cost	Vegan - cost	Price	Vegan - price
BBQ sandwich	44.3	52.2	65	70
Zeleninový sandwich	45	51	65	70
Italský	37.3	44.3	60	65

sandwich				
Avocado sandwich	31.1	36.1	50	60
AVERAGE	39.4	45.9	60	66.3
AV. GROSS PROFIT	20.5			

Table 12: Snacks - costs and prices (own creation)

Costs are calculated based on used ingredients. The vegan sandwiches are slightly more expensive, as the vegan bread costs more. Sandwiches consist of:

- **BBQ sandwich** - Bread, ham, bbq sauce, tomato, onion, bacon, rocket.
- **Vegan BBQ sandwich** - Vegan bread, vegan ham, bbq sauce, tomato, onion, rocket.
- **Zeleninový sandwich** - Bread, garlic spread, tomato, cucumber, pepper, salad.
- **Vegan zeleninový sandwich** - Vegan bread, vegan spread (Patifu), tomato, cucumber, pepper, salad.
- **Italský sandwich** - Bread, mozzarella, basil pesto, tomato, fresh basil.
- **Vegan italský sandwich** - Vegan bread, vegan mozzarella, basil pesto, tomato, fresh basil.
- **Avocado sandwich** - Bread, avocado, tomato, rocket, fresh basil.
- **Vegan avocado sandwich** - Vegan bread, avocado, tomato, rocket, fresh basil.

5.9 Evaluation of Profitability

The gross margins per day are calculated based on the estimated sales and the average price of the bought products. As the café will have shortened opening hours on Sundays, the owner expects not to sell alcohol, and fewer customers will come. On the other hand, alcohol revenues will likely be higher on Fridays and Saturdays, as the café will be opened longer. The estimated sales of products are calculated based on the market research, location, and other variables.

5.9.1 Gross Margin

You can see the predicted sales of each item for the optimistic, realistic, and pessimistic version in the table.

GROSS MARGIN			
Item	Optimistic	Realistic	Pessimistic
Coffee	95	65	40
Alcohol beverages	60	40	20
Non-alcoholic b.	40	30	20
Desserts	80	55	35
Snacks	45	30	15
Revenues per day	15,439	10,533	6,062
Inventory costs per day	5,643	3,833	2,122
Gross margin per day	9,792	6,700	3940
Gross margin per month	293,760	201,000	118,200
Gross margin per year	3,525,120	2,412,000	1,418,400

Table 13: Gross margins of the products (own creation)

The owner predicted the amount of each item bought in a day. The expected sales are then multiplied by the gross average prices/costs. For example, the owner expects 65 customers to buy a coffee in a realistic day version, and the average price is CZK 52.2. The coffee will bring CZK 3,393 a day. On the other hand, costs are calculated on CZK 7.3. Therefore, the costs are CZK 474.5 per day.

5.9.2 Optimistic Scenario

An optimistic scenario could be achieved during the first months of opening as people may be interested in new things. This scenario can turn into a realistic one, depending on customer satisfaction. The profit will be used for repaying the loan from the family and investing in the menu extension.

PROFIT/LOSS – OPTIMISTIC SCENARIO			
	First month	Other months	First year
Earnings	463,170	463,170	5,558,040
Fixed costs	107,868	107,868	1,294,416
Inventory costs	169,290	169,290	2,031,480
Start-up costs	271,705	-	271,705
Total expenses	548,863	277,158	3,597,601
Profit/Loss (EBT)	-85,693	186,012	1,960,439
Profit/Loss (EAT)			1,666,373

Table 14: Profit/Loss – optimistic scenario (own creation)

Earnings and revenues in the table are calculated based on the results from table 13. Earnings are calculated based on revenues per day CZK 15,439 * 30 days which means that earnings in an optimistic scenario are CZK 463,170 per month. Inventory costs are calculated based on inventory costs per day in an optimistic scenario multiplied by 30 days (5,643 * 30 days is 169,290). The calculation result is EBT which from 15% tax is further deduced. The result is EAT. This method is used in the remaining two scenarios as well.

5.9.3 Realistic Scenario

PROFIT/LOSS – REALISTIC SCENARIO			
	First month	Other months	First year
Earnings	315,990	315,990	3,791,880
Fixed costs	107,868	107,868	1,294,416
Inventory costs	114,990	114,990	1,379,880
Start-up costs	271,705	-	271,705
Total expenses	494,563	222,858	2,946,001
Profit/Loss (EBT)	-178,573	93,132	845,879
Profit/Loss (EAT)			718,997

Table 15: Profit/Loss – realistic scenario (own creation)

In the realistic scenario, the café is still profitable after deducting the expenses from the revenues. This scenario is achievable if nothing unexpected happens. In the realistic scenario, the profit is CZK 718,997 per year.

5.9.4 Pessimistic Scenario

PROFIT/LOSS – PESSIMISTIC SCENARIO			
	First month	Other months	First year
Earnings	181,860	181,860	2,182,320
Fixed costs	107,868	107,868	1,294,416
Inventory costs	63,660	63,660	763,920
Start-up costs	271,705	-	271,705
Total expenses	443,233	171,528	2,330,041
Profit/Loss (EBT)	-261,373	10,332	-147,721
Profit/Loss (EAT)			-147,721

Table 16: Profit/Loss – pessimistic scenario (own creation)

In the pessimistic scenario, the revenues do not cover the costs, and the café generates a loss. To ensure this scenario will not come to a reality, the owner has to make sure that customers will be satisfied and the promotion she chose is enough. Also, the days from pessimistic scenario may inevitably appear in realistic or even optimistic scenarios. Since the café is in a profit except for the first month, it will not have such a catastrophic impact.

5.10 Return on Investment

Return on investment (ROI) is used to evaluate the profitability of an investment expressed in percentage (Investopedia, 2021). The sign that the investor has received more than he/she initially invested is a positive ROI. The goal, however, is to make a high ROI.

ROI is calculated as follows:

$$\text{ROI} = \frac{\text{Net Income}}{\text{Cost of Investment}} * 100$$

The cost of investment (CZK 560 000) is the sum of the start-up costs (CZK 271,705), fixed costs for the first month (CZK 107,868), initial inventory (CZK 169,290), and a reserve (CZK 11,137).

ROI for optimistic scenario:

$$\text{ROI} = \frac{1,666,373 - 560,000}{560,000} * 100 = 197.57 \%$$

ROI for realistic scenario:

$$\text{ROI} = \frac{718,997 - 560,000}{560,000} * 100 = 28.39 \%$$

In both scenarios, the investor would receive back more than she initially invested because of the positive ROI. This means that the café will pay off the initial costs and will generate profit. However, in the pessimistic scenario, the business will not generate profit; therefore, the ROI is not calculated.

6 RISK ASSESSMENT

The entrepreneur should be prepared for risks associated with running a business and have a contingency plan. The owner should minimize risks she can face in the future.

Customer's interest

There is a risk of customers not knowing about the café at all. To minimize this risk, the owner will initiate a promotion strategy to let the potential customers know about the café. Secondly, the customers may not be interested in the concept, or they may have some suggestions for the menu. The owner will encourage the customers to give constructive feedback to know what can be improved.

The shutdown of the business

The current pandemic situation is not favourable for such businesses. The owner needs to plan and have some financial reserves.

Employees

There is a risk the staff can have conflicts, and it can reflect in an unfriendly environment in the café. This can lead to a customer's decision to stop visiting the café. The owner plans to speak to her employees and know what she can do so they can feel good in their job. The owner will hire skilled, experienced, and friendly personal.

Suppliers raising prices

Suppliers can raise their prices, and the owner can react by choosing other suppliers or raising the products' prices.

Competition

The owner must keep an eye on her competitors. They can reduce prices to attract cafés customers, or they can change their concept. The owner cannot prevent this risk. The owner can only observe the competition and react accordingly.

Business during the pandemic

The current situation is not suitable for cafés and such businesses. Since the opening day is planned for September, the owner assumes there will be a more acceptable environment by the time. However, it pays off to have a contingency plan. If any restrictions appear, the owner plans to have an issue window for selling all the products.

CONCLUSION

The aim of this bachelor thesis was to create a potential business plan for the company Žíznivá Kafárna and evaluate its feasibility. The author wanted to make an interesting business concept that includes café, bar, and plant-based food.

To create the business plan, the author needed to gain knowledge by writing the theoretical part using the academic literature from the field. The theoretical part covers the basic terms such as the entrepreneur and the entrepreneurship and topics regarding the business plan. These topics are crucial for conducting the analytical part.

The analytic part is made based on the information gained from the theoretical part and deals with the business plan for a café. The business plan starts with the title page and the executive summary, followed by the description of the business. Vital chapters of the business plan are the market analysis and the marketing plan. In the market analysis, the author used PEST and Porters five forces analyses. The marketing plan covers SWOT analysis and the marketing mix. The author defined the target market and used the segments in the marketing mix. In the organizational structure, the author described the staff that is needed for running the business. The financial plan gives detailed information about the start-up costs, labour, fixed and variable costs. In the chapter evaluation of profitability, the author created optimistic, realistic, and pessimistic scenarios of predicted profits and losses.

The results of the business plan show that the business will be profitable in optimistic and realistic scenarios. The numbers are based on predictions but still in the range of reality. The costs needed to start the business are CZK 560,000 (start-up costs CZK 271,705 + fixed costs for the first month CZK 107,868 + the initial inventory CZK 114,990 + the reserve CZK 11,137), the costs are covered by the author's savings and a family loan, there is no need for an extra loan. However, the owner is aware of the non-existing customer base. As mentioned before, the owner plans to attract customers through promotion channels such as leaflets and accounts on social media. The owner defined the customer segments and will target them accordingly. Additionally, the risk assessment prepared the author for potential risks.

The primary purpose of the bachelor's thesis was to evaluate the feasibility of the idea. According to the optimistic and realistic versions, if the café generates profit, the business plan is feasible.

BIBLIOGRAPHY

- Abrams, Rhonda. 2019. *Successful Business Plan Secrets & Strategies*. 7th ed. Palo Alto, CA: Planning Shop.
- Alexy, Július, and Rudolf Sivák. 2005. *Podniková ekonomika*. 3rd ed. Bratislava: Iris.
- Červený, Radim, Jiří Ficbauer, Alena Hanzelková, and Miroslav Keřkovský. 2014. *Business plán: Krok za krokem*. Prague: C. H. Beck.
- Finch, Brian. 2010. *How to Write a Business Plan*. 3rd ed. London: Kogan Page.
- Hadraba, Jaroslav. 2004. *Marketing: produktový mix - tvorba inovací produktů*. Plzeň: Vydavatelství a nakladatelství Aleš Čeněk.
- Hisrich, Robert D., Michael P. Peters, and Dean A. Shepherd. 2017. *Entrepreneurship*. New York, NY: McGraw-Hill Education.
- Koráb, Vojtěch, Jiří Peterka, and Mária Režňáková. 2007. *Podnikatelský plán*. Brno: Computer Press.
- Kotler, Philip. 2005. *Marketing v otázkách a odpovědích*. Brno: CP Books.
- Kotler, Philip, and Kevin Lane Keller. 2013. *Marketing management*. 4th ed. Praha: Grada.
- Kozubíková, Ludmila. 2017. *Významné atributy podnikatelské orientace v segmentu malých a středních podniků*. Zlín: Tomas Bata University in Zlín.
- Kuratko, Donald F. 2014. *Entrepreneurship: Theory, Process, and Practice*. 9th ed. Maron: South. Western-Cengage Learning.
- McKeever, Mike P. 2010. *How to Write a Business Plan*. Berkeley: Nolo.
- McKeever, Mike P. 2012. *How to Write a Business Plan*. Berkeley: Nolo.
- Pavláková Dočekalová, Marie. 2017. *Economics of Company*. Brno: Akademické nakladatelství CERM.
- Pinson, Linda. 2008. *Anatomy of a Business Plan: The Step-by-Step Guide to Building Your Business and Securing Company's Future*. 7th ed. Tustin, CA: Out of Your Mind and into the Marketplace.
- Porter, Michael E. 2008. *The Five Competitive Forces That Shape Strategy*. Tampa, FL: Harvard Business Review.
- Přikrylová, Jana, Eva Jaderná, Tomáš Kincl, Emil Velinov, and Pavel Štrach. 2019. *Moderní Marketingová Komunikace*. 2nd ed. Prague: Grada.
- Shelton, Hal. 2017. *The Secrets to Writing a Successful Business Plan*. 2nd ed. Rockville: Summit Valley Press.

- Srpová, Jitka, and Václav Řehoř. 2010. *Základy podnikání: Teoretické poznatky, příklady a zkušenosti českých podnikatelů*. Prague: Grada.
- Srpová, Jitka, Ivana Svobodova, Pavel Skopal, and Tomáš Orlik. 2011. *Podnikatelský plán a strategie*. Prague: Grada.
- Strouhal, Jiří. 2016. *Ekonomika podniku*. 3rd ed. Prague: Institut certifikace účetních.
- Synek, Miloslav, and Eva Kislíngerová. 2015. *Podniková ekonomika*. 6th ed. Prague: C. H. Beck.
- Švarcová, Jana et al. 2016. *Ekonomie: stručný přehled: teorie a praxe aktuálně a v souvislostech: učebnice*. Zlín: CEED.
- Tvede, Lars, and Mads Faurholt. 2018. *Entrepreneur: building your business from Start to success*. Chichester: Wiley.
- Veber, Jaromír and Jitka Srpová et al. 2012. *Podnikání malé a střední firmy*. 3rd ed. Prague: Grada.

ONLINE SOURCES

- BusinessCenter.cz. 2020. “Živnostenský zákon.” Businesscenter.cz. Accessed January 22, 2020. <https://business.center.cz/business/pravo/zakony/zivnost/priloha1.aspx>
- BusinessInfo.cz. 2020. “Limited-liability company.” BusinessInfo.cz. Accessed January 23, 2020. <https://www.businessinfo.cz/psc/start-your-business/registration-of-legal-form-of-business/limited-liability-company/>
- BusinessInfo.cz. 2019. “Obchodní korporace – založení a vznik.” BusinessInfo.cz. Accessed January 23, 2020. <https://www.businessinfo.cz/navody/obchodni-korporace-zalozeni-a-vznik-ppbi/3/>
- BusinessInfo.cz. 2019. “Obchodní korporace – založení a vznik.” BusinessInfo.cz. Accessed January 23, 2020. <https://www.businessinfo.cz/navody/obchodni-korporace-zalozeni-a-vznik-ppbi/7/>
- Česká veganská společnost. 2020. “Jak se Češi stravují.” Česká veganská společnost. Accessed April 14, 2021. <https://veganskaspolecnost.cz/ipsos-2019/>
- Český statistický úřad. 2021. “Nezaměstnanost ve Zlínském kraji k 31. 1. 2021.” Český statistický úřad. Accessed March 4, 2021. <https://www.czso.cz/csu/xz/nezamestnanost-ve-zlinskem-kraji-k-31-1-2021>
- Český statistický úřad. 2021. “Nejnovější údaje o kraji.” Český statistický úřad. Accessed March 4, 2021. <https://www.czso.cz/csu/xz>
- Český statistický úřad. 2021. “Inflace - druhy, definice, tabulky.” Český statistický úřad. Accessed March 4, 2021. https://www.czso.cz/csu/czso/mira_inflace
- Český statistický úřad. 2021. “Tvorba a užití HDP - 4. čtvrtletí 2020.” Český statistický úřad. Accessed March 4, 2021. <https://www.czso.cz/csu/czso/cri/tvorba-a-uziti-hdp-4-ctvrtleti-2020>
- Etržby. 2020. “Information about registration of sales.” Etržby.cz Accessed March 1, 2021. <https://www.etrzby.cz/cs/english-version-609>
- Hovorka, Michael. 2017. “Otevřít si malou cukrárnu? V Česku noční můra pro každého podnikatele.” Podnikatel.cz. Accessed March 3, 2021. <https://www.podnikatel.cz/clanky/otevrit-si-malou-cukrarnu-v-cesku-nocni-mura-pro-kazdeho-podnikatele/>
- Jak Podnikat. 2021. “Zdravotní pojištění OSVČ 2020.” Jakpodnikat.cz. Accessed March 3, 2021. <https://www.jakpodnikat.cz/zdravotni-pojisteni.php>

- Jak Podnikat. 2020. "Sociální pojištění OSVČ." Jakpodnikat.cz. Accessed March 3, 2021.
<https://www.jakpodnikat.cz/socialni-pojisteni- Duchodove-zabezpeceni.php>.
- Ministry of Labour and Social Affairs. 2021. "Minimální mzda." Mpsv.cz. Accessed March 4, 2021. <https://www.mpsv.cz/minimalni-mzda>
- Investopedia. 2021. "Return on Investment (ROI)" Accessed April 20, 2021.
<https://www.investopedia.com/terms/r/returnoninvestment.asp>
- iPodnikatel.cz. 2011. "Evropská společnost (SE) – kapitálová obchodní společnost založená evropským právem." iPodnikatel.cz. Accessed January 22, 2020.
<https://www.ipodnikatel.cz/evropska-spolecnost-se-kapitalova-obchodni-spolecnost-zalozena-evropskym-pravem/>
- Zahradník, Petr et al. 2019. "Strategie rozvoje Zlínského kraje 2030." Accessed March 15, 2021. <https://www.kr-zlinsky.cz/strategie-rozvoje-zlinskeho-kraje-2030-cl-4623.html>

LIST OF ABBREVIATIONS

e. g.	Exempli gratia
etc.	Et cetera
CSS	Cascading Style Sheets
CV	Curriculum vitae
CZK	Czech Koruna
EAT	Earnings after Tax
EBT	Earnings before Tax
EET	Elektronická evidence tržeb
EU	European Union
EUR	Euro
FHS	Faculty of Humanities
FMK	Faculty of Multimedia Communications
GDP	Gross domestic product
HTML	Hypertext Markup Language
PEST	Political, Economic, Social, Technological factors
ROI	Return on Investment
SCE	Societas cooperative Europaea (European Cooperative Society)
SWOT	Strengths, Weaknesses, Opportunities, Threats
TBU	Tomas Bata University
TLD	Top-level domain

LIST OF FIGURES

<i>Figure 1: Logo of the café (own creation)</i>	33
<i>Figure 2 - Location of the café (Source: Google Maps)</i>	35

LIST OF TABLES

<i>Table 1 - Opening hours (own creation)</i>	35
<i>Table 2: SWOT Analysis (own creation)</i>	41
<i>Table 3: Promotion Costs (own creation)</i>	45
<i>Table 4: Balance sheet (own creation)</i>	46
<i>Table 5: Start-up costs (own creation)</i>	48
<i>Table 6: Labour costs (own creation)</i>	49
<i>Table 7: Fixed costs (own creation)</i>	49
<i>Table 8: Coffee - costs and prices (own creation)</i>	50
<i>Table 9: Alcohol beverages – costs and prices (own creation)</i>	52
<i>Table 10: Non-alcoholic beverages – costs and prices (own creation)</i>	53
<i>Table 11: Desserts - costs and prices (own creation)</i>	53
<i>Table 12: Snacks - costs and prices (own creation)</i>	54
<i>Table 13: Gross margins of the products (own creation)</i>	55
<i>Table 14: Profit/Loss – optimistic scenario (own creation)</i>	55
<i>Table 15: Profit/Loss – realistic scenario (own creation)</i>	56
<i>Table 16: Profit/Loss – pessimistic scenario (own creation)</i>	56