

# A Business Plan for a LARP Equipment Shop

Tadeáš Řezníček

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2021



Tomas Bata University in Zlín  
Faculty of Humanities

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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: **Tadeáš Řezníček**  
Osobní číslo: **H170385**  
Studijní program: **B7310 Filologie**  
Studijní obor: **Anglický jazyk pro manažerskou praxi**  
Forma studia: **Prezenční**  
Téma práce: **Podnikatelský plán pro obchod s LARP vybavením**

### **Zásady pro vypracování**

Zpracování literární rešerše zaměřené na založení podniku a tvorbu podnikatelského plánu  
Formulace cílů práce  
Analýza konkurence a segmentace trhu  
Vytvoření podnikatelského plánu  
Shrnutí navrženého plánu a vyvození závěrů bakalářské práce

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

**Seznam doporučené literatury:**

- Abrams, Rhonda. 2019. *Successful Business Plan: Secrets and Strategies*. 7th ed. Palo Alto, CA: PlanningShop.  
Gattis, Chris. 2010. *Business Plan Template: How to Write a Business Plan*. Huntsville, AL: Blue Point.  
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Morris, M. J. 2017. *Starting a Successful Business: Your Guide to Setting up Your Dream Start-up, Controlling Its Finances and Managing Its Operations*. 8th ed. London: Kogan Page.

Vedoucí bakalářské práce: **Mgr. Petr Dujka**  
Ústav moderních jazyků a literatur

Datum zadání bakalářské práce: **9. listopadu 2020**  
Termín odevzdání bakalářské práce: **10. května 2021**

  
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Ve Zlíně dne 5. března 2021

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## **ABSTRAKT**

Předmětem této bakalářské práce je zpracování podnikatelského plánu pro založení obchodu s LARP vybavením. Teoretické části se zabývá detaily souvisejícími s podnikáním a předkládá šablonu pro podnikatelský plán. V praktické části je vypracován podnikatelský plán pro založení obchodu s LARP vybavením. Součástí praktické části je i marketingový plán a finanční analýza. Cílem praktické části je zjistit, zdali je obchod s LARP vybavením realizovatelný.

Klíčová slova: podnikatelský plán, podnikání, marketingový plán, finanční plán, LARP, obchod

## **ABSTRACT**

The subject of this bachelor thesis is to create a business plan for a LARP equipment shop. The theoretical part deals with details about entrepreneurship and provides an outline for a business plan. In the practical part, there is a business plan for a LARP equipment shop. The practical part also includes sections about a marketing plan and financial analysis. The goal of the practical part is to determine whether a LARP equipment shop could be feasible.

Keywords: business plan, entrepreneurship, marketing plan, financial plan, LARP, shop

## **ACKNOWLEDGEMENTS**

At first, I would like to express my gratitude towards Mgr. Petr Dujka for his optimistic and calm attitude, for his support, help and valuable advice he gave me as my supervisor. I would also like to thank my family for supporting me throughout my studies and especially in the last few months.

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

<b>1</b>	<b>ENTREPRENEURSHIP .....</b>	<b>14</b>
<b>1.1</b>	<b>LEGAL FORM .....</b>	<b>14</b>
1.1.1	NATURAL/PHYSICAL PERSON .....	14
1.1.2	LEGAL PERSON.....	15
1.1.2.1	General Commercial Partnership .....	15
1.1.2.2	Limited Partnership.....	15
1.1.2.3	Limited Liability Company.....	16
1.1.2.4	Joint Stock Company .....	16
1.1.2.5	Public Corporations.....	16
<b>1.2</b>	<b>MICRO, SMALL AND MEDIUM-SIZED ENTERPRISES.....</b>	<b>17</b>
<b>2</b>	<b>BUSINESS PLAN .....</b>	<b>18</b>
<b>2.1</b>	<b>TYPES OF A BUSINESS PLAN.....</b>	<b>18</b>
2.1.1	FORMAL .....	18
2.1.2	INFORMAL .....	18
2.1.3	SUMMARY .....	18
<b>2.2</b>	<b>OUTLINE.....</b>	<b>19</b>
2.2.1	TITLE PAGE .....	19
2.2.2	EXECUTIVE SUMMARY .....	20
2.2.3	COMPANY DESCRIPTION.....	20
2.2.4	GOALS OF A COMPANY.....	20
2.2.5	THE TARGET MARKET.....	21
2.2.5.1	Demographic Description .....	21
2.2.5.2	Geographic Description .....	21
2.2.5.3	Size.....	21
2.2.5.4	Trends.....	21
2.2.5.5	Barriers of Entry.....	22
2.2.6	THE COMPETITION.....	22
2.2.6.1	Analysis of a Competition.....	22
2.2.7	MARKETING PLAN AND SALES STRATEGY .....	22
2.2.7.1	Marketing Strategy.....	22
2.2.7.2	Marketing Mix .....	23
2.2.7.3	Digital Marketing.....	24
2.2.7.4	Risk Assessment .....	24
2.2.7.5	SWOT Analysis .....	24
2.2.8	THE FINANCES.....	25
2.2.8.1	Income Statement.....	25
2.2.8.2	Cash Flow Projection .....	25
2.2.8.3	Balance Sheet.....	25
2.2.8.4	Start-Up Costs .....	26
2.2.9	APPENDIX.....	27
<b>3</b>	<b>SUMMARY OF THE THEORETICAL PART AND EVALUATION OF THE START-UP BUSINESS .....</b>	<b>28</b>
<b>4</b>	<b>TITLE PAGE .....</b>	<b>30</b>

	<b>A BUSINESS PLAN FOR A LARP EQUIPMENT SHOP.....</b>	<b>30</b>
<b>5</b>	<b>EXECUTIVE SUMMARY .....</b>	<b>31</b>
<b>6</b>	<b>DESCRIPTION OF THE BUSINESS .....</b>	<b>32</b>
	<b>6.1 LEGAL FORM .....</b>	<b>32</b>
	<b>6.2 MISSIONS STATEMENT.....</b>	<b>32</b>
	<b>6.3 MILESTONES.....</b>	<b>32</b>
	<b>6.4 LOCATION.....</b>	<b>33</b>
	<b>6.5 OPENING HOURS.....</b>	<b>33</b>
	<b>6.6 BUSINESS ORGANIZATION.....</b>	<b>33</b>
	6.6.1 THE OWNER/THE EMPLOYEE .....	34
	6.6.2 OUTSOURCERS.....	34
	<b>6.7 PRODUCTS AND SERVICES.....</b>	<b>34</b>
	6.7.1 WEAPONS.....	34
	6.7.2 CLOTHING .....	36
	6.7.3 ARMOURS.....	36
	6.7.4 SHIELDS.....	37
	6.7.5 ACCESSORIES .....	37
	<b>6.8 SUPPLIERS .....</b>	<b>37</b>
	<b>6.9 MATERIALS .....</b>	<b>38</b>
	<b>6.10STORE EQUIPMENT .....</b>	<b>38</b>
<b>7</b>	<b>MARKET ANALYSIS .....</b>	<b>40</b>
	<b>7.1 GEOGRAPHICAL DESCRIPTION .....</b>	<b>40</b>
	<b>7.2 DEMOGRAPHIC DESCRIPTION .....</b>	<b>40</b>
	<b>7.3 TRENDS .....</b>	<b>40</b>
	<b>7.4 THE COMPETITION.....</b>	<b>41</b>
	7.4.1 FANTASYOBCHOD.CZ.....	41
	7.4.2 U HOBITŮ.....	41
	7.4.3 INDIVIDUALS .....	42
	<b>7.5 COMPETITIVE ADVANTAGE.....</b>	<b>42</b>
<b>8</b>	<b>MARKETING PLAN.....</b>	<b>43</b>
	<b>8.1 MARKETING MIX.....</b>	<b>43</b>
	8.1.1 PRODUCT.....	43
	8.1.2 PRICE.....	43
	8.1.3 PLACE.....	45
	8.1.4 PROMOTION.....	46
	8.1.5 WEBSITES.....	46
	8.1.6 SOCIAL MEDIA .....	46
	8.1.7 FIELD MARKETING.....	46
	<b>8.2 SWOT ANALYSIS .....</b>	<b>47</b>
	8.2.1 RISK ASSESSMENT.....	48
<b>9</b>	<b>FINANCIAL PLAN .....</b>	<b>49</b>

<b>9.1 START-UP BALANCE SHEET.....</b>	<b>49</b>
<b>9.2 START-UP COSTS .....</b>	<b>49</b>
<b>9.3 OPERATING COSTS .....</b>	<b>51</b>
<b>9.4 TOTAL COSTS .....</b>	<b>54</b>
<b>9.5 REVENUE FORECAST .....</b>	<b>54</b>
<b>9.6 CASH-FLOW PROJECTION.....</b>	<b>55</b>

## **INTRODUCTION**

As a LARP enthusiast, it was always difficult to get reliable equipment, as businesses providing these products are scarce. Not only that, but their products tend to disappoint their users. This brought up the question of whether it can be done with the intention to make a profit while delivering the best quality gear possible.

This bachelor thesis aims to create a business plan for a LARP equipment shop called Dřevárna, located in Olomouc city. The goal of the business plan will be to determine whether such a business can be feasible. The work will be divided into a theoretical and a practical part. The theoretical part will focus on the descriptions of entrepreneurship in the Czech Republic, business plan and provide core business plan's outline.

The outline described in the theoretical part will serve as a guide to create a business plan for the chosen business. Although the practical part will include important parts such as a marketing plan, the most crucial will be the financial analysis as it shows if the business could be realizable.

## **I. THEORY**

## 1 ENTREPRENEURSHIP

As Veber and Srpová (2012, 15) mention, there can be different definitions of an entrepreneur. Such a person can be defined as someone who does business under the risk of losing capital. Some say an entrepreneur is described as someone who can see opportunities and can use resources to achieve certain goals. According to the Civil Code of the Czech Republic, an entrepreneur is anyone who carries out a gainful activity on his/her responsibility with an intention of doing so systematically for the purpose of making a profit (zakonyprolidi.cz, 2021a). The legal definition which is stated in the Commercial Code considers an entrepreneur as someone who either:

- Is registered under the business register
- Is running a business on the basis of trade license
- Is running a business on the basis of license other than trade license according to special regulations
- Is running agricultural production and is also registered according to special regulations (Veber and Srpová 2012, 15)

With this definition in mind, Srpová (2010,30) states that all trading companies such as public companies, cooperatives, limited liability companies and joint-stock companies are a form of entrepreneurship as well.

### 1.1 Legal Form

It is advised to decide on the legal form under which a business will perform. It is possible to revert the decision later, however it brings some additional costs and complications. Commercial code accepts following the legal forms:

- Nature person
- Legal person (Veber and Srpová 2012, 68)

#### 1.1.1 Natural/physical Person

Every natural/physical person (from now on just a natural person) do business under the regulations of the Trade Licensing Act. They are signed there either due to their request or are obliged to do so according to the conditions stated in the commercial code. (Veber and Srpová 2012, 69)

According to Czech law, a natural person must meet the following requirements:

- A person must have a legal capacity
- A person must have a clean criminal record
- If it is required, a person must have a qualification to do a business in a given field

Both natural and legal person can become a tradesman if all requirements are met.

(zakonyprolidi.cz, 2021a)

### **1.1.2 Legal Person**

According to the law, every legal person must be registered in a business register. Veber and Srpová (2012, 69) further divide this form into three categories which are:

- Private companies:
  1. General Commercial partnership
  2. Limited Partnership
- Capital companies:
  1. Limited Liability Company
  2. Joint Stock Company
- Public Corporations (Veber and Srpová, 70)

#### ***1.1.2.1 General Commercial Partnership***

A company where two or more individuals join to form a jointly owned business with shared liabilities. They are liable for the company within the range of their property. In the Czech Republic General Commercial Partnership stands for “veřejná obchodní společnost” which uses abbreviations “veř. obch. spol.” or “v.o.s”. A partnership agreement must include this information:

- Company and its headquarter
- All partners
- The subject of the company’s business (zakonyprolidi.cz, 2021b)

#### ***1.1.2.2 Limited Partnership***

A company where at least one partner (limited) is liable for obligations of a company within range of his/her unpaid deposit and one partner (general) who is liable with all his/her assets. Such company is in the Czech Republic called “komanditní společnost” and uses abbreviations “kom. Spol” or “k. s.”.

A partnership agreement must include this information:

- Company and its headquarter
- All partners

- The subject of the company's business
- Deciding on who is limited and who is the general partner
- The amount deposited by each limited partner (zakonyprolidi.cz, 2021b)

### ***1.1.2.3 Limited Liability Company***

A company that is established by one person. If the person that established a limited liability company is the only partner of the company, he/she cannot be a partner of another limited liability company. The company can have a maximum of fifty partners. Each partner must deposit at least 20 000 Czech crowns and the amount of the registered capital must be at least 200 000 Czech crowns. All partners are liable for all company's obligations until their deposit payment is registered in the Commercial register. In the Czech Republic, such company is called "společnost s ručeným omezeným" and abbreviation used is "s.r.o" (zakonyprolidi.cz, 2021b)

### ***1.1.2.4 Joint Stock Company***

A company that has its registered capital is split into shares. The company is liable for all obligations with all its assets while shareholders do not share any liability with the company. In the Czech Republic, such a company is called "akciová společnost" and its abbreviation is either "akc. Spol" or "a. s.". Shares must include this information:

- Company and its headquarter
- Share's value
- Type of share
- Amount of registered capital and number of shares at the date of their issue
- Issue date (zakonyprolidi.cz, 2021b)

### ***1.1.2.5 Public Corporations***

It is an organization made to sustain the economic, social or other needs of its member. The corporation can for example provide accommodation for its members, but it must be registered as a housing corporation. Public corporations must have at least five members or two legal persons. A corporation is a legal person, and it is liable for its obligations with all its assets. (zakonyprolidi.cz, 2021b)



## 1.2 Micro, Small and Medium-Sized Enterprises

Whether an enterprise is micro, small or medium-sized is decided by two main factors which are described by the EU:

- Staff headcount,
- Company's turnover or balance sheet total. The table below shows the specific digits that categorize such companies according to those three factors:

Company Category	Staff headcount	Turnover	Balance Sheet Total
Medium-sized	< 250	≤ € 50 m	≤ € 43 m
Small	< 50	≤ € 10 m	≤ € 10 m
Micro	< 10	≤ € 2 m	≤ € 2 m

*Table 1: Small to Medium-Sized Enterprises (Adapted from ec.europa.eu 2003)*

## **2 BUSINESS PLAN**

A business plan is a written statement describing and analysing our business. It gives us detailed projections about its future. (McKeever 2011, 6) As Gattis (2010, 4) claims, every business plan can differ according to its purpose. It should give an entrepreneur a solution to risen issues, help him answer problematic questions and improve the profitability of his business. Doing business can be viewed as a gamble and every entrepreneur should increase his/her chances of success the most he can, thus creating a business plan is a great way to do so. (McKeever 2011, 7)

### **2.1 Types of a Business Plan**

Gattis breaks down types of business plans into three categories: Formal, Informal and Summary.

#### **2.1.1 Formal**

A formal business plan is the most comprehensive and detailed one. Its purpose is to be presented to bankers, investors or other partners of the business. While all business plans are summaries of the research, conclusions, goals and objectives, a formal plan gives the most details. The plan is provided with charts and graphs.

#### **2.1.2 Informal**

An informal business plan serves as a summarization of the same research, conclusions and objectives as a formal plan does, but with less detail in certain areas. It is mostly used for budgeting or managing as a guide plan. It is more general and thought of as a strategic plan however, it gives more details in marketing, promotion and operational areas. An informal plan also includes detailed financial sections since it is primarily designed for the management of the business.

#### **2.1.3 Summary**

A summary is typically used for marketing purposes. It may also be used as a tool for potential employees. (Gattis 2010, 7-9)

## 2.2 Outline

There is no universal outline or specified content of a business plan. As Srpová (2011, 14) states, it may differ according to the needs of individual investors. It can differ in the case of newly established businesses or those already set up and running. Here is an example of such an outline:

- Title Page
- Content (Srpová 2014,14)
- Introduction and purpose of the document (Srpová 2014, 14)
- Executive summary
- Company Description
- Goals of a company (Srpová 2014, 14)
- The Target Market
- The Competition
- Marketing Plan and Sales Strategy
- The Finances
- Appendix (Abrams 2019, 407)

(Further will be described only the most crucial parts)

Some entrepreneurs avoid writing a business plan and instead they decide to create a PowerPoint presentation that summarizes the main points of their business. While investors may prefer this approach, banks on the other hand prefer more details and documents to fully comprehend the intentions of an entrepreneur. (Srpová 2011 14)

### 2.2.1 Title Page

The very first page of a business plan should be a title page that contains information about the company and its founder/s. Among this information are the name of the company and its founder/s with the addition of their contact information, company address and legal form of a business. It is also recommended to add a text stating that information contained at this part is confidentially and thus should be a business secret. (Srpová 2011, 15)

### 2.2.2 Executive Summary

An executive summary should give a reader a general idea about a business. This part is supposed to be written after we finish our plan and should not be longer than three paragraphs. As Morris suggests, we should use simple and direct language, use shorter sentences and use bullet-points when needed. (Morris 2017, 147)

### 2.2.3 Company Description

Before entrepreneurs run into their business-specific details, they should provide their readers with details about their company which conveys their legal status, ownership, products, and services or even opening hours. This part may be easy to write for well-established companies in comparison to a new one. As Abrams describes, the most difficult task will be defining their business goals or so-called “mission statement”, which conveys details about their objectives. This information gives the reader a glimpse of where the entrepreneurs want to lead their business in the future. (Abrams 2019, 68)

According to Abrams, the following topics should be addressed in the company description section: Company name, company's objectives, legal issues, products and services, management, business location, development stage, milestones achieved to date and financial status. (Abrams 2019, 68-81)

### 2.2.4 Goals of a Company

McKeever (2011, 16) calls goals a small wish list of things that business want to achieve in the future. These goals should be as specific as possible. From Srpová's (2011,17) point of view, as a company gathers investors, it should be able to present goals that it wants to achieve in foreseeable future. These goals are derived from a vision of a firm and should follow a simple principle of so-called SMART goals:

- Specific
- Measurable
- Achievable
- Realistic
- Timed

Even though it may sound difficult, a company should try to present goals for at least five upcoming years with at least the first two years as specific as possible. (Srpová 2011, 17-18)

### **2.2.5 The Target Market**

Every entrepreneur should be aware of his target customers and the market that he/she is entering with his newly established business. Questions like who their customers are, what can they offer and for what price are crucial, according to Abrams. After defining their target market, every entrepreneur should evaluate its size, competition and assess its trends and after that probe the market for strategic opportunities. (Abrams 2019, 105) Besides these factors, McKeever (2011, 27) states that every business share one common attribute which is solving a certain problem for a customer as filling certain needs or wants.

#### **2.2.5.1 Demographic Description**

The most basic step to evaluate your target market is by describing the market by its population. Describing them in a meaningful way that relates to business by collecting data such as the interests of your customers, their needs and their ability to purchase products or services. Information such as how much are they able to earn per month, what is their way to commute or if your target customers are men or women. (Abrams 2019, 107)

#### **2.2.5.2 Geographic Description**

Defining the area that an entrepreneur wants to do business in should be concrete as possible. Deciding whether their business will serve only a certain neighbourhood, city, region, and nation or whether it will enter the international market. Entrepreneurs should check the density of the area they want to do business in, whether it is an urban, suburban or rural area. (Abrams 2019, 108)

#### **2.2.5.3 Size**

Any entrepreneur should evaluate the size of his business in terms of the number of his/her customers. This might be crucial for the future. This knowledge can help to find investors as we can provide exact numbers of potential customers. As Abrams claims both large and small market can make it difficult for a business. In the case of a small market, entrepreneurs are lacking customers and potential funds to further develop their business which may lead to the closure of the business. In the case of a large market, your business can attract unnecessary and well-financed competitors and requires expensive marketing campaigns. (Abrams 2019, 115)

#### **2.2.5.4 Trends**

As an entrepreneur enters the market, he/she should be aware of trends that currently are in the market. This information will be helpful for start as well as for the future of his/her business. Checking the trends will give them a sense of the company's viability, helps them find opportunities and develop

their strategy for the future. (Abrams 2019, 116) Unfortunately, according to McKeever, there is no real way to exactly predict the future tastes of customers. Knowing your field and the targeted market is vital for foreseeing what may come. (McKeever 2011,31)

### **2.2.5.5 Barriers of Entry**

It is not always easy to get into the targeted market and due to the existence of barriers of entry. They provide both advantages and disadvantages, whether the business is already established or newly created. Such barriers may for example be patents, high start-up costs, substantial expertise or market saturation. (Abrams 2019, 134)

### **2.2.6 The Competition**

One of the most important aspects of preparing a business plan is an analysis of competition that is present within the targeted market. Knowing the competition helps not only better understand the customers, products or services, but also helps attract more investors. Unfortunately, many entrepreneurs are tempted to evaluate their competitive position simply by creating better goods for their customers. Such evaluation may be misleading. Price, brand name or even their distribution possibilities are all factors involved in the process of competitive positioning. (Abrams 2019, 124)

#### **2.2.6.1 Analysis of a Competition**

According to Srpová, competitors are divided into two types:

- Actual
- Potential

Actual competitors are enterprises that operate in the same targeted market that we chose and sell/provide the same, or similar products/services as we do. On the other hand, potential competitors may present a threat to our business in the future. (Srpová 2011, 22)

### **2.2.7 Marketing Plan and Sales Strategy**

“Marketing plan covers areas ranging from determining how our business fits into the national and local economies to deciding what colour our logo should be”. (McKeever 2011, 140) As Ginger S. Mayers describes it, a marketing plan is a document that describes everything about your business, its customers, competition and marketing strategies. By understanding customer, an entrepreneur can develop better ways to approach them. (Ginger S. Mayers 2014, 10)

#### **2.2.7.1 Marketing Strategy**

Once entrepreneur settled what he/she wants to deliver to their customers by the message, he/she must focus on how to deliver it. It is good to ask a question like how do they reach customers? Will

they advertise and if they do, where to advertise? Since everything in marketing costs money, every entrepreneur must choose wisely how to spend theirs. (Abrams 2019, 169)

If a business knows what it wants to deliver, it must decide on a way how do they deliver its intentions to a customer. This can be done via:

- Brochures
- Website
- Print Media
- Broadcast Media
- Social Media
- Online Advertising
- Email
- Informal Marketing/Networking (Abrams 2019, 170)

#### **2.2.7.2 Marketing Mix**

After a strategy is chosen, it is time to choose a suitable marketing mix. As Kotler and Armstrong states (2014, 77), a marketing mix is a set of tools that help entrepreneurs engage customers to generate maximum possible value. There are different types of marketing tools. As an example, Srpová (2014, 23) mentions 4P and 7P. Since 7P is a modification of 4P and works with all factors that are initially part of 4P:

- Product
- Price
- Place
- Promotion
- Politics
- Public Opinion
- People (Srpová 2014, 23)

(For this paper only 4P will be described)

Products are goods or services that a business provides to satisfy customer's needs and wants. Price stands for an amount that are customers paying for the products/services. The place is where the products/services are marketed. Promotion is a business's activity that reaches target customers of a business and should persuade them to buy the product. (Mariotti 2013, 158)

### **2.2.7.3 Digital Marketing**

Recent years showed a shift from mass marketing to much narrower segregation. With this change, it is advised to use all the given options that the modern era provides. Digital marketing that is done through websites or social media can generate immediate response and can be tailored toward their customers, build customer relationship and own brand. Using websites connected to customers account that can share the newest information on their email let customers discover anything new immediately as it appears in the market. Among tools used by digital marketing belong:

- Websites
- Online Advertising
- Email
- Online videos
- Blogs/Social media (Kotler and Armstrong 2014, 512)

### **2.2.7.4 Risk Assessment**

Another part of a business plan can be a risk assessment, which defines a declination from achieving our goals. Risk assessment could play a big part in an investor's deciding process. (Srpová 2011, 31)

A key to the proper assessment of risks is to:

- Identify those risks
- Assess the importance of those risks
- Reduce the chance of them occurring
- Reduce the impact of those risks if they occur (Morris 2017, 131)

### **2.2.7.5 SWOT Analysis**

SWOT analysis serves as a tool to analyse a company's situation according to its strengths, weaknesses, opportunities and threats. Within strengths, we include any internal capabilities and aspects which can help to achieve the company's goals. Weaknesses are on the other hand internal limitations that can negatively affect a company's performance Opportunities and threats are both external factors. Opportunities are the favourable factor that can be exploited by a company such as trends while threats are the negative external factor influencing a company's performance. (Kotler and Armstrong 2014, 79)



Strengths	Weaknesses
Opportunities	Threats

Table 2: SWOT Analysis (Adapted Kotler and Armstrong 2014, 79)

## 2.2.8 The Finances

This part of a business plan is often said to be the most crucial. Knowing with how much money entrepreneur is dealing with and how much they earn helps them keep track of resources they can invest further into the business. (Abrams 2019, 290-291) As Srpová mentions (2011, 28), this section of the business plan converts all the previous parts into numbers.

### 2.2.8.1 Income Statement

An income statement, also sometimes called a profit and loss statement shows the profitability of a business. It does not say what is a business worth but rather calculates profit after all expenses are accounted for (Abrams 2019, 310). It is a difference between revenue and expenses (sales and costs) and whether it is a profit or loss within a given period. Whether a business lost money or gained money depends on the relationship between revenue and expenses. If revenues were greater than expenses, a business made a profit and the other way around. (Mariotti 2013, 258)

### 2.2.8.2 Cash Flow Projection

Although the main goal of a business is to yield a profit, it also needs to survive to do so. Logically speaking, any business can survive on its own for a short time even though it does not make any profit with enough cash to back it up. In a long run, it is not an option even in case it makes a profit. The goal of a cash flow projection is to calculate how much money a business will need to achieve certain goals it set up and when it will need it. (Barrow 2021, 192)

For a cash flow projection to work, we should think about our start-up costs for the next twelve to eighteen months. Such projection can help us decide whether the business can or is set up to be a failure. (Barrow 2021, 195)

### 2.2.8.3 Balance Sheet

A balance sheet is an accounting report that shows our financial position at a given moment while considering all long-term factors. In a balance sheet, an entrepreneur takes a closer look at “assets”

and “liabilities”. Assets are any valuable resources, that a business owns. Liabilities, on the other hand, are any claims by anyone, outside the business such as long/short term loans etc. (Barrow 2021, 201)

- Assets – Everything that a business owns and has monetary value
- Liabilities – Debts that must be paid by a business (Mariotti 2013, 262)

It is a great tool to examine the financing of a business as it describes the relationship between an equity and a debt of a business. Comparing two balance sheets is also a great tool to showcase if a business is financially successful. (Mariotti 2013, 265)

#### ***2.2.8.4 Start-Up Costs***

Possibly the most important calculation that an entrepreneur must do is calculating his/her start-up costs. Variety of costs for a new business showing initial investments necessary to begin operations. These costs are divided into four main groups.

- Kitchen Appliances
- Equipment
- Materials
- Fees and Other Costs (Abrams, 2019, 220)

Costs included in these categories are for example Land purchase, building purchase, initial rent, deposits, furniture, production machines, vehicles, licences, insurance, advertising, design, promotion activities, software etc. (Abrams, 2019, 220)

### 2.2.9 Appendix

This part of a business plan should be listed as last and does not have to be included at all according to Abrams. In case an entrepreneur wants to include an appendix, a business plan must be able to function on its own and information in an appendix should be strictly related to the content in previous sections. An appendix includes all the supporting documents and information which back up your claims from previous business plan sections of a business plan. Abrams provides a list of such documents:

- Letters of Intent/Key Contracts
- Endorsements
- Photos
- List of Locations
- Market Research Results
- Resumes of Key Managers
- Marketing Materials
- Technical Information (Abrams 2014, 334)

### **3 SUMMARY OF THE THEORETICAL PART AND EVALUATION OF THE START-UP BUSINESS**

As the goal of this paper is to create a feasible business plan, it was necessary to initially describe basic terminologies such as entrepreneur and legal forms of entrepreneurship in the Czech Republic. Within the theoretical part is also established an outline for a business plan. This outline will be followed within the practical part of the thesis.

As it seems, the most important parts of the business plan will be the target market and financial plan as these give the most crucial information that could help an author achieve success. Within the market analysis, the author can assess its customers, geographical and competitive position. It helps him understand their products better in relation to his/her customers. Describing the competition thoroughly allows the author to prepare plans which help him promote or prepare his product for the market. By analysing the competition, the author can learn his/her own strength or weaknesses and help target his/her focus on aspects that needs to be improved.

The financial plan will be crucial as it not only assess all the costs needed for the business but also analyse whether the business could be feasible. With many tools to disposal, the author can calculate costs needed to start the business, to run it and later foresee its possible revenues. As it seems, revenue forecast, cash-flow projection and basic balance sheet will be needed to determine if the business will be feasible or not.

All the information gathered will be used to write and complete a business plan for a LARP equipment shop.

## **II. ANALYSIS**

#### 4 TITLE PAGE

##### **A business plan for a LARP equipment shop**

**Name of the company:** Olomoucká Dřevárna

**Legal form:** Natural Person

**Place of the company:** Olomouc

**Registered capital:** 200 000 CZK

**Name of the founder:** Tadeáš Řezníček

**Telephone:** +420 xxx xxx xxx

**Email:** DrevarnaOlomouc@gmail.com

## 5 EXECUTIVE SUMMARY

The business will provide a variety of equipment for LARP enthusiasts. Among products are soft weapons, leather armours, helmets, gambeson, linen clothing, and accessories. Additionally, the business provides repair service. In future, the business wants to hold its own workshops and original LARP events as it can both yield profit and attract more customers.

Local potential customers may be too hesitant. That is why the business must promote its products among these customers during events and conventions. Besides, the business will promote its products on social media and their e-shop. With that said, Olomoucká Dřevárna can reach any LARP enthusiast in the Czech Republic, Slovakia and in the future neighbouring countries.

As it was stated, the focus of Dřevárna are weapons and custom-made gear. This gives the business a great competitive advantage as its competitors do not provide such a service. Where Dřevárna lacks is the variety of armours. Nevertheless, the business can grow and increase its variety of products in foreseeable future.

The financial plan proved to be efficient as it showed necessary costs to start the business. The owner decided to invest 200 000 CZK from his savings, which will cover any predicted initial costs and will give the business a small sum to start with. Based on the calculations and scenarios, Dřevárna is feasible and can yield profit.

## **6 DESCRIPTION OF THE BUSINESS**

LARP players were scarce, and their sceptical behaviour made them bad customers, but times changed, and a new wave of players came to the scene, looking for a hobby that would connect their passion for fantasy culture with real-life activity. With the Olomoucká Dřevárna's approach, it wants to provide not only new players but also veterans with new option to acquire equipment that they can rely on.

### **6.1 Legal form**

Olomoucká Dřevárna will be a small business for the potential needs of the LARP players. Its owner will be a natural person, Tadeáš Řezníček. He meets all the requirements for obtaining a trade license and running a business since he has a clean record, and he has a legal capacity which are the requirements established by the commercial code of the Czech Republic. (zakonyprolidi.cz 2021)

### **6.2 Missions Statement**

LARP became over the years more and more popular. May it be because of the rising popularity of fantasy books, movies, games or TV series, the popularity of the hobby won't be declining for some time – It may also be easy to predict that more players will be coming. However, new players are sceptical and afraid to buy overpriced pieces of equipment which can get easily destroyed, therefore they rather create their pieces or ask someone skilful enough to create some for them. Although it seems like a good alternative, people who are creating such weapons usually do everything to make the equipment as durable as possible, but lack in design and comfort – this equipment tends to be heavy and uncomfortable, especially for newcomers. This fact can also cause many people to quit the hobby since there is nothing worse than having your first weapon and/or armour destroyed during your first event. Olomoucká Dřevárna wants to convince people that even a store-bought piece of equipment can be reliable, comfortable to use and good-looking at the same time. With this approach, Dřevárna hopes to ease the septicity of the experienced players, attract more people to the hobby, therefore the increasing number of customers and open more branches across the country while helping others who tried in the past years to elevate this hobby, by holding workshops and its original LARP events.

### **6.3 Milestones**

For the upcoming two years, Olomoucká Dřevárna wants to see whether a business yields any profit or losses money. If it yields profit, it is safe to say that Dřevárna can sustain and therefore can increase its range of provided goods starting in the third year of its business. The next milestone for the



business would be creating its original annual LARP event. This would help the business to attract more people. The last foreseeable milestone is to rent premises for its workshop where it can produce goods for the shop as well as hold seminars for the customers.

## 6.4 Location

The location for the business was already decided due to the available options of the real estate agencies. Olomouc city was chosen as it is the hometown of the owner and he knows the locality, market, and potential customers well thanks to his experience during LARP events. In addition, Olomouc and its surroundings are one of the LARP centres.

The store will be located right in the centre of Olomouc, near Lower Square and close to Nerudovy Sady and Čechovy sady. Location is also well available because of city's integrated transport system while the store with numerous trams stops around. Regarding the size, the store will have up to 100 square meters which will be enough space for a small size store. The price of energies is included within the rental price. Premises consist of two floors. The upper one will be used to display most Dřevárna's products as it is bigger. Within the lower premises will be a kitchen, toilet, and desk with a computer.

## 6.5 Opening hours

Dřevárna plans to have the store open eight hours a day from Monday to Friday – keeping weekends for more complicated work orders like chainmail armours, leather armours or cloth armours. As there will be two people altogether, one will be stationed in the store, keeping it open for customers while the other will supervise the work in the workshop – all the work will be outsourced.

Opening Hours	
Monday - Friday	10:00 – 18:00
Saturday - Sunday	Closed

*Table 3: Opening Hours (Own creation)*

## 6.6 Business organization

Olomoucká Dřevárna will consist of two people – 1 owner, 1 full-time employee. Most of the production will be done by outsourcers. The owner and the full-time employee will shift their working activities between the workshop and the store business. The full-time employee should be well-accustomed to the LARP activities and creation process.

### **6.6.1 The Owner/The Employee**

While stationed in the workshop, they will supervise the production there. Custom-made/Altered goods requested by customers will be done by the stationed person in the workshop. The person will be also tasked to deliver finished products to the store, deliver orders to the outsourcers and work on specific orders as was mentioned above.

While stationed in the store, the owner or the employee will take care of restocking of goods and communicate with customers if needed – e-mail, printing orders etc. He/she will also be managing the delivery system for orders that are ready to be sent.

In case of an increasing number of orders, Dřevárna could consider hiring additional part/full-time worker to support work in the workshop.

### **6.6.2 Outsourcers**

Owners of the outsourcing workshop are well accustomed to working with wood and equipment needed to create our goods. Based on the agreement, outsourcers will provide most of the goods that will be available in our shop as well as repair products returned products.

## **6.7 Products and services**

Dřevárna will provide LARP equipment, ranging from all sorts of soft wooden weapons to a variety of armours made of cloth, leather, or metal material (chainmail). However, its focus will be their weapon section. In addition to the main products, Dřevárna wants to provide LARP accessories like belts, gloves, or quivers. It is important to mention that equipment can get worn off or damaged by casual usage. Dřevárna wants to provide its customers with a possibility to get their damaged equipment repaired – mostly weapons. Also, if successful, it will hold its own LARP event and seminars in the workshop to teach people how to look after their equipment.

Products will be divided into two main categories – those on stock and ready to be bought and those that can be ordered, and custom made according to customer's specifications - with certain limitations. Products will be available in-store or in the e-shop.

### **6.7.1 Weapons**

Dřevárna wants to provide as many varieties of equipment as possible at the best quality. All the weapons are due to the restrictions and rules of the hobby softened by numerous materials so no harm can be caused – this applies to all equipment that is used during a fight. Thus, all the weapons must meet simple rules that are not written but violating the rules may get you banned from an event so other players aren't endangered. Some of these rules are:

- You cannot use real weapons, even as a base for your weapons since any amount of softening material can be worn out and then the weapon becomes dangerous – the same applies to arrows with sharp tips.
- All arrows must be dulled and must use a small ball of softening materials on the tips of the arrows to soften the impact.
- Any part of the weapon that is not used for striking the players must be softened as well – the only exceptions are small-sized guards and handles.

Dřevárna plans to have a set of two/one/one and half-handed weapons ready to be bought immediately. Each set is based on real/fantasy cultures such as human, elvish, dwarfish and orcish. Among the weapons are swords, axes, hammers, and bows. Among the type limitations we consider:

- Only one type of bow to be purchased
- No dwarfish swords
- No elvish hammers or axes
- No orcish hammers
- Only one-edged axes

The Reason behind the bow limitations is the crafting process. Anything that alternates the crafting method could lead to the potential harm of wilder or other players. As for the other “cultural” limitations, Dřevárna believes in certain fantasy standards set by authors of fantasy games/books where elvish and dwarfish cultures are also specified by their chosen weapons (Lord of the Rings, Eragon, Witcher).

As for the other limitations, Dřevárna must consider the length of weapons. These limitations are applied for custom orders as well:

- One-handed (65 – 85 cm)
- One and half-handed (90 – 110 cm)
- Two-handed (120 – 140 cm)

There will be three weapons on stock from each category (seventy-three weapons on stock + five bows).

The second category is custom weapons. As Dřevárna strives for customer’s satisfaction, it wants to provide customers with an option to order alternated design or/and type of a chosen weapon. Customers will be able to order custom alternated weapons, within the length and weapon category mentioned above – Swords, hammers etc. Among the possible alterations, Dřevárna considers the thickness of a blade, alternated shape of a blade, double-edged axes, the thickness of a hammerhead, paint jobs, ornaments, length and type of a hilt, hilt binding material etc.

### 6.7.2 Clothing

For all clothing, Dřevárna will be using either twill or polyester with exception of velvet tabards. Materials for the equipment was thoroughly chosen because of their durability and elasticity.

The store will provide basic linen tunics and tabards which will be available in stock. Tunics should be the first layer of every character's clothing and goes under any leather and chainmail armour or gambeson. There are two variants of tunics – long and short. Customer can alternate the size and the colour of their tunics/tabards. Dřevárna will have twelve short and twelve long tunics. From these twenty-four tunics, four will be S sized, four will be M sized etc. The biggest possible size will be 3XL. All tunics on stock will be available only in white colour.

Tabards will be availed in six sizes as well. There will be twelve tabards in total, six in white and six in black colour ranging from S size to 3XL size in the same manner as tunics are. Customers will be available to buy different colours of tabards – black, white, purple, blue, yellow, green, brown and red.

### 6.7.3 Armours

Olomoucká Dřevárna will provide a variety of different armours for their customers. Most of the basic armours will be made of leather since the workshop does not provide any equipment for metalcrafts. However, one kind of metal armour that does not requires such equipment are chainmail armours. There will be only one chainmail coif on display and customers can order such armour according to their proportions.

Among leather armour, Dřevárna will provide pieces such as Viking or medieval stylized leather vests, shoulder pads with a harness, leather wristbands, leather shin guards and leather helmets of Viking or barluta style. These will be available in stock in black or brown leather. There will be two pieces from each category on stock – four vests/helmets. Vests will be on display in M and X size.

Via order, customers can commission a custom-designed leather armour in a suitable size.

The most exclusive piece of armour that the store will provide are gambesons. A layered linen armour meant to reduce the impact of the hit. There are three to four layers of cloth put together and sewed into a vest. The gambeson is then quilted to create a certain pattern - for example, rhombus. Gambesons come in four variants:

- Short sleeves
- Long sleeves
- Long gambeson (Under the shin)
- Short gambeson (Under the belt)

The store will provide eight gambesons, two for each category, in stock. One in black and one in white colours with a rhombus quilting pattern.

Customers can order a custom gambeson within the given categories mentioned above. They will be provided with options to alternate size, colours, pattern, fastening style, slits and collar.

#### **6.7.4 Shields**

As one of the most favourite combinations for combat is one-handed weapons and shield. Shields come in two variants – round (Viking) or square (Knight). All shields are wooden with leather straps around the edges. Customers can demand a fully linen-covered shield of any mentioned type. The same rule can be applied to the colour of the shield. If a customer wants, he can order a custom shape and size of the shield. The store will have five shields of each type on the stock.

- Round shields – Diameter of 60 cm
- Square shields – 60 cm in height / 55 cm in wide

#### **6.7.5 Accessories**

Among accessories, Dřevárna has gloves, bags, belts and quivers and softened heads for arrows. This kind of accessories does not follow the previous trend of custom designs. Belts and gloves will be available in different styles and two colours of leather – black, brown etc. Leather bags come in three sizes – Small (pouch), Medium and Large (over the shoulder). Quivers will be available in leather or cloth option with belt or string attached to it. All these items can be either bought on e-shop or will be in stock in the store. The store will have five pairs of gloves, five belts and five quivers plus there will be ten bags available in stock.

As there is no supplier of feather to provide supplies to produce arrows, Dřevárna will provide only the softened heads of arrows. These will come in a package of five and can be bought both in the store or online. Dřevárna plans to have ten packages of arrowheads available in stock.

### **6.8 Suppliers**

As the business plans to create its own equipment, it needs a flexible and reliable source of materials. Suppliers do not have to be from the Olomouc region but should be able to supply the store reliably – with that said it needs someone to provide a wider variety of goods and someone who can provide this variety in a bigger bunch. Due to a cooperation with the workshop, Dřevárna does not have to buy expensive equipment or necessary tools like drills, hammers, bolts etc. since it will be all provided by the workshop owners and paid with a commission, they get from crafting a single piece of equipment as it is sold. However, it still needs to provide wooden components, leather, cloth, paints

as well as additional duck tapes, foams, rugs, glues, and all necessary accessories for finishing touches on the equipment.

Dřevárna also needs to be provided with basic equipment for the store as well such as shelves, stands, tables and closets. In addition, the store must be provided with basic kitchen equipment. Lastly, a provider of internet connection is needed.

## **6.9 Materials**

Cloth and wood supplies are the most crucial for the business. HORNBACH Baumarkt CS spol. s. r. o. was chosen as a supplier of wood thanks to their variety of products for home handymen. They provide anything Dřevárna needs from plywood to wooden planks and bars that are essential in weapon and shield crafting. Additionally, they sell duck tapes, foams, rugs, glues, and other trivial products that are needed for our production.

The second part of the production are cloths, leather armours and gambesons. For these business needs someone to provide it with twill, velvet and both imitation and real leather. In the case of cloths and leather imitations, the supplier will be THEMIRA s. r. o. Even though their prices might be a little higher, Dřevárna intends to buy a big amount of their products which could be impossible with small local stores.

For a leather supplier was chosen P.M.P Company s.r.o. Within their store, Dřevárna can also buy necessary equipment for leather crafting.

## **6.10 Store equipment**

The store needs certain equipment such as tables, shelves, or hangers to display the products. Additionally, appliances for a small kitchen, computer, EET cashier as well as internet provider are needed. Energies are calculated into the rent price.

As it is already planned to buy supplies from HORNBACH, Dřevárna wants to use this opportunity to buy all the wooden furniture as well. Appliances will be provided by Alza.cz a. s. and computer and EET will be provided by CZC.cz s. r. o. Lastly, the internet provider will be O2 Czech Republic a. s.

Suppliers	Websites	Products
HORNBACH Baumarkt CS spol. s. r. o	<a href="https://www.hornbach.cz/">https://www.hornbach.cz/</a>	Furniture – table, shelves, closets, stands
THEMIRA s. r. o	<a href="https://terrymoda.cz/">https://terrymoda.cz/</a>	Twill, velvet, imitation of leather
P.M.P Company s. r. o.	<a href="https://www.jatagan.eu/">https://www.jatagan.eu/</a>	Leather
CZC.cz s. r. o.	<a href="https://www.czc.cz/">https://www.czc.cz/</a>	Computer
Alza.cz a. s.	<a href="https://www.alza.cz/">https://www.alza.cz/</a>	Kitchen appliances, EET cashier
O2 Czech Republic a. s.	<a href="https://www.o2.cz/osobni">https://www.o2.cz/osobni</a>	Internet provider

*Table 4: List of Suppliers (Own creation)*

## 7 MARKET ANALYSIS

The goal of market analysis is to understand the market a business wants to enter. For purpose of this business plan, the best ways to analyse the LARP market is to look closer at the location the business wants to be, potential customers of Olomoucká Dřevárna, trends that are popular among the customers, and the competition that is already established within the market.

### 7.1 Geographical Description

As Olomoucká Dřevárna will have both e-shop and store, we must describe the market across the whole Czech Republic and not only by defining it in the context of Olomouc and its surroundings. As it is now, Czech Republic is a place filled with LARP enthusiast attending dozens of events annually. (larp.cz, 2021) Among such events is Battle of Fire Armies, Lord of the Rings – Battle for Middle Earth or Gothic. Regional most famous events are Warhammer, Northrend or Naruto LARP which are all held in the Olomouc region. This makes the Czech Republic a great place to start a country-wide business like Dřevárna.

With the e-shop, Dřevárna will also be able to reach Slovakia and its community even though it is not as large as Czech is, regarding events held annually (lapy.sk, 2021) and in future, it could spread its business across neighbouring countries.

### 7.2 Demographic Description

As a target customer Dřevárna considers both experienced and inexperienced players of LARP looking for a piece of equipment. As LARP is not limited by any age restrictions. Because Dřevárna plans to have an e-shop, any LARP player is considered a potential customer. Regarding the size of the market, there are probably thousands of players across the Czech Republic and Slovakia. It can be assumed based on the number of the largest CZ/SK Facebook group with over seven thousand members. (LARP CZ, 2021) Within the regional context, we can assume that in Olomouc and its surroundings there are hundreds of active players, based on the information provided on social media. (LARP & DŘEVÁRNY Olomouc, 2021)

### 7.3 Trends

Like any other market, even this one has its trends that shift the tides of customers essential needs and wants. Even though it started as a game for history enthusiasts and people who wanted to feel like a brave warrior on the battlefield, recreating historical battles across human history, we cannot deny the influence of today's popular culture. LARP, as it is known today is full of fantasy aspects, players who dress like their favourite movie character, game protagonist or in some rare cases players



create their own costume based on many different races across the fantasy world. With that said, popular culture, games and movies are a major influence. As an example, the release of the Witcher Netflix series brought a wave of players that wanted to look like their favourite character, so they made their own armours, weapons and accessories. Another example is Lord of the Rings, one of the fantasy movie hits, which is up to this day the greatest trend between the players. With that said, we can assume that new movie hits, popular games, fantasy or historical, will be most likely followed by increasing demand for products that are essentially connected with them. To name a few – replicas of weapons, armours or clothes. Not only this could lead to a potential increase in sales but could also bring new customers to the business as cosplayers could outsource some parts of their costumes but also new events occurring which may attract more people to the hobby.

## **7.4 The competition**

LARP business, despite the popularity of the hobby, remains one of the smallest businesses in the Czech Republic. Competitors that already exist in the market are mostly located in Bohemia, selling their products to other regions with help of their e-shop. With that said, our direct competitors are Fantasyobchod.cz, U Hobitů and numerous individuals selling weapons to others as a hobby.

### **7.4.1 Fantasyobchod.cz**

Fantasyobchod.cz was the first shop that came into the market. However, LARP equipment is not their only kind of product they provide and certainly not the major. In their variety of products, we can find cups, books, board games, collector figures, even jewellery, pillows, lamps or posters – anything that is related to the fantasy genre.

Most of their weapons are made of latex and as they describe, weapons are suitable for children or theatre prop and those that are not, are wooden replicas that cannot be used for LARP battle. However, in terms of armours and clothing, their range of products is way broader. Furthermore, they can provide metal armours which Dřevárna cannot. Fantasyobchod is considered to be the greatest threat for the business not only because of their armour variety but also due to the years have been operating on the market. (fantasyobchod.cz, 2021)

### **7.4.2 U Hobitů**

U Hobitů is another direct competitor providing all sorts of LARP equipment. They operate mainly through their e-shop. Within their products is a variety of weapons and shields, two metal helmets, leather wrist guards and some more pieces of leather equipment. Where U Hobitů excel are their ranged weapons. Not only they provide three types of bow, but they also sell a crossbow. Overall, it

is a small e-shop with a small variety and range of products that would satisfy most LARP players. (uhobitu.cz, 2021)

### **7.4.3 Individuals**

As was mentioned, many players offer their services to other players. The advantage of such trade is a small provision for the craftsman and a reliable source of equipment for the buyer. There is but a limit to what one individual can do for his/her customers. These players tend to create one weapon, piece of simple clothing or shield for two other players in a certain period. All that customers need to provide is material and something as a reference – picture, drawing etc. This range of products does not involve gambesons – players rather buy it from the specialist or make their own. The problem is the number of these individuals. Even though one can create as many as 3 pieces of equipment per month, there are dozens of them. At this scale, it could harm the business as LARP players tend to rely on an experienced player who creates equipment as a hobby than rely on a business that tries to make money.

## **7.5 Competitive advantage**

Dřevárna's greatest competitive advantage will be its variety of products, especially weapons. It will provide reliable gear for most LARP players, both in/experienced. It can sell custom crafted gear and sell pieces that are universal and in stock. Players can buy equipment in an e-shop or if they are able, they can visit the store and purchase/order anything there. However, the greatest advantage in the connection with opposing individuals would be the ability to produce equipment reliably and systematically as it would be its livelihood.

## **8 MARKETING PLAN**

An important part of the business plan as it can decide on the profitability of our business. Without the right tools, customers will not be able to even know that we exist. Therefore, choosing an effective plan will significantly increase the probability of success.

### **8.1 Marketing Mix**

Within the marketing mix, we will analyse four factors: Product, Price, Place and Promotion.

#### **8.1.1 Product**

As was already established in chapter 6.7 Products and Services, Dřevárna's main priority is to create quality equipment to suit their needs. Within the variety of equipment, the most emphasized are the weapons that Dřevárna will provide. However, the market analysis proved that trends tend to be a significant factor for LARP enthusiast which could benefit the business as it provides everyone with the option to alternate the looks of their gear. In addition to that, Dřevárna will provide repair service (with a focus on weapons) and it plans to host its LARP event and workshops.

#### **8.1.2 Price**

The pricing of such products is not an easy task. The owner will decide on pricing with inspiration taken from competitors. Weapons under the same length category will have the same pricing. Therefore, all one-handed weapons will cost the same. The same pricing will apply to armour types. Therefore, leather vests will cost the same for example. For custom made or altered equipment, the owner decided to add a certain price which differs according to what equipment is altered or custom made. Such cost is a minimal cost for custom made equipment, but it can increase according to the specifications of the customer. In the case of the repair service, there will be a set pricing range according to the damage.

Prices (CZK)					
Product	Type	Production cost	Base Price	Alterations	Custom
Weapons	One-handed	400	1 249	1 349	1 549
	One and half-handed	500	1 349	1 649	1 749
	Two-handed	600	1 449	1 749	1 949
	Bow	500	1 249	-	-
	Type	Production cost	Base Price	Alterations (S-3XL)	Custom
Clothing	Tunics-long	400	849	-	1 099
	Tunics-short	300	699	-	1 099
	Tabards	200	499	-	699
	Type	Production cost	Base Price	Alterations (S-3XL)	Custom
Armours	Leather vests	1 100	1 959	-	2 549
	Leather shoulder pads	600	1 399	-	1 999
	Leather wristbands	350	849	-	899
	Leather Shin Guards	350	849	-	899
	Leather Helmets	950	1 799	-	1 899
	Gambeson	1 300	2 599	-	3 999
	Chainmail	2 000	-	-	3 999
	Type	Production cost	Base Price	Alterations	Custom
Shields	Square Shield	450	999	1 099 (linen cover)	1 349
	Round Shield	450	999	1 099 (linen cover)	1 349
	Type	Production cost	Base Price	Variant A	Variant B
Accessories	Belts	200 - 350	499 - 699	599	699
	Gloves	300 - 500	599 - 999	649	759
	Quivers	150 - 500	399 - 949	399	949
	Bags	100 - 400	249 - 799	249	499
	Arrowheads	20 per piece	249 (5 pieces)	-	-

Table 5: Pricing + production costs of the products (Own creation)

<b>Product</b>	<b>Type</b>	<b>Repair Service (CZK)</b>
<b>Weapons</b>	One-handed	100 - 500
	One and half-handed	100 - 650
	Two-handed	100 - 700
	Bow	-
	<b>Type</b>	<b>Repair Service</b>
<b>Clothing</b>	Tunics-long	-
	Tunics-short	-
	Tabards	-
	<b>Type</b>	<b>Repair Service</b>
<b>Armours</b>	Leather vests	-
	Leather shoulder pads	-
	Leather wristbands	-
	Leather Shin Guards	-
	Leather Helmets	-
	Gambeson	500 - 999
	Chainmail	1 000
	<b>Type</b>	<b>Repair Service</b>
<b>Shields</b>	Square Shield	-
	Round Shield	-
	<b>Type</b>	<b>Variant C</b>
<b>Accessories</b>	Belts	-
	Gloves	-
	Quivers	-
	Bags	-
	Arrowheads	-

*Table 6: Pricing of the repair service (Own creation)*

### 8.1.3 Place

As was already mentioned in chapter 6.4 Location, Olomoucká Dřevárna will be situated right in the historical centre of the Olomouc within rented premises. It was a strategically chosen place as it is close to the parks where LARP players train and is also close to the city's integrated transport system. The store will serve both as a place to sell the equipment as well as a warehouse. Premises are spacious enough to fill in the necessary equipment to display our goods as well as provide a social background for the employee.

Dřevárna will provide their products on their websites hosted by Squarespace. This environment lets Dřevárna attract any potential customer. Initially, Dřevárna will provide their websites in the Czech language so it can reach both Czech and Slovakia customers. In the future, it is possible to

translate e-shop into English, so foreign customers can navigate through the website and buy products.

In regard to selling products, Dřevárna also plans to attend annual events/conventions, having there their own sales stand/tent to not only promote the products but also sell them to customers right on the spot.

#### **8.1.4 Promotion**

Having a good product or service is not efficient enough for a business to be successful. The key to success can lay within the way a business promotes itself and builds awareness of its products among potential customers. Specific ways of doing so will be described in the selection of promotional tools below.

#### **8.1.5 Websites**

Dřevárna will have its websites with a functional e-shop. This way the business can also attract customers from all over the Czech Republic. Customers will be able to preview the goods they are interested in with additional information about the material used and delivery options. As for custom-made gear, customers can place an order via the business email. Additionally, the website will contain links to Dřevárna's Instagram and Facebook fan page. As a website provider, Dřevárna will use Squarespace as it is one of the possible ways to promote small-scale business with an option to create its e-shop.

#### **8.1.6 Social media**

Because Social Media are so popular, it became a great way to get in touch with customers while attracting more. Both Facebook and Instagram are great ways to promote the equipment, collaborate with the event's organisers or directly with smaller communities. In case there is a new set of gear, new design or any news is released, Dřevárna can share the information immediately with the customers.

#### **8.1.7 Field marketing**

Because the community is based around events attended by dozens of players, the best way to promote the products is to bring them to such an event. By doing so Dřevárna will be able to gain attention and trust which is essential among LARP players. Proving that the products are top-of-the-line and at the same time showing possibilities of alteration which could be key factors in their decision-making process. As such events take place during weekends, it is also a great opportunity from a management

standpoint because the store will be closed during weekends thus there will be time to promote the equipment.

Besides the LARP events, there are plenty more opportunities to promote the gear similarly. Conventions like Blavicon, Animefest, Advík or Festival Fantazie brings a new influx of potential customers. Renting a place and setting up a tent to hold a tournament, or just give attendees the option to spare using the gear are both great opportunities to not only get customers but to increase players base as these conventions are attended by many people.

## 8.2 SWOT Analysis

As a first strength, Dřevárna considers its range and quality of products to be the best available on the market as competitors showed a lack of variety of weapons. Another important strength is the possibility to order custom made or alternated piece of equipment as personalization of the gear is very important for any LARP player. Lastly, in a strength category, Dřevárna adds an e-shop and store as it can provide any player with quality gear in the Czech Republic and Slovakia while having a place to sell and store its goods.

Although there is plenty of weapons to choose from, Dřevárna lacks the variety in the armour section. As it was mentioned, there will be only one type of metal armour, few selections of leather armours and within accessories, it will be limited as well. Also, Dřevárna will not sell any arrows and will sell only one type of bow. Additionally, Dřevárna will not sell any board games, fantasy books, cups etc. As another weakness Dřevárna considers an inexperienced owner. Lastly, prices may be higher than players are accustomed to.

As for the positive External factors, Dřevárna considers the increasing variety of their goods to attract more people. Hiring more stuff to increase the production and thus increase altering possibilities of the custom-made gear. Another opportunity would be holding its LARP event and workshops.

Within threats, Dřevárna is afraid of low sales due to the lack of customers as it will be a new business specifically for the LARP players. Besides that, the economic and the pandemic situation is always a threat, and the winter season will be difficult as most of the outdoor events are held during the other three seasons. The greatest problem that is Dřevárna afraid of is the possible closure of its outsourcers.

SWOT Analysis	S - Strengths	W - Weaknesses
<b>Internal Factors</b>	Variety of weapons Custom-made gear e-shop and store	Lack of variety of armours One Bow/No arrows Prices Inexperienced owner
	O - Opportunities	T - Threats
<b>External Factors</b>	Broaden the variety of goods Ability to expand Own LARP event Trends	Lack of customers Winter season Economic situation Pandemic situation Closure of the outsourcer

Table 7: SWOT Analysis (Own Creation)

### 8.2.1 Risk Assessment

Due to the possible threats and risks, Dřevárna must think of ways to avoid them or decrease their impact. In case of low number of customers, Dřevárna could consider cooperating with certain cosplayers or influencers to help spread the word about its business as well as work together with Dům Rytířských Cností in Brno. In foreseeable future, thanks to the e-shop, Dřevárna could also reach foreign customers from countries such as Germany, Poland etc.

Closure of the outsourcers could drastically harm Dřevárna's business. In such case, the owner would rent additional premises and buy necessary equipment to sustain the production. As for the pandemic situation, Dřevárna tries to think about ways to generate income or hype people about the hobby. One of such ways could be online workshop showing crafting process of weapons, armours and other products.



## 9 FINANCIAL PLAN

Within this part of the business plan are all calculations, costs and finances needed to start the business. Firstly, there will be a start-up balance sheet provided. Then the calculation of start-up costs. The next step will be to calculate all the operating costs which will be divided into fixed and variable. Lastly, revenue forecast and cash-flow projections will be provided to confirm the feasibility of the business.

### 9.1 Start-up Balance Sheet

A balance sheet is a financial tool to evaluate the financial status of a business as it shows all total assets compared to total equity and liabilities. The start-up balance sheet shows these aspects right at the beginning of a business.

Because the business needs certain finances to start with, the owner will be investing 200 000 CZK into the business from his own savings. This sum will provide for any necessary start-up costs that will occur.

<b>Start-up Balance sheet (CZK)</b>			
<b>Assets</b>		<b>Liabilities and equity</b>	
<b>Current Assets</b>		<b>Current Liabilities</b>	0
Bank Account	200 000	<b>Equity</b>	200 000
Inventory	0	Registered capital	200 000
Building	0		
Equipment	0		
<b>Long Term Assets</b>	0		
<b>Total Assets</b>	<b>200 000</b>	<b>Total Equity and liabilities</b>	<b>200 000</b>

Table 8: Start-up balance sheet (Own creation)

### 9.2 Start-up Costs

As for this part, everything that is needed to start the business must be considered. From the equipment needed within the premises of the store to inventory or any other costs that are connected to running the business. Costs will be divided into categories.

- Equipment
- Inventory
- Other costs – trade register registration (1 000 CZK)

As Dřevárna stated, it will rent premises in the Olomouc city. These premises come without any equipment so as was stated in the part 6.8 Suppliers, the owner will buy all the equipment and appliances to run a store and provide social background. Among these expenses will be desks,

computer, hangers, kitchen appliances etc. The overall price of all the equipment needed is 52 910 CZK.

<b>Equipment (CZK)</b>	
Microwave	1 499
EET	6 490
Hubs	138
Fridge	6 499
Kettle	469
Computer	7 990
Desktop	1 954
Keyboard	459
Mouse	256
Lamp	399
Desk	3 933
Shelves	3 180
Hangers	1 352
Tables	3 897
Chair	1 699
Carpet	999
Hinge	499
Sofa	4 500
Cabinet	2 499
Dishes	3 199
Other Costs	1 000
<b>Total</b>	<b>52 910</b>

*Table 9: Equipment costs (Own creation)*

The next step will be a review of inventory. Dřevárna plans to have a certain amount of goods in stock on day one. Thus, the overall price for the inventory (wood, cloth, glues etc.) is 72 010 CZK and already includes materials needed to provide the store with initial goods as well as a plan to fill the workshop with necessary materials for two upcoming months. Dřevárna will not pay any delivery fees as suppliers pay those in case their customers order a bigger quantity of items.

<b>Inventory (CZK)</b>	
Twill	13 650
Velvet	8 370
Polyester	3 540
Wooden cores	3 920
Planks	3 300
Leather	14 000
Leather imitations	7 770
Paints	5 000
Duck tapes	890
Latex	2 050
Foams	4 900
Glues	2 670
Rags	1 950
<b>Total</b>	<b>72 010</b>

*Table 10: Inventory costs (Own creation)*

### 9.3 Operating Costs

As another step business must calculate all the operating costs. These are fixed and thus do not change. They are paid monthly and contain costs of Dřevárna's rent (Energies included), internet, bank account fees, insurances and any other fees that are necessary for the business. Among these costs, Dřevárna must also include web hosting provided by Squarespace to maintain their websites. Regarding promotional costs, the owner decided on a monthly budget of 2 000 CZK as this amount will cover any convention's/event's entry fees. Another important fixed cost to include is revenue for the full-time employee. According to the contract, the employee monthly gross salary will be 17 500 CZK. The owner will be obliged to pay for the social and health insurance of his employee. For his social insurance owner must pay 4 375 CZK and for health insurance 1 575 CZK. Altogether, the owner will pay 23 450 CZK for the employee's salary. Dřevárna must also think of a way to deliver their goods to the customers. For that, Dřevárna will use the services of DPDgroup and costs of the service will be covered by the customer if he/she orders the goods online. Lastly, Dřevárna must pay for the accounting agency. The budget for that was set to 3 500 CZK a month and it will be done by Účetnictví Lukeš s.r.o. Total fixed costs will be 44 748 CZK.

<b>Fixed Costs (CZK)</b>	
Rent	14 000
Insurance	549
Internet	299
Bank account	500
Square Space	450
Promotion	2 000
Salary	23 450
Accounting Agency	3 500
<b>Total</b>	<b>44 748</b>

*Table 11: Fixed costs (Own creation)*

The second part describes variable costs that can vary according to production. Equipment must be restocked and the same goes for the materials at the workshop. As the owner decided, materials will be restocked every week, if needed as he wants to keep the minimum number of products in stock as was mentioned in the part 6.7 Products and Services. All Variable costs will be divided into a category according to items sold per month: Pessimistic, Realistic and Optimistic.

Table shows which specific items sold per month, total costs, revenues, and prices for specific items. Among items with price a range from  $x - x$ , Dřevárna uses the lowest price for the forecast. The cost part of the table will include commission fees added due to the outsourcing of the production.

Variable costs (CZK)					
Product	Type	Pessimistic	Realistic	Optimistic	Base Price
Weapons	One-handed	10	12	18	1 249
	One and half-handed	6	10	14	1 349
	Two-handed	4	7	10	1 449
	Bow	3	4	5	1 249
	<b>Type</b>	-	-	-	<b>Base Price</b>
Clothing	Tunics-long	5	8	10	849
	Tunics-short	3	8	10	699
	Tabards	5	8	10	499
	<b>Type</b>	-	-	-	<b>Base Price</b>
Armours	Leather vests	2	5	7	1 959
	Leather shoulder pads	2	5	7	1 399
	Leather wristbands	3	6	8	849
	Leather Shin Guards	3	6	8	849
	Leather Helmets	2	3	5	1 799
	Gambeson	2	3	5	2 599
	Chainmail	1	2	4	3 999
	<b>Type</b>	-	-	-	<b>Base Price</b>
Shields	Square Shield	5	8	10	999
	Round Shield				
	<b>Type</b>	-	-	-	<b>Base Price</b>
Accessories	Belts	4	6	9	499 - 699
	Gloves	5	6	9	599 - 999
	Quivers	3	4	5	399 - 949
	Bags	2	4	6	249 - 799
	Arrowheads	10	15	20	249 (5 pieces)
<b>Items sold</b>	-	<b>80</b>	<b>130</b>	<b>180</b>	-
<b>Costs</b>	-	<b>32 200</b>	<b>54 550</b>	<b>78 900</b>	-
<b>Commission</b>	-	<b>7 909</b>	<b>12 907</b>	<b>18 599</b>	-
<b>Total V. Costs</b>	-	<b>40 108</b>	<b>67 457</b>	<b>97 499</b>	-
<b>Total Revenue</b>	-	<b>79 089</b>	<b>129 070</b>	<b>185 990</b>	-

Table 12: Variable costs (Own creation)

## 9.4 Total Costs

As was calculated, the cost of equipment and inventory is 124 920 CZK. For fixed costs, the business will have to pay 44 748 CZK every month as these costs do not change. In the case of variable costs, the cost of the inventory will be zero for the second month as the initial purchase of inventory will sustain the production at this month, however, outsourcing fees must be included.

<b>Total Costs (CZK)</b>			
1st month			
Equipment	52 910		
Inventory	72 010		
Fixed Costs	44 748		
Forecast	Pessimistic	realistic	optimistic
Variable Costs - inventory	7 909	12 907	18 599
2nd Month			
Fixed Costs	44 748		
Forecast	Pessimistic	realistic	optimistic
Variable Costs - inventory	7 909	12 907	18 599
3rd Month			
Fixed Costs	44 748		
Forecast	Pessimistic	realistic	optimistic
Variable Costs	40 108	67 457	97 499
<b>Total Costs (CZK)</b>			
1st Month	177 577	182 575	188 267
2nd Month	52 657	57 655	63 347
3rd Month	84 856	112 205	142 247

Table 13: Total costs (Own creation)

Dřevárna must consider three initial options according to the amount of the products created as the fees for outsourcing rise with every sold product. In any given scenario, 200 000 CZK given by the owner will be enough to start the business.

## 9.5 Revenue Forecast

To calculate possible revenues and net income, data from table 12: Variable costs will be used as it already calculated revenues generated by selling the exact number of products in three variants, as well as variable costs. For the forecast, April was chosen as an initial month to project business progress throughout the year.

Revenue Forecast (CZK)					
Month	Revenue	Costs	EBIT	Tax (15%)	Net Income
April	79 089	52 657	26 432	3 964	22 468
May	79 089	52 657	26 432	3 964	22 468
June	185 990	142 247	43 743	6 561	37 182
July	185 990	142 247	43 743	6 561	37 182
August	129 070	112 205	16 865	2 530	14 335
September	129 070	112 205	16 865	2 530	14 335
October	129 070	112 205	16 865	2 530	14 335
November	129 070	112 205	16 865	2 530	14 335
December	185 990	142 247	43 743	6 561	37 182
January	129 070	112 205	16 865	2 530	14 335
February	129 070	112 205	16 865	2 530	14 335
March	129 070	112 205	16 865	2 530	14 335
<b>Annual Net Income</b>					<b>256 827</b>

Table 14: Revenue forecast (Own creation)

As was mentioned, costs for inventory in the first two months will be covered as initial inventory supplies will cover these costs. However, outsourcing fees must be paid. With the presented data, the annual net income of Dřevárna will be 256 827 CZK.

## 9.6 Cash-flow projection

It is advised to create a cash flow to see the circulation of money within the business. As Dřevárna starts with an investment of 200 000 CZK we can calculate what is the cash that can be used after we pay all necessary costs for the first month as the initial cost will be 177 577 CZK. This leaves us with 22 423 CZK. Dřevárna chooses to use the pessimistic approach as it could project the real situation that will occur as it will be a new business on the market.

The cash-flow projection will illustrate an upcoming year. The inventory costs for the first two months were already bought and thus are calculated in initial costs.

<b>Cash-Flow Projection (CZK)</b>				
<b>Months</b>	1st month	2nd month	3rd month	4th month
<b>Opening Balance</b>	22 423	48 855	75 287	119 030
Cash in				
<b>Cash in</b>	79 089	79 089	185 990	185 990
<b>Total</b>	<b>79 089</b>	<b>79 089</b>	<b>185 990</b>	<b>185 990</b>
Cash Out				
<b>Fixed Costs</b>	44 748	44 748	44 748	44 748
<b>variable Costs</b>	7 909	7 909	97 499	97 499
<b>Total</b>	<b>52 657</b>	<b>52 657</b>	<b>142 247</b>	<b>142 247</b>
Cash Flow				
<b>Cash Flow</b>	26 432	26 432	43 743	43 743
<b>Closing Balance</b>	<b>48 855</b>	<b>75 287</b>	<b>119 030</b>	<b>162 773</b>
<b>Month 5th - 8th</b>				
<b>Months</b>	5th month	6th month	7th month	8th month
<b>Opening Balance</b>	162 773	179 638	196 503	213 368
Cash in				
<b>Cash in</b>	129 070	129 070	129 070	129 070
<b>Total</b>	<b>129 070</b>	<b>129 070</b>	<b>129 070</b>	<b>129 070</b>
Cash Out				
<b>Fixed Costs</b>	44 748	44 748	44 748	44 748
<b>variable Costs</b>	67 457	67 457	67 457	67 457
<b>Total</b>	<b>112 205</b>	<b>112 205</b>	<b>112 205</b>	<b>112 205</b>
Cash Flow				
<b>Cash Flow</b>	16 865	16 865	16 865	16 865
<b>Closing Balance</b>	<b>179 638</b>	<b>196 503</b>	<b>213 368</b>	<b>230 233</b>
<b>Month 9th - 12th</b>				
<b>Months</b>	9th month	10th month	11th month	12th month
<b>Opening Balance</b>	230 233	273 976	290 841	307 706
Cash in				
<b>Cash in</b>	185 990	129 070	129 070	129 070
<b>Total</b>	<b>185 990</b>	<b>129 070</b>	<b>129 070</b>	<b>129 070</b>
Cash Out				
<b>Fixed Costs</b>	44 748	44 748	44 748	44 748
<b>variable Costs</b>	97 499	67 457	67 457	67 457
<b>Total</b>	<b>142 247</b>	<b>112 205</b>	<b>112 205</b>	<b>112 205</b>
Cash Flow				
<b>Cash Flow</b>	43 743	16 865	16 865	16 865
<b>Closing Balance</b>	<b>273 976</b>	<b>290 841</b>	<b>307 706</b>	<b>324 571</b>

Table 15: Cash-flow projection (Own creation)

As was shown both in the revenue forecast and the cash-flow projection, Olomoucká Dřevárna is feasible, profitable and can generate cash throughout a year.



## CONCLUSION

The purpose of the bachelor thesis was to create a business plan for a LARP equipment shop called Olomoucká Dřevárna. The first half of the thesis focuses on theoretical aspects of entrepreneurship, business and legal forms that are related to them. The next part provides and describes an outline of a business plan. The main aspects of the outline were carried over to the practical part and correspond with it.

With enough theoretical background, the main objective of the thesis was to convert gathered theory and use it for writing an original business plan for a feasible business. As for the outline, the goals of the company are part of the company description. Additionally, the competition and target market parts of the outline are summarized within Market Analysis.

The main parts of the practical part were product description, market analysis and financial plan as these gave the most important information. Within product analysis, the owner paid attention to details as he wants to deliver the best possible option for his customers. Within the market analysis, he learned about the market, his customers and gathered necessary information about promotion and digital marketing. The hardest and probably the most important part was the financial plan. It contains all the details about costs, expenses, and revenues. This part helped the owner predict all the initial costs which will be at least 177 577 CZK or 188 267 CZK at maximum. With that said, the owner decided on investing his money and pay for the costs himself with the amount of 200 000 CZK.

After assessing all finances and finishing the business plan, it is safe to claim that the business can be feasible and profitable.

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## **LIST OF ABBREVIATIONS**

**LARP – Live Action Role Play**

**CZK – Czech Koruna**

**DPD – Dynamic Parcel Distribution**

**LIST OF TABLES**

<i>Table 1: Small to Medium-Sized Enterprises (Adapted from ec.europa.eu 2003)</i> .....	17
<i>Table 2: SWOT Analysis (Adapted Kotler and Armstrong 2014, 79)</i> .....	25
<i>Table 3: Opening Hours (Own creation)</i> .....	33
<i>Table 4: List of Suppliers (Own creation)</i> .....	39
<i>Table 5: Pricing + production costs of the products (Own creation)</i> .....	44
<i>Table 6: Pricing of the repair service (Own creation)</i> .....	45
<i>Table 7: SWOT Analysis (Own Creation)</i> .....	48
<i>Table 8: Start-up balance sheet (Own creation)</i> .....	49
<i>Table 9: Equipment costs (Own creation)</i> .....	50
<i>Table 10: Inventory costs (Own creation)</i> .....	51
<i>Table 11: Fixed costs (Own creation)</i> .....	52
<i>Table 12: Variable costs (Own creation)</i> .....	53
<i>Table 13: Total costs (Own creation)</i> .....	54
<i>Table 14: Revenue forecast (Own creation)</i> .....	55
<i>Table 15: Cash-flow projection (Own creation)</i> .....	56