

A Business Plan for a Café

Roman Dohnal

Bachelor's Thesis
2020



Tomas Bata University in Zlín
Faculty of Humanities

Univerzita Tomáše Bati ve Zlíně

Fakulta humanitních studií

Ústav moderních jazyků a literatur

Akademický rok: 2019/2020

ZADÁNÍ BAKALÁŘSKÉ PRÁCE

(projektu, uměleckého díla, uměleckého výkonu)

Jméno a příjmení: **Roman Dohnal**
Osobní číslo: **H170053**
Studijní program: **B7310 Filologie**
Studijní obor: **Anglický jazyk pro manažerskou praxi**
Forma studia: **Prezenční**
Téma práce: **Podnikatelský plán pro založení kavárny**

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*. Palo Alto, CA: PlanningShop.
Červený, Radim. 2014. *Business plán: Krok za krokem*. Prague: C. H. Beck.
Finch, Brian. 2010. *How to Write a Business Plan*. London: Kogan Page.
McKeever, Mike. P. 2012. *How to Write a Business Plan*. Berkeley: Nolo.
Synek, Miroslav, and Eva Kislingerová. 2015. *Podniková ekonomika*. Prague: C. H. Beck

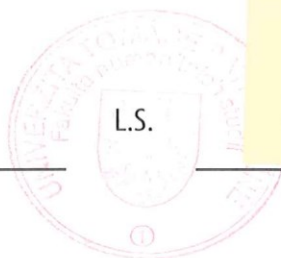
Vedoucí bakalářské práce: **Ing. Jiří Dokulil**
Ústav krizového řízení

Datum zadání bakalářské práce: **8. listopadu 2019**

Termín odevzdání bakalářské práce: **11. května 2020**



Mgr. Libor Marek, Ph.D.
děkan



Mgr. Roman Trušník, Ph.D.
ředitel ústavu

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 Zlíně 30. 4. 2020

.....

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 nevydělečně 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 výpisy, 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 vzdělávacího 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

Cílem této bakalářské práce je sestavení podnikatelského plánu kavárny s názvem Stardust. Kavárna je zaměřená převážně na splnění poptávky studentů středních a vysokých škol v okolí. Kavárna bude tudíž nabízet kromě klasického sortimentu i cigarety. Tato práce obsahuje teoretickou a praktickou část. Teoretická část popisuje základy podnikání, dále se zaměřuje na podnikatelské prostředí, druhy podniků a druhy analýz použitých v podnikatelském plánu. Teoretická část tak slouží jako základ pro vypracování praktické části. Praktická část se zaměřuje na konkrétní podnikatelský záměr pomocí poznatků získaných v teoretické části. Praktická část byla také postavena na výsledcích marketingového mixu a analýz PEST, Porter a SWOT. Ve finančním plánu byly zpracovány tři varianty vývoje a podle výsledků optimistické a realistické verze byl podnik zhodnocen jako slibný.

Klíčová slova: podnikatelský plán, kavárna, podnikání, realizovatelnost, finanční plán, analýza trhu

ABSTRACT

Aim of this bachelor thesis is to compile a business plan for a café called Stardust. The café is mainly focused on meeting the demand of high school and college students in the vicinity. The café will, therefore, offer cigarettes in addition to the usual assortment. The thesis has a theoretical and practical part. The theoretical part describes the basics of entrepreneurship, then focuses on the business environment, types of businesses, and types of analyses used in the business plan. The plan, therefore, serves as a foundation for the drawing up of the practical part. The practical part focuses on a specific business plan by using findings acquired in the theoretical part. The practical part was also drawn up based on the results of the marketing mix and PEST, Porter, and SWOT analyses. Three variants were drawn up in the financial plan and based on the results of the optimistic and realistic version; the business was evaluated as promising.

Keywords: business plan, café, entrepreneurship, feasibility, financial plan, market analysis

ACKNOWLEDGEMENTS

I would especially like to thank my supervisor Ing. Jiří Dokulil, for his never-ending patience and continued support, his guidance and comments helped me to improve the quality of my work substantially. Moreover, I would like to thank my girlfriend and my parents, who supported and motivated me during my studies.

I hereby declare that the print version of my bachelor'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
1.1.1 Technological Environment.....	13
1.1.2 Political Environment.....	14
1.1.3 Social Environment.....	14
1.1.4 Economic Environment.....	15
1.2 ENTREPRENEURSHIP	15
1.2.1 Legislative Definition.....	17
1.3 ENTREPRENEUR	17
1.4 DEFINITION OF ENTREPRENEUR ACCORDING TO THE NEW CIVIL CODE	18
2 TYPES OF BUSINESSES.....	19
2.1 BUSINESS OF NATURAL PERSON	19
2.2 BUSINESS OF LEGAL ENTITY	19
2.3 PARTNERSHIPS.....	20
2.3.1 General Commercial Partnership	20
2.3.2 Limited Partnership	21
2.4 CAPITAL COMPANIES.....	21
2.4.1 Limited Liability Company.....	21
2.4.2 Joint Stock Company	22
2.4.3 Cooperative	23
3 BUSINESS PLAN.....	24
3.1 CHAPTERS OF BUSINESS PLAN.....	24
3.1.1 Introductory Page	24
3.1.2 Executive Summary	24
3.1.3 Environmental and Industry Analysis.....	25
3.1.4 Description of Business.....	27
3.1.5 Marketing Plan	27
3.1.6 Organizational Plan	28
3.1.7 Financial Plan.....	29
3.1.8 Assessment of Risk	29
4 ANALYSES USED IN BUSINESS PLAN.....	30
4.1 SWOT ANALYSIS	30
4.2 PEST ANALYSIS	31
4.3 MARKETING MIX.....	31
4.4 PORTER ANALYSIS.....	31
II ANALYSIS	33
5 MARKET ANALYSIS.....	34
5.1 PEST ANALYSIS	34
5.1.1 Political Environments	34
5.1.2 Economic Environment.....	35

5.1.3	Social Environment	35
5.1.4	Technological Environment	36
5.2	PORTER ANALYSIS	36
5.2.1	Bargaining Power of Buyers	36
5.2.2	Bargaining Power of Suppliers	36
5.2.3	Threat of Entry	37
5.2.4	Threat of Substitutes	37
5.2.5	Competitive Rivalry Within Industry.....	37
6	BUSINESS PLAN	40
6.1	EXECUTIVE SUMMARY	40
6.2	DESCRIPTION OF THE COMPANY	41
6.3	SWOT ANALYSIS	41
6.3.1	Strengths.....	42
6.3.2	Weaknesses	42
6.3.3	Opportunities.....	42
6.3.4	Threats.....	43
6.4	MARKETING PLAN	44
6.4.1	Product	44
6.4.2	Price.....	45
6.4.3	Place	45
6.4.4	Promotion.....	45
6.5	ORGANIZATIONAL PLAN	46
6.6	FINANCIAL PLAN	47
6.6.1	Initial Expenses	47
6.6.2	Wages Costs	51
6.6.3	Fixed Costs.....	51
6.6.4	Variable Costs	52
6.7	EVALUATION OF PROFITABILITY	56
6.7.1	Gross Margins	56
6.7.2	Optimistic Version	57
6.7.3	Realistic Version	57
6.7.4	Pessimistic Version	58
6.8	RETURN OF INVESTMENT	58
6.8.1	ROI (Optimistic)	59
6.8.2	ROI (Realistic)	59
6.8.3	ROI (Pessimistic)	59
7	ASSESSMENT OF RISKS	60
	CONCLUSION	61
	BIBLIOGRAPHY	62
	LIST OF ABBREVIATIONS	64
	LIST OF FIGURES	65
	LIST OF TABLES	66

INTRODUCTION

The author of this work has chosen a business plan for a café as his bachelor thesis topic. The author got the idea for this topic during a conversation with his friends as they complained that there is no nearby place to buy cigarettes around the U18 building. This information has given the author an idea to make his own café, which was always a hidden dream of his, and to sell cigarettes there as an attraction point. As a student himself, the author focused on the needs of students to appeal to the biggest predicted customer base. What has truly cemented the idea for this business was when he noticed a building right in front of the faculty that was vacant and searched for new a tenant. But to see if it is a good idea, he needed to write a business plan.

Therefore, the aim of this thesis is to create a business plan and to assess its profitability. Before the author started writing the plan, he needed to see if the potential customers agree with his idea and show interest. The author conducted his own informal research as he asked many students of both FHS and FMK if they would welcome the idea of such a café so close to their faculties. Almost everybody liked the idea and said they would appreciate to have such a café. Based on this, the author decided to write a business plan.

The thesis is divided into two parts, theory, and analysis. In the first part the author focuses on the theory behind entrepreneurship, business analyses, environment, typologies, structure and legislations in the Czech Republic, in order to create a basis, the analysis can be built on. In the analytical part, he focuses on the business plan for the café. The plan is based on the theoretical part, author's own informal research, findings, and ideas. The business plan is written so that it contains all it needs to evaluate the profitability of the business. The financial plan at the end of the calculations includes three different versions (realistic, optimistic, and pessimistic) based on the predicted number of customers that visit the café each day. Calculations for each version's profits and losses are followed by a return of investment calculation to see the investment returns for each version. After calculations, the author mentions the risk assessment to summarize everything that can have a negative impact on the business. In the last section, the author summarizes the bachelor thesis and evaluates the profitability of the business plan.

I. THEORY

1 BUSINESS

Business can be viewed as a process that has a meaning to create something more with some new added values that can have both financial and non-financial forms. Business as a process, therefore, has certain characteristics such as:

- The will and effort to create something extra (added value).
- To look individually for opportunities to realize the goal.
- To deposit and effectively use the entrepreneur's resources, time and name.
- To voluntarily take over your own responsibilities and to take on an adequate risk.

Businesses are fundamental entities of a market economy, which with their activities creates a main portion of the gross domestic product (GDP). This activity of GDP production is part of the macroeconomic functions of the business. (Kozubíková, 2017)

The environment, however, sometimes remains relatively static with no drastic changes, but the opposite situation of economics where everything changes very quickly also exists. Some businesses conduct business in more inconsistent and unstable environments than others. However, the general idea of environmental analysis is one of the keys to success regardless of the size of business or environment. (Wetherly and Otter, 2011)

1.1 Business Environment

Businesses need to figure out how the surrounding situation and environmental factors behave so that they can be successful. The environment is not the same all the time; it changes. In other words, the environment is not static; it's dynamic. Businesses need to operate with a mindset that the past will not repeat, and future events will happen differently. Knowledge of how the situation will change in order to be able to respond or influence the change is the path to success. (Wetherly and Otter, 2011)

The activity of a business is not isolated from the outside world, and therefore, business is prone to be affected by many elements of the business environment in both good and bad way. The business environment has quite a substantial impact on the business itself. The business is affected primarily in these three areas:

- 1) The business environment determines the admission-able behaviour of the business.
- 2) The business environment affects the choice of business goals.
- 3) The business environment affects the way to achieve set goals.

The business environment is composed of a whole series of elements. They can be divided into two groups, microenvironment and macroenvironment. Microenvironment affects the immediate vicinity of the business. It is important that the business and the elements of the

microenvironment affects one another because even “our” business affects the environment and other businesses in a positive or negative way, this way, the environment does not become static, and the economy can move forward. The macroeconomic environment is mainly consisted of (Mulačová and Mulač, et al. 2013):

- Suppliers
- Buyers (customers).
- Competition (current and protentional).

On the other hand, the elements of the microenvironment that affect the business are one-sided. The possibility or chance to influence the environment from the businesses side is basically non-existent or completely negligible. The task of the company is to adapt to the changes and go with the flow so that they are not consumed by them. (Mulačová and Mulač, et al. 2013)

Macroeconomic elements include (Červený, 2014):

- Legislative (laws, terms and conditions, barriers).
- Political (regulation, cooperation, subsidy).
- Economic (Economic policy, taxation).
- Social (social responsibility of the company).
- Technological (scientific and technological development).
- Ecological (limits and barriers).
- Cultural (customs and traditions).
- Ethnical (ethnical principles).

1.1.1 Technological Environment

Through technologies, businesses can increase their productivity and efficient use of resources. There is always a shortage of time in business which is why every business wants to shorten the time it takes to finish production, to change the input of resources into the output of products (Červený, 2014).

In some cases, business with newfound technologies could completely put some competitors out of business. Cutting-edge technologies can reduce the workload, time it takes to finish a product, spend fewer resources, and so on. A fitting example can be Ford, who changed everything with the mass-production assembly lines that were technologically unprecedented in the car industry. (Wetherly and Otter, 2011)

1.1.2 Political Environment

The political environment includes political regulations and rules. Usually, two sides clash in a debate on how they think the economy of the state should be characterized and conducted. (Wetherly and Otter, 2011) The political environment can be very different due to the political representation of the state. Right-wing parties are likely to have different views than left-wing parties on how the economy should look like. If ecological parties win the elections, they will reduce the big coal factories of the country and reduce the coal businesses. It is important to map the political environment and see if any conflicts are expected in the near future that could hinder the business. (Červený, 2014)

Political legislation is also something that can affect the business in a huge way. If the government makes any changes in legislations, it could hugely affect many businesses. An example of this is a “Registration of sales”, which is known more as EET. Registration of sales has changed the functions of basically all restaurant, café, and pub businesses and caused many of the smaller ones to close their business in fear of bankruptcy. (Červený, 2014)

It is important to note that the political environment is not only the environment of the country the business is conducted in, but it can also be affected by other governments on a global scale. The European Union is a prime example as it regulates and, in some cases, dictates the political environment of its member states. (Wetherly and Otter, 2011)

1.1.3 Social Environment

The social environment consists of a scale of behaviours and relationships that people undergo throughout their both private and public lives. These relationships between businesses and people are affected by many factors of each individual. The most basic factors are (Červený, 2014):

- Gender
- Age
- Race or ethnicity
- Religion
- Social class
- Values and opinions
- Lifestyles
- Culture

Each of these factors can highly affect the environment of the business. For example, if a business wants to sell pork in Islamic countries, the business will inevitably fail as their religious belief forbid them from the consumption of pork. Therefore, based on the reasons, the assessment of the social environment is a very important aspect of a successful business. (Wetherly and Otter, 2011)

Social environment, to some extent, influences other environments, most notably the political one. As the culture, religion, and ethnicity have a huge impact on the general state of politics in the country and how the whole environment behaves. African countries will have a different social environment than, for example, Japan, as their religion, race, and cultures are all different. (Cimbáľníková, et al. 2013)

To conduct a business in different state, thorough research of its social environment can be crucial as it can be very different from what “we” are used to. Neglection of such research can lead to an unsuccessful business. (Červený, 2014)

1.1.4 Economic Environment

The situation of a business is significantly influenced by the current and future state of economics. Economics can be especially influenced by (Červený, 2014):

- Stage of the economic cycle of domestic and/or global economics. This means a business can be influenced by the economic environment if the current state of economics is either in recession or depression, but it can be affected in a good way as well.
- Catastrophes, weather conditions etc.
- Change in prices of oil, energies, or raw materials.
- Savings or debts of customers.
- Inflation/deflation.
- Import/export.

1.2 Entrepreneurship

Entrepreneurship theory and its history are considered by many as not relevant. Some entrepreneurs never read any books about the theory behind a business, but all of the prominent entrepreneurs admit that they have read literature on how to run a business, and it has helped them greatly on their road to success. The excellent knowledge of the theory doesn't however, necessarily mean automatic success as an entrepreneur, as talent, quality

and traits are very much needed to use the theoretical knowledge to ensure the success and minimise the risks. (Srpková and Řehoř, et al. 2010)

Entrepreneurship, as a comprehensive system of knowledge about entrepreneurs was developed rather slowly. Entrepreneurship was according to Srpková et al. (2010) divided into three different approaches by Deakins and Freel, these approaches are:

- 1) The economical approach is mainly focused to study the role of an entrepreneur in the environment of economic development. Alois Schumpeter believes that the entrepreneur is an extraordinary person-innovator that brings forth a change in product or technological process. On the other hand, Israel Kirzner believes that the entrepreneur is a speculator that can identify supply and demand to pursue greater profits.
- 2) The psychological approach is mainly focused to find the typical attributes and features of an entrepreneur. When the desired attributes are found, it is supposed to help to identify a potentially successful entrepreneur.
- 3) The Socio-economical approach mainly tries to find out to what extent socio-economic environment can influence success in business.

Several authors tried to recapitulate the findings or to generalize the vast amount of various theories and definitions. (Srpková and Řehoř, et al. 2010)

Without any definitive regulations, it is impossible to build upon or reproduce past findings. Based on past researches and conventions, three basic concepts were created which many authors support or agree with, such as Jünger, Engliš or Armstrong. These concepts are:

- 1) Entrepreneurship as a process (procedure). Its goal is to create something extra, some new added value that can have a financial or non-financial form (social business). The process of business has a sequential character which is why it needs to be divided into parts. We can identify six basic roles of an entrepreneur (Srpková and Řehoř, et al. 2010):
 - Owner
 - Economist
 - Manager
 - Leader
 - Producer
 - Buyer and seller

Each role has a desirable function and based on this; it is possible to define qualifying requirements of each of the role's performances. The success of business i.e., to fulfil its goal is naturally a subject of many types of research. (Srpová and Řehoř, et al. 2010)

2) Entrepreneurship as an approach. The enterprising approach has a competence of character that means a manner or type of people's behaviour. The enterprising approach has characteristics such as:

- The will and effort to create something extra (added value).
- To look individually for opportunities to realize this goal.
- To deposit and effectively use your own resources, time and name.
- To voluntarily take over your own responsibilities and to take on an adequate risk.

Entrepreneurship is an important drive behind economic and social development

3) Value-based entrepreneurship. It is symbolically called an "entrepreneurial spirit", it means to have a typical structure of values and attitudes which carry social and individual meaning. It is mainly about responsibility, risk-taking, resistance against uncertainties but also some advantages such as personal autonomy, possibility of bigger profits etc. (Srpová and Řehoř, et al. 2010)

1.2.1 Legislative Definition

Business is an activity that is defined by law in the Czech Republic. According to the New Civil Code (§ 420), the entrepreneur is defined as: "Someone who conducts on his responsibility and name a gainful activity either by trade or a similar method with the intention to do so consistently for profit, shall in view of that activity, be regarded as an entrepreneur". Other legal standards that edit entrepreneurship on the territory of the Czech Republic are for example Trade Act (entrepreneurship of natural persons) and Corporations act (entrepreneurship of legal entities) (Kozubíková, 2017).

1.3 Entrepreneur

There is a consensus that some people are born as an entrepreneur. This opinion is of course faulty, as everything depends entirely on the capabilities of a person to learn or their zeal towards something. To be an entrepreneur a particular stance of a person is very important, entrepreneurship can be learned if one truly wills it. This stance, however, cannot be taught, as stances reflect opinions, experiences or abilities that eventually form a shape of the idea

of a business. What can be learned, however, are the processes of entrepreneurship such as for example, how to establish a business, market analyses, financial planning and management. (Kozubíková, 2017)

Even though entrepreneurs are their own employers they can't think of themselves that they are their own masters as this can lead to early imaginary grave of the business as the customers are in a sense the real masters. (Srpová and Řehoř, et al. 2010)

1.4 Definition of Entrepreneur According to the New Civil Code

Definition according to the New Civil Code is mentioned in chapter 1.2.2 and this chapter serves to expand on the definition. For a specific activity to be viewed as entrepreneurship is must fulfil basic rules that are defined in the definition. These basic rules are:

- Systematic activity - is an activity that needs to be carried out repeatedly and with an intention to continue in the future.
- Independence – if the entrepreneur is a natural person he acts personally if it is a legal entity he acts through his statutory authority.
- Own name – legal acts are conducted in one's own first name and surname in the case of a natural person. Legal entity conducts legal acts in their name (brand).
- Own responsibility – the entrepreneur (natural person and legal entity alike) carries responsibility for all the risks that result from their actions.
- Profit-making – activity must be conducted with the intention to make a profit (it doesn't necessarily mean it will be obtained). (Srpová and Řehoř, et al. 2010)

2 TYPES OF BUSINESSES

Businesses can be differentiated by their size, what sector they conduct business in, what type of industry are they etc. Businesses can also be divided into two groups based on who creates a business and these groups are natural persons and legal entities, of course, some businesses are formed by a combination of both, and members can also be from each group. Each of these “entities” has a different approach towards entrepreneurship and some aspects of their businesses are very different and varied. (Veber and Srpová, et al. 2012)

2.1 Business of Natural Person

In the Czech Republic natural persons are called “fyzická osoba”, but they are most commonly known as “osoba samostatně výdělečně činná” or “OSVČ” for short. A typical natural person is a tradesman, independent agriculturists, self-employed artists, forensic experts, freelancers etc. If a natural person wants to conduct business, he or she needs to acquire a trade license or other license that allows business activity (Srpová and Řehoř, et al. 2010).

Natural persons can be divided into two types of trades depending on their professional competence. This, however, concerns only crafts, not all natural persons. (Synek and Kislingerová, et al. 2015):

- Notifiable trade
 - Craft trade
 - Qualified trade
 - Unqualified trade
- Licensed trade

Every natural person also needs to meet certain conditions to be able to acquire a trade license based on the trade law. These conditions are (Srpová and Řehoř, et al. 2010):

- At least 18 years of age.
- Legal capacity (ability to sign legal documents).
- Integrity (no criminal records, especially in the field of the specific business).
- Competence of craft (only if required by specific trade such as joiner).

2.2 Business of Legal Entity

Alongside natural person, legal entity is another type of entrepreneurship allowed in the Czech Republic’s legislation. The legal entity is a subject that has rights and responsibilities and is not a natural person. Legal entities are: (Vochozka and Mulač, et al. 2012):

- Associations of natural persons.
- Purpose-built property associations.
- Local government units.
- Other subjects set by law.

Unlike natural person, the legal entity is created on the day of registration in the business register. The legal entity is almost always part of a business with more than one legal person that take part in the business, unlike natural person where it is rather usual that there is only one “entity” in the business (Vochozka and Mulač, et al. 2012).

The creation of a business as a legal entity is much more demanding in terms of administration, unlike natural persons where there are very few administrative tasks to complete. Legal entities also in almost all cases need to already have some capital ready that they need to be present for the business to be registered. (Synek and Kislingerová, et al. 2015)

2.3 Partnerships

Partnerships are a legal form of business and their common feature is that they are both established and owned by two or more people (subjects). All partners personally participate in business and they divide all profits amongst themselves. All of them also share the responsibility for incurred losses. (Novotný, 2007)

A certain downside of a partnership can be that good relationships are required between the partners. If a conflict arises, it can mean the end of the company. Czech legislation allows the existence of two forms of partnerships: General Commercial Partnership and Limited Partnership. (Vochozka and Mulač, et al. 2012)

2.3.1 General Commercial Partnership

General Commercial Partnership is called “Veřejná obchodní společnost” in the Czech Republic and its abbreviation is “v. o. s.”. Name of the enterprise is written in the business register and part of the name is the designation of General Commercial Partnership, therefore the abbreviation “v. o. s.” must be used as part of the name. (Novotný, 2007)

Liabilities of the company are covered jointly by all partners with all their assets. Profits are taxed through the individual profit shares of each partner. If the partner is a natural person only one taxation is applied, the natural person income tax. (Vochozka and Mulač, et al. 2012)

2.3.2 Limited Partnership

In the Czech Republic Limited Partnership is called “Komanditní společnost” and its abbreviation is “k. s.”. It is a partnership that is established and operated by two or more partners out of which one or more partners guarantees the company’s liabilities up to the amount of their share, these partners are called “limited partners”. One or more of partners guarantees the company’s liabilities with the entirety of their assets, they are called “general partners”. (Novotný, 2007)

General partners are in a similar position as partners in General Commercial Partnership, as they both must guarantee with their entire assets. Limited partners otherwise only have the authority to control. The profits need to undergo double taxation before they can be split among partners. (Vochozka and Mulač, et al. 2012)

2.4 Capital Companies

A characteristic feature of capital companies is that all of the partners are obliged to participate in the entrepreneurship. Their involvement is in the form of capital, either financial or non-financial (land, car etc.) and the amount of their deposit is agreed upon beforehand. The partners guarantee the liabilities only up the amount of their deposit. Czech legislation allows the existence of two forms of partnerships: Limited Liability Company and Joint Stock Company. (Novotný, 2007)

2.4.1 Limited Liability Company

Limited Liability Company (hereinafter referred to as LLC) is known as “Společnost s ručením omezeným” in the Czech environment and its abbreviation is “s. r. o.”. It is a capital company which has to create registered capital. The LLC can be established and operated by legal entities and natural persons (one person is enough to make LLC). The lowest possible value of registered capital is set to be a symbolic CZK 1. LLC guarantees its liabilities with all its assets and legal entity employers pay 19% profit taxation. Partners have responsibility and for companies’ liabilities they guarantee collectively and indivisibly but only up to the amount of unpaid deposits portions according to the condition stated in the business register. (Vochozka and Mulač, et al. 2012)

The highest ranked body of the company is called “general meeting”. During general meetings, partners cast votes about companies’ decisions in terms of what should be done next. Partners can have a different number of votes. The number of votes depends on the value of their deposits; one vote usually equals CZK 1,000 but that can vary. Statutory body

of the company is called an agent, and there can be more than one. If it is stated in the deed of association, the general meeting can also choose Supervisory Board. (Vochozka and Mulač, et al. 2012)

Profits created by the company are taxed with legal entities income tax, then it is divided among the partners according to their capital deposits. Individual shares of partners are then subjected to another tax, which is a natural person income tax. The establishment and management of the LLC are essentially easier compared to the second type of capital company, which is the Joint Stock Company. (Novotný, 2007)

2.4.2 Joint Stock Company

Joint Stock Company (hereinafter referred to as JSC) is known as “akciová společnost” in the Czech environment and its abbreviation is “a. s.”. JSC can be established by only one person that is a legal entity, in the case of a natural person, there must be at least two to establish JSC. The registered capital is required to be at least CZK 2,000,000. The company guarantees with all its assets, stockholders do not hold and responsibility for the company’s liabilities. (Vochozka and Mulač, et al. 2012)

One advantage of JSC is the easiness of stock trading and relatively easily increasing capital. Most notable disadvantage is the double taxation method just like the one in Limited Liability Companies. (Vochozka and Mulač, et al. 2012)

In the Czech Republic the general meeting of stockholders usually chooses two bodies, the first one is the Board of Directors, which is a statutory body. Supervisory Board is the second body of the company, and its role is to supervise the company. (Novotný, 2007)

The Czech Republic, in recent years has also allowed the existence of a monistic model of a JSC that has a different structure of bodies. In monistic model there are three bodies now, the General Meeting, Board of Governors and Statutory Director. The General Meeting is the highest-ranked body in the company. Statutory Director who is named by the Board of Governors directs the company. Statutory Director holds executive power and makes the decisions about the direction of the company. All the definitions are written based on the Business Corporation Act (§ 1-786). Stock, which is a term this type of company is named after, is a security that gives stockholders three rights (Vochozka and Mulač, et al. 2012):

- 1) The right to take part in the management of the company (decision making).
- 2) Share of the company’s profits.
- 3) Share from liquidation balance when the company is terminated.

Stocks are divided into two groups, these groups are capital stock and preferred stock (Vochozka and Mulač, et al. 2012) Limited Liability Company is the most effective way of hoarding capital in order to finance huge entrepreneurial projects as other types of capital companies, partnerships and others are often not enough. (Novotný, 2007)

2.4.3 Cooperative

According to Synek (2015), cooperative is usually characterized as an organization whose goal is not to create profits but rather to provide support or secure economic interests of its members. There are many types of cooperatives in the world, such as consumer, shopping, loan, or production (agricultural, industrial or craftsmanship) cooperative.

Engliš, according to Synek (2015) states that cooperatives enable the concentration of greater capital by combining capital of several people that are capitally weaker but want to achieve similar benefits of the larger businesses (i. e. buyer, producer, manufacturer and loan advantages) by the combination of their weak capitals and thus to make it bigger. (Novotný, 2007)

They guarantee for their liabilities with their assets. The registered capital is formed by cooperative member's deposits and the initial deposit must be at least CZK 50,000. (Vochozka and Mulač, et al. 2012)

The supreme body of the cooperative is a membership meeting. Profit shares and their distribution is taken care of by membership meeting. Cooperative shares the same double taxation as Joint Stock Company and Limited Liability Company. (Novotný, 2007)

3 BUSINESS PLAN

According to Srpová and Řehoř (2010), a business plan is a written document, which describes all important internal and external factors related to the entrepreneurship of a business, especially with its establishment and functioning within the horizon for which the business plan is compiled on. (Srpová and Řehoř, et al. 2010)

Business plan helps the entrepreneur to see where the business is heading, it is used to measure the pros and cons of the new business and to see if there is any real chance to succeed behind the idea. It is a powerful tool to see the differences between reality and the plan and makes it possible to make changes to accommodate shortcomings made during the planning. (Koráb, et al. 2007)

3.1 Chapters of Business Plan

3.1.1 Introductory Page

This is the first page of the business plan that should provide information about the business plans contents in a brief summary. This page, therefore, should for example contain:

- Name of the company.
- Location of the company (its address).
- Name of the entrepreneur (if there are more than one, their names must be listed as well).
- Contact information of the entrepreneur such as telephone number or e-mail address.
- Few sentences that describe the nature of the company and their goals.

This section of the business plan together with the executive summary that follows tends to be important as it allows potential investors to quickly determine the amount of investments, they need to accumulate without the need to read through the whole business plan. (Hisrich, et al. 2017)

3.1.2 Executive Summary

This section of the business plan is written after the plan is finished and is usually relatively short. The previous section of the business plan serves as a sort of an attention grabber to get the potential investors' attention. This section is what usually makes them decide if they feel intrigued by the business and its ideas and goals. For this reason, entrepreneurs need to pay attention to this section to make investors interested in the whole plan so that they decide to read through it. (Hisrich, et al. 2017)

Every business plan is different from the other, and there are money issues that need to be addressed. First, the concept of the business should be briefly described, then the data that clearly state the opportunity for this business is real and that it is not too much of a risk, need to be stated as well. After an explanation, the third part needs to address how these opportunities will be achieved. (Finch 2010)

3.1.3 Environmental and Industry Analysis

This section connects to and expands on the chapter 1.1 of “Business Environment” with additional information and findings. The environmental and industrial analysis offers a chance to see what the current trends are and what changes are in motion or are predicted to soon take place on a national and international level. Based on this, it can be decided if the current situation is in favour, and the ideas and goals will be fulfilled. (Hisrich, et al. 2017)

A fast and effective way to gather this information is to frequently check for trends and sometimes to see the trends in the past as the economy usually repeats its cycles so the economic factors can be somewhat predictable. Such factors can be:

- Economy – The business needs to consider trends of unemployment by geographic area, Gross national product (GNP) trends by geographic area where the business is planned to be situated. (Hisrich, et al. 2017)
- Culture – Changes in the cultural environment can be various. This factors decision needs to be made with data found by demographical research. What each age generation needs the most? Will all these generations need or want the product? Or will it only be sold to elderly people? Such questions need to be asked when such research focused on the age of populace is conducted. Health, nutritious diets and an overall healthy lifestyle are becoming more and more popular, so it would be wise to take these into consideration when decisions are made. (Hisrich, et al. 2017)
- Technology – Unlike the other factors, technological advances can be rather difficult to predict as some technologies take a lot of time to develop, while some industries can advance very quickly. The entrepreneurs should consider taking a look into resources committed by the major industries or the government. With this, it can be possible to see the potential of change in technological developments. As the market quickly changes, entrepreneurs need to be able to carefully plan their short-term marketing decisions as well as to have a contingency plan in case of some unpredictable changes. (Abrams, 2019)

- Legal Concerns – Entrepreneurs need to be prepared to react to any future legislations that can affect the product or service, channel of distribution, price or promotion strategy. Media restrictions can hurt the business quite substantially as there can be some new legislation that forbids the advertisement of certain products (such as for example, a ban on cigarette ads that can hurt businesses that sell cigarettes as they can hardly get to the general awareness without ads). Another example of a restriction can be safety regulation, where the product or service is deemed dangerous for the users (cigarettes cause cancer, sharp edges etc.). (Finch 2010)

The environmental factors are usually unpredictable. However, awareness and assessment of these factors can provide support for the opportunity and it can turn into precious data that can be used in marketing strategy. (Abrams, 2019)

Once the environmental analysis is completed and evaluated, focus should be shifted towards industry analysis which focuses on specific industrial trends. Examples of industrial trends are:

- Industry Demand – Industrial demand is often available in public sources. To make sure that the potential business will be successful in the future, gathering data is essential. It is crucial to find out if the market grows or is in decline, how many potential competitors are there if any, and what changes in customers' needs and wants are likely to happen over time. (Hisrich, et al. 2017)
- Competition – The entrepreneur needs to be prepared and know beforehand who the competitors are, how big of a threat they are and what are their strengths and weaknesses. In order to effectively implement the data about competitors into the marketing plan, such knowledge must be known by the entrepreneur. Who the competitors are, can be easily found out from advertisements, websites, journal articles or own experience. (Abrams, 2019)

Last part of this section should be focused on the specific market where the business is located. And it should include information such as who the customer is and how the business environment and geographic area are like in the specific market where the business is located and where it will compete with others. Differences in the variables of above-mentioned factors can reflect the particular area in which the new business will operate. This information is especially important in the marketing plan section of the business plan. (Finch 2010)

3.1.4 Description of Business

The description of business helps the investors to see the size and scope of the business. This chapter should start by stating the company's vision and what the mission of the new business is. This mission statement or the definition of the business will help the firm to go through long-term decision making. After the mission is stated, several vital factors with a clear description of the business should be discussed. The main factors are the products or services, the location and size of the business, the personnel and the equipment in the office that is needed, the background experiences of the entrepreneur, and history of the business. (McKeever, 2012)

The location of the business can be essential to its success. Especially if the business is retail or service oriented. When the decision is made about the building or space the business will occupy, the entrepreneur needs to evaluate seemingly small factors such as parking slots, easy access from roads to the facility and how easily it can access the customers, suppliers and distributors, how long will it take to deliver supplies, town regulations or zoning laws. The usage of an enlarged map of the local area can provide a good insight of the area as you can easily see all the roads and how accessible it is. (Hisrich, et al. 2017)

A simple evaluation of the location can save entrepreneurs from complete disasters. Few examples of questions entrepreneurs should ask when the decision based on location is to be made are:

- How much space is needed?
- Buy or lease the building?
- Is the facility accessible to traffic?
- Is there adequate parking?
- What is the economic and demographic profile of the area?
- Is there space for further expansion?
- What town restriction exists for signs, parking, and so forth?

If the decisions involve legal issues, such as, for example a lease or town variances are needed, lawyer should be hired by the entrepreneur. Lawyer would be specifically important if the entrepreneur tried to negotiate with the town or the landlord as he can offer legal advice. (Hisrich, et al. 2017)

3.1.5 Marketing Plan

The marketing plan chapter is an essential part of the business plan as it describes how the products or services will be distributed, priced, and in what way they will be promoted.

Marketing research evidence to support critical marketing decision strategies, as well as sales prediction, should be described in detail in this chapter. Predictions for specific products and services are indicated in order to reflect the profitability of the business. (Abrams, 2019)

The task of a marketing plan is to catch the customer's attention and make them aware that the product or service exists, and it also tries to show a message behind the product with, for example, slogans that can help to establish a certain connection between the customer and the product/service. (McKeever, 2012)

As Kotler and Keller (2012) claim, excellent and healthy relations with the customers are paramount for the success of the business if the business wants to improve life or offer quality products to their customers, the customers in return will support the business. This also means that the market segmentation is crucial as not all products are wanted or needed by all segments on the market. (Kotler and Armstrong, 2018)

This section should be made as comprehensive and detailed as possible for potential investors. With a comprehensive and detailed marketing plan, investors can clearly understand everything and are not confused about what the business goals are and what strategies are implemented. (Hisrich, et al. 2017)

Marketing plan consists of various types of strategies and methods, and as Ferrell and Hartline (2011) claims, one of the strongest and most useful methods is SWOT analysis as it not only provides strong marketing method but also shows the overall environment of the company, what is done good or wrong and it creates a critical assessment of the business itself. The other strong method is marketing mix, which takes a deeper look into the company itself and shows its products, prices, how the business will get its customers and what kinds of distribution will be used to reach them with products. (Ferrell and Hartline 2011)

The marketing plan is an annual requirement for the entrepreneur, and it should have detailed monitoring and changes made on a weekly or monthly basis. This serves as a road map for short-term decision making. (Hisrich, et al. 2017)

3.1.6 **Organizational Plan**

The organizational plan describes a form of ownership (i.e. proprietorship, partnership, or corporation) and lines of authority and responsibility of members of a new business. If the business is a partnership, terms of the partnership should appear in the organizational plan. If the business is a corporation, details of stock authorized, share options as well as names, addresses and resumes of officers of the corporation should be included. It has proved to be

helpful to provide a chart that indicates the line of authority and the responsibilities of each member of the organization. (Abrams, 2019)

Protentional investors that are provided this information have a much clearer understanding of who is in control of the organization and how the members interact in their management functions. (Hisrich, et al. 2017)

3.1.7 Financial Plan

In this chapter of the business plan, the focus is on how much monetary investment is potentially needed so that the whole business is economically possible and profitable.

This section can be divided into two main financial areas. These areas cover what is needed and what should be done in the financial planning chapter of the business plan. (Finch 2010)

First, the entrepreneur should make a summary of predicted sales and expenses, and the first year's sales, and costs should be provided in a monthly summary. It should consist of sales, cost of goods sold and the expenses, both general and administrative. Overall net profit can be estimated after offsetting income taxes. (Abrams, 2019)

The second section should be about the projected balance sheet. Thanks to this, we can see in what the financial situation is at a specific time. In this, we can see the assets, liabilities, investments, earnings or losses. Cash-flow and balance sheet are not compulsory by law if it is self-employment (trade, craft...). (Hisrich, et al. 2017)

3.1.8 Assessment of Risk

Every business will inevitably face potential hazards in its competitive environment. For this reason, the entrepreneur needs to assess risks. The entrepreneur first indicates potential dangers to the new business, and then a prediction of what will happen if such risks do become a reality must be made. Lastly, the entrepreneur needs to decide what responses and what strategies shall be used to prevent or minimize the risks that occur. Major risks usually come as competitor's reaction. Exploitable weaknesses are especially in the marketing, production, or management team. Competitors can potentially obtain advanced technologies that could render the products obsolete. (Finch 2010)

4 ANALYSES USED IN BUSINESS PLAN

Market analysis is one of the most essential parts of the business plan, as it examines the market and shows what the real supply and demand is. Thanks to analyses, it is possible to take advantage of the targeted market segment as one can be prepared upfront on what the demand is and how to satisfy the needs of their customers as much as possible. (Kotler, Keller, 2012) Every business plan needs to provide only real facts that are important and required in combination with the strategies that are planned to be used. Analyses should describe the real status of current assets and how to achieve future assets and define possible threats to attain them. (Cimbálníková, et al. 2013)

4.1 SWOT Analysis

The overall assessment of the company's strengths and weaknesses, its opportunities and threats is called SWOT analysis. It is a tool to monitor the external and internal marketing environment. A SWOT analysis consists of 4 aspects (Kotler and Keller, 2012):

- Strengths – analyses what the company is good at, such as, strong and experienced management or experienced and educated employees, original idea of a product, high-quality products, or even something like a good-looking website. (Horáková, 2003)
- Weaknesses – shows where the company's weaknesses are and what can be a potential hurdle as an internal factor. Examples could be technologies or machines that are no longer cutting edge and therefore could potentially lack compared to competitors, weak customer service, or high fluctuation of employees. (Ferrell and Hartline 2011)
- Opportunities – this external factor shows possible gaps in the market that can be used to the advantage of a business such as weak or non-existent competition, demand for a product that is not on the market new technologies or methods that can be used etc. (Cimbálníková, et al. 2013)
- Threats – this factor shows dangers that the business could possibly face if it decides to enter the market. Unlike unpredictable events, competition is something that is known beforehand and can be evaluated before entering the market. Other examples of threats could be some political regulations, economic situation, or new competitors entering the market. (Kotler and Keller, 2012)

4.2 PEST Analysis

PEST analysis is used to see what can affect the business in the macroeconomical environment. This analysis can show what important outer influences can affect the business and thus can alert the entrepreneur of possible threats. (Sedláčková and Buchta, 2006)

This analysis is important not only to research and analyse the current situation but also the past as most economics are cyclical. They are therefore likely to somewhat repeat, this can help to predict what the economy is expected to be like and could save a business from a catastrophe. (Červený 2014) PEST is an abbreviation that stands for:

- Political – regulations, political stability, tax policies, or legislation.
- Economic – interest rate, unemployment, GDP trends and economic growth, taxes.
- Social – education, lifestyle, demographical factors, income, hobbies and interests.
- Technological – technological advances and changes, research, internet communications, government support for research and development. (Sedláčková and Buchta, 2006)

4.3 Marketing Mix

The marketing mix is a model based on a thought that a business must keep four inner variables in balance; these four variables are called 4Ps (Červený 2014). Kotler and Keller (2012) define “4Ps” as a basis of the marketing mix. These 4Ps stand for:

- Product – quality, design, packaging, size, services, warranties, variety, features.
- Price – discounts, price of the product, payment conditions, due dates.
- Place – channels, coverage, range of goods, sites, transport. It also describes how the product can reach the customer in the best way possible.
- Promotion – advertisement, public relations (PR), marketing, sales promotion.

A disadvantage of 4Ps is that it is a view only from the perspective of the seller and not the buyer. Sometimes 4Ps have additional 3 “Ps” (people, process, physical evidence) that are above standard and are not used as often as original 4Ps. (Červený 2014)

4.4 PORTER Analysis

PORTER analysis focuses on competition that is situated on a selected market that the entrepreneur wishes to enter. This analysis shows the advantages of the competitors on the market and how to deal with them. The goal of the analysis is to identify opportunities or a gap in the market that can be exploited in favour of the business. (Sedláčková and Buchta, 2006)

According to Porter (2008), among the competitive influences also belongs the pressure from the side of substitutes, negotiating power of customers and suppliers, and threats from new coming businesses. The government must also be considered as they are also present in the field of entrepreneurship with their regulations, taxation, and conditions. (Porter 2008)

Based on the PORTER analysis, the company's position on the market is influenced by these five forces:

- Bargaining power of buyers – buyers can influence at what price the goods are sold. If buyers refuse to buy them at a certain value, the business is forced to lower them.
- Bargaining power of suppliers – suppliers can change their pricings or make changes to the deals made with them or the suppliers can stop supplying the business entirely as they find a better deal elsewhere.
- Threat of entry – threats of new competitors entering the market.
- Threat of substitutes – some products on the market do not have to be direct competitors, they can only offer similar products that will make customers prefer what they provide over the products or services of the entrepreneur's business.
- Competitive rivalry within industry – threats of already present competitors. This can include competitors with a better influence on the customers, competitors with better technologies or distribution, price wars etc. (Červený 2014)

It is essential to first recognize all threats to mitigate them or preferably remove them completely. PORTER analysis, however, can show the entrepreneur that there are no threats whatsoever to give the entrepreneur more chances to find more opportunities and advantages. (Porter 2008)

II. ANALYSIS

5 MARKET ANALYSIS

This section will focus on the survey of the external environment. More specifically the environmental influences of PEST analysis, PORTERS bargaining powers, and threats and lastly a SWOT analysis.

5.1 PEST analysis

5.1.1 Political Environments

The last two political garnitures focus on the control of the entrepreneurs, namely EET and inspection reports. One of the positive aspects of the business environment can be considered that in the last decade, taxes are relatively stable (with the exception of excise duty). High labour taxation is a negative aspect for entrepreneurs. (Profi-kancelar.cz 2020)

First, a trade license is needed to even be able to start a business. To receive the license, it is needed to prove applicants identity with an identity card, have CZK 1,000 ready to pay for the license and fill a form (all of this is done after the requirements are met to receive a license i. e. being at least 18-years old, no criminal records, etc.). After the conditions of the Trade Licensing Act or Business Corporation Act are fulfilled, there are several other legal aspects such as taxation laws that need to be met. As a natural person, it is compulsory to pay two kinds of insurances (health and social insurance). There is a set minimum for each insurance in 2020. Minimum for social insurance is CZK 2,544 (after rounding up), and as for health insurance, its current minimum is CZK 2,352. The employer needs to pay 34% of the employees' wages (25% social insurance, 9% health insurance). (mesec.cz 2020)

It is also needed to receive a certificate to provide inn service, concession to sell alcohol and authorization to play music as well. After functional business is established, it is needed to have the premises checked if it fulfils hygiene regulations and quality of resources. It needs to be checked by the Public Health Authority and by Czech Agriculture and Food Inspection Authority.

To sell cigarettes, the entrepreneur needs to follow law regulations. Such regulations are, for example, to place a sign visible to the customers that says that it is forbidden to sell cigarettes to anyone under the age of 18 or to make sure that cigarettes are separate from the rest of the assortment. (mesto-hranice.cz 2020)

A legal person is also obliged to pay income tax. The political situation in the Czech Republic is very stable, and there is no risk of any conflicts that could hinder or endanger the business.

5.1.2 Economic Environment

The current economic situation in the Czech Republic is in decline, and GDP is expected to drop by roughly 10%. Therefore, it is expected that unemployment will increase, and input prices are to be lower. Some businesses might not be able to survive the situation which, increases the chances of competitors going out of business and experienced personnel that will be without a job due to this is, will be available for hire. (euro.cz 2020)

Based on the data from the Czech Statistical Office, the average gross wage in the Zlín region is approximately CZK 29,654, in comparison the average wage across the whole Czech Republic is around CZK 33,697. Zlín region is behind with about CZK 3,000 and thusly has the second lowest average gross wage in the republic. (zlin.cz 2020) The current status of unemployment in Zlín region is 2.52% (CZSO 2020).

As the business intends to sell cigarettes and alcoholic beverages, it can be influenced by current policies that regard these two products. There could be increased taxes on cigarettes or even a complete ban (although a complete ban is unlikely). Alcoholic beverages are also prone to some possible new tax regulations, and just like cigarettes they can't be sold to anyone below the age of 18. But as the businesses main targeted segment are university students, therefore customers that are adults and thus allowed to buy alcohol and cigarettes, this age restriction is of no real concern to the business.

5.1.3 Social Environment

As the business sells cigarettes and alcohol and is focused mainly on college students, its main age group is expected to be 18-26 years of age. As the café will also provide non-alcoholic beverages and desserts and not only coffee and "18+" products, customers of all ages can find something to buy on a regular basis.

Geographically, the main area of interest is the main street in front of FHS building U18 of Tomas Bata University. It is a rather frequented street so there would be no trouble for customers to find the café and as many pedestrians will walk by the café, they are likely to wander in. Café will also provide Wi-Fi to its customers, which increases the chance they are likely to stay longer in the establishment and thus order more.

Coffee and cigarettes are both popular among students who are the main market segment that the business is focused on. Many students smoke cigarettes and drink coffee in between their classes, and most of them look for a quality coffee that is not made by the coffee machine. And these students usually tend to drink coffee and smoke cigarettes more than

once a day, which makes it more likely that they will eventually search for a coffee shop or a place to buy cigarettes.

According to Czech Statistical Office (CZSO 2020) around 582 555 people live in Zlín region, and there are currently around 74 200 people live in Zlín itself and out of these people around 45 000 are more than 18 years old, around 6 700 people commute to Zlín for education and about 10 000 for work.

5.1.4 Technological Environment

As the business is oriented as a café, there are no outstanding threats based on technology advances. The café will need coffee makers and other equipment like fridges and cooling showcases for desserts. Café will provide Wi-Fi to its customers for free if they purchase anything from the menu. To have a good connection Wi-Fi that is easy to log into without needing to open additional web pages to confirm something improves customers satisfaction and makes them more likely to stay longer, which may result in increased amount of orders.

Zlín region can quickly connect to the transport network and is effective in building highways that connect the region to the road networks, which makes it easier for both suppliers and customers to reach the café. Zlín region also wants to support new entrepreneurs who have innovative ideas and to help set conditions to make it easier to develop a healthy business in the region (Zahradník, et al. 2019).

5.2 PORTER Analysis

5.2.1 Bargaining Power of Buyers

As the café is not some ground-breaking niche, all that is offered by the café is already possible to find elsewhere. Although not everything can usually be found at once place, which is the main selling point besides the location. Some of the new potential customers might not be interested in a new coffee shop as they are used to the shops they already visit. Some customers that do not smoke and are not UTB students might not even give the café a try as for them it offers nothing new, and the only reason they would try out the café is out sheer curiosity. Good communication and customer approach combined with a friendly atmosphere where customers can relax is essential to grab them away from competitors.

5.2.2 Bargaining Power of Suppliers

Cigarettes and alcohol will be provided by PEAL as they have a good assortment of goods and provide very reasonable advantages of cooperation (such as quantity discounts or free

delivery up to a certain amount). Coffee will be supplied to the company by MOJEKAFE as they will offer a large variety of coffee, which is excellent to satisfy the customers, and their free delivery is something that is also welcomed. MAKRO will provide all the supplies that remain (non-alcoholic beverages, baguette and dessert ingredients etc.). As all of these supplies are not unusual and provide rather common products, they are easy to replace if needed. Mentioned suppliers all have a good reputation and are reliable.

5.2.3 Threat of Entry

As the coffee shop industry doesn't have that many patents or trademarks, it is much easier to enter the market compared to other industries with numerous trademarks. As cafés are popular establishments, there is always a potential threat of new competitors. Especially competitors that might come up with a very original idea or competitors that have way more financial means could be problematic. But as the location is already quite saturated, including the entrepreneur's café, there is a low threat of another to appear in close vicinity.

5.2.4 Threat of Substitutes

All products that are sold in the café are products that are hard to subsidize without the involvement of new brands that have not yet been seen on the Czech market. The threat of substitutes in the form of competitors selling coffee, cigarette, etc. is not negligible at all.

Coffee capsules are a threat as many people can make coffee from the comfort of their homes and do not need to visit coffee shops to enjoy coffee anymore. It is known that coffee capsules are not as delicious as real coffee made in coffee shops, and as the café's main focus is students who need coffee on a daily basis while they are at school, capsules are not that problematic.

5.2.5 Competitive Rivalry Within Industry

There is a vast number of competitors in Zlín, as there are many pubs, tea shops, cafés and places that sell desserts or cigarettes. Competition is strong but not impossible to overtake or "co-exist" with. The main threats to the café are Eiscafé Delikana, Pštros, Mr. Coffee, Coffee Express, and Dino cake shop.

- Eiscafé Delikana offers the best desserts out of all these main competitors. They also have arguably the widest variety of products, which makes them very versatile. They although lack in customer service as there are many complaints concerning their employees, and their coffee is not considered to be the best one around.

- Pštros is very popular among its customers as it provides quite a unique experience, and its location is also very nice as it is right in front of the park, and they have their own place to sit outside with the view of the park. They are also a music bar, and they play music even outside the establishment, so people that walk by are certain to glance at the shop. Its main selling points are especially its relaxing and friendly environment. As it is in very close vicinity from the café, it is arguably its biggest and strongest competitor.
- Mr. Coffee offers a scale of excellent quality coffee, but the brands it offers are rather prestigious and quite expensive, so their customer base is not that big. However, they have a loyal regular customer base.
- Coffee Express also targets UTB students and is therefore a big competitor especially since one of their stands is right inside the U18 building. This might make some students consider not to go to the Stardust café. Based on the entrepreneur's own experience, their coffee is rather expensive.



Figure 1 – The Location of Competitors (accessed from Mapy.cz)

Out of all these competitors, none sell cigarettes, which is one of the main selling points of the café. Competitors are all in close vicinity (as seen in the Figure 1), but most of them are located on the same street and it could be an opportunity for the café as no coffee shops

or any other shops that sell the same products and are situated on the same street. These main competitors do not have outstanding reviews from their customer based on internet reviews (Google, Facebook) of their establishments. It is a sign there is still much to improve, which is an opportunity for the café to use the knowledge from these reviews and make sure that the issues customers complain about are not present in the café.

6 BUSINESS PLAN

Name of the company:	Stardust
Legal form:	Limited Liability Company
Address:	Štefánikova 1577, 760 01 Zlín
Date of establishment:	9.3.2021
Owner:	Roman Dohnal
Founder Address:	Kunovice 146, 756 44 Loučka
Phone:	+420 737 479 603
E-mail:	romandohnal98@gmail.com
Website:	www.kavarnastardust.cz

About us: Stardust is a new coffee shop focused to provide nearby students and everyone else with good quality coffee, cigarettes, take-away breakfast, desserts and more. The café's main focus is to provide quality products and to serve the customers with a smile to make sure they always leave with a better mood than they came with.

6.1 Executive Summary

The business plan describes a vision of the entrepreneur to open a new café in Zlín. The café will offer the usual assortment of goods with an additional item – cigarettes. The café is mainly focused on students, especially UTB students, since they are the closest to the café's location, and the items the café provides are popular among students. As the entrepreneur is a UTB student himself, he knows about the opportunity of unmet demand in form of close by cigarettes vendors and good cafés so that they don't need to walk long distances and to have time between seminars and lectures to grab a coffee with desserts or cigarettes. As cigarettes are the main item for some students, the additional offer of goods can make them spend more than they originally planned. The café's location on Štefánikova Street is its biggest strength as it is on a frequented street and right in front of U18 building, and a trolleybus stop Školní, which makes it visible to all students when they have a smoke outside or when they arrive at school.

Café offers almost all of its items in a takeaway form, which is a preferred form by many students. The café's suppliers are all well-known companies on the market and therefore carry little to no risk. The required amount of money to start the business is CZK 555,000, this amount is based on the sum of start-up money and fixed costs for one month plus an

additional reserve of money in order any unpredictable expenses occur (Start-up budget CZK 433,510 + fixed costs CZK 94,080 + reserve money CZK 27,410). The entrepreneur already has the required amount of capital, therefore there is no need for loans. If the café visits around 80 customers a day and order mostly coffee and desserts, the monthly profits will be around CZK 80,457 (after taxation). As the café will be a new entry on the market, it is likely to have around 120 customers in the first month, which makes it possible to earn around CZK 135,545 (after taxation). As long as the café is not visited by only about 40 to 50 customers a day for an extended period of time, the investment is worth it.

6.2 Description of the Company

The entrepreneur wants to fill a gap in the market that is present. This gap is an insufficiently fulfilled demand of UTB students to especially find coffee and cigarettes in very close vicinity of their faculties (FHS and FMK). As the café is very close to these faculties (no more than two minutes' walk), it will fill this gap for the students, and on the same time, it is not restricted only to students but also to every other person who enjoys coffee shop services plus a little something extra. The vision of the company is to become the number one café students will come to for a cup of coffee.

The business is situated on a Štefánikova street, which is quite a busy street (therefore, many non-student customers are to be expected). It is right in front of a Školní trolleybus stop as well as U18 and U4 building. It is also right next to a Sad Komenského, which is expected to provide more customers during summer as it is a very popular spot for people to relax.

6.3 SWOT Analysis

STRENGTHS	WEAKNESSES
High-quality coffee	Limited funds
Cigarettes and alcohol	No experience in running a business
Home-made desserts	
Customers can bring their own cups	

Good location	
Range of assortment	
OPPORTUNITIES	THREATS
Gain regular customers	Already present strong and nearby competitors
Unusual concept	Cigarettes and alcohol regulations
Coffee and cigarettes in one place	Legislation changes
	Price changes of supplies

Table 1 – SWOT Analysis (authors creation)

6.3.1 Strengths

By offering cigarettes that are essential for many students, the chances of new customers are greatly increased. There will also be a possibility to order alcohol. However, alcohol is not the main selling point, so it is rather an additional item so that the café can suit everyone's tastes. Café will sell home-made desserts that are prepared by a trained confectioner to ensure that the quality of the desserts is top-notch.

6.3.2 Weaknesses

A possible weakness could be limited funds that could force the entrepreneur not to buy top-notch equipment, but all present funds are well divided and all main equipment is more than sufficient for the café (see calculations section). Possibly the biggest hurdle of the business is that the entrepreneur has no experience in running a business.

6.3.3 Opportunities

As the café is located near U18 building, it provides a good opportunity for students to become regular customers as well as many pedestrians that pass the shop on their way to work and home. As this café has a rather unusual combination of coffee and cigarettes, it might attract more attention than the regular cafés in the area.

6.3.4 Threats

Out of all competitor cafés, only three stand out as real threats that already have many regular customers. These competitors are “Eiscafe Delikana” (which is both present close to the business and also in nearby shopping centre Prior) that sells coffee and desserts then “Pštros - art, coffee & music bar” and lastly Coffee Express which is located right inside the U18 building and is quite popular. Also, since it is a coffee shop that can move to other places as it is on a bike, it can attract more customers and is not strictly focused on students. Other possible threats could be legislation changes and more importantly, regulations on selling cigarettes and alcohol. Lastly, the suppliers can decide to change their price lists, which would make the business pay more for the same supplies.

The premises will be leased, and the owner allows reconstruction of the premises. Based on the inspection of the premises, the space is quite sufficient (approximately 50 square



Figure 2 – Location of the Café (accessed from Mapy.cz)

meters) for a small café the space is adequate for the entrepreneur’s vision, due to the location, further expansion is not possible. As the café is located next to the main road there is unfortunately not a possibility to park right next to the café and customers’ need to leave

their cars somewhere else, there are however parking slots that are few minutes of walk away from the café, such as Congress Centre parking lot or around U18 building.

The café will offer a variety of products, several coffee types, cigarette brands, desserts, etc. The café focuses on a friendly environment so that customers can feel at ease and enjoy their coffee or any other product they bought inside. Personnel will consist of two workers on a shift, and overall, there will be around 4 employees that work long/short weeks (more details on employees and opening hours are in Organizational plan section).

6.4 Marketing Plan

This section of the marketing plan will elaborate on how the business plans to pick their products and what do they offer in general (specific items and their prices are part of the financial plan section) and how they plan to attract customers by different ways of promotion. The marketing mix (4Ps) has been chosen as the main set of tools to fulfil the marketing goal. As the café is mainly oriented on students from nearby colleges and high schools, the promotion is aimed mostly at them. This doesn't mean however, that the café won't advertise to customers that are not students. The café will approach the other non-student customers through google ads, pamphlets, posters, and Stardust's Instagram and Facebook pages.

6.4.1 Product

The café will offer a diverse amount of coffee in order to suit everyone's taste as it is the main attraction point of any coffee shop. Customers can bring their own cups for coffee. There won't be a huge variety of cigarettes, the entrepreneurs chose three brands based on their price and popularity (Philip Morris, LM, Camel), if there will be demand for other brands, they will be added accordingly.

Alcohol will also be sold, and just like with cigarettes only a selected few will be offered as most will buy only three brands (Jägermeister, Tullamore D. E. W. and Campari) or wine (red/white). Desserts are also on the menu and they are prepared by a skilled confectioner, (desserts will be different each week, mostly different variations of flavours, such as strawberry, raspberry cheesecake etc.) making sure customers with a sweet tooth are likely to return more often.

As there are quite a few students that do not have time for breakfast before school, the café will also offer some pastries and baguettes that they can buy before school. Non-alcoholic beverages, such as mineral water, sparkling water, juices etc. are also provided.

6.4.2 Price

The main competitors are rather expensive, which is also mentioned in several online reviews (Google, Facebook) by their customers that they offer decent products but are rather expensive. This could be a reason why many customers might not return as often. Based on this, the prices for the café have to be little lower than their competitors and since the business is smaller than most of its main and strongest competitors (in terms of places to sit and overall size of establishment) it does not need to have such expensive items as it doesn't need to pay bigger rents, wages etc.

The prices of products will be based on competitors prices and what the market allows. Except for cigarettes, all other products have a high return rate, especially coffee where the selling price can be even ten times bigger than the cost it takes to make one, therefore as long as customers come for coffee and desserts, losses are unlikely. (See calculations for detailed prices for each item)

6.4.3 Place

Except a few products offered in the café, they are mainly meant to be consumed inside. Coffee and desserts will be freshly served right on the spot. All other products are to be delivered from the suppliers "already finished". The business is located on Štefániková Street (see Figure 2) right in front of U18 building and next to "Sad Komenského". The café is rather small and expects more customers not to consume the products inside as there is enough space for about 18 people to sit at once. When customers enter the café, they can sit at one of the tables and the waiters will approach them to take their order, or they can walk up to the bar and order themselves. The customers that wish to stay and consume the products inside are encouraged to sit and let the waiters serve them, as those that go to order at the bar are expected to take the products elsewhere. As this location is right in front of the main customer base it holds a great significance to the whole success of the business. It would automatically become the closest shop that provides almost everything college students need and is not even a minute of a walk away.

6.4.4 Promotion

As the café is focused on students, the main promotion campaign will be done via social media, more specifically Facebook groups of UTB students as they are the main segment of customers. Leaflets and posters are to be given and posted around the café's location, as to make a huge campaign all around Zlín is not beneficial. It is unlikely that people will travel

in large numbers across Zlín for a coffee shop. The café's convenient location is a promotion in itself as students can see it in front of their faculty.

Social networks

As mentioned, social networks will be the most considerable portion of the promotion campaign. Facebook page of the café, UTB students Facebook groups, Instagram account of the café, all of these will be essential to bring customers in. As the UTB students' groups have hundreds of students it's a great form of advertisement where the entrepreneur can make a post about the opening of the café. The social networks will serve as an advertisement mostly to get to the awareness of people and to refer them to the website of the café.

Website

As the entrepreneur has an education in programming and mainly HTML and CSS, which are used to create websites, he can make a website by himself without the need to pay some IT experts. The website will be mostly a reference point from the social networks for people curious about the café and the menu/prices, but it will also serve as an advertisement website that can be put on Google.

Leaflets and posters

Leaflets will be handed to people on the street that pass the café and on other places nearby to raise awareness of a new café shop opening in close vicinity. These leaflets will also be given to students that frequently smoke outside of the faculties of FHS and FMK. The posters will be placed inside the café shop so that people can notice from outside, and they will also be placed around town.

Google and Facebook ads

The café will also pay for special google ads to appear as a paid advertisement on the top of the page when someone searches for coffee shops in Zlín as this is one of the most effective ways to get customers that do not wander around the city too much to find these places themselves (more information in the financial plan).

6.5 Organizational Plan

The company will be owned by a single natural person in the form of a limited liability company. The main reason the entrepreneur chose the LLC form of a company is that the

liabilities are not guaranteed with all the entrepreneurs' assets that are not part of the business. The owner will be responsible for most of the duties of the company, such as accounting, finances, promotion (including websites) and other legal duties. He will also be part of the personnel.

As the café will be rather small there should be no need to employ more than 3 people which would make the full personnel consist of 4 people. Opening hours are planned from 7:00 a.m. – 8:00 p.m. making one shift 11 hours long. There will be two shifts that work short/long weeks where one shift will work from Monday, Tuesday, Friday, Saturday, and Sunday, while other shift works Wednesdays and Thursdays and they will switch every week.

The employees will play a very important role; therefore, the employees must be someone with experience in the field to ensure there are as little mistakes as possible as the business can't afford huge missteps in its early stages. Each person on the shift will have different duties, one will serve the customers and manage supplies in the back, while other will prepare coffee and serve those that come to the counter, but they are expected to do duties that are needed, so they are not strictly focused on one job rather on what needs to be done at the moment. There should be no need for more than two people to work on a single shift, but there will always be a possibility for a part-timer to help if there is too much work to handle for two.

The desserts will be provided by a family member in retirement whose profession was a confectioner. She also refused any money for her work as long as all the ingredients expenses are covered by the café, which will help with month to month revenues. The entrepreneur, will of course, give her some money from his own pocket at least as a symbolic sum. All wages are mentioned in financial plan section.

6.6 Financial Plan

This section will cover all of the needed expenses to start the business. Prices of each products are also described in the plan. The entrepreneur has all the money that is needed to start the business, therefore there is no need for any additional loans. All values are in CZK.

6.6.1 Initial Expenses

This section will cover all initial expenses needed to run the business. It covers the reconstruction of the premises and describes in detail each item. Based on the deal with the owner, three months' worth of rent needs to be paid as a guarantee.

START-UP BUDGET	
Reconstruction	86,000
Equipment	109,450
Rent (3 months)	60,000
Furniture	21,300
Small equipment	8,450
Administrative fees	5,000
Initial inventory	(143,310)
TOTAL	290,200 (433,510)

Table 2 – Start-up Budget Costs (authors creation)

Based on the evaluation of profitability, the initial inventory is set based on a realistic version of inventory costs for a month (see Table 17). The initial inventory is counted in the variable costs for each version, which is why they are shown in the brackets in the start-up budget. These costs are sufficient to last long enough for the entrepreneur to order new supplies in case the first month will reach the optimistic version of sales (see Table 16).

Reconstruction

Reconstruction costs cover mainly materials only, as most of the job doesn't need any professional works as it can be done by the entrepreneur himself and his brother. The only exception is the electricity and plumbing work as they need actual professional to do them.

RECONSTRUCTION	
PVC floor	30,000
Building, demolition of walls	20,000
Electricity (work, material, lights)	15,000
Plumbing (work, material)	10,000
Advertising (banners, posters, etc.)	5,000
Bar	5,000
Painting	1,000
TOTAL	86,000

Table 3 – Reconstruction Costs (authors creation)

There is some extra money in the budget just in case there are any problems with work payments. The bar will be made from wood, bricks and covered in brick wallpaper, as it is

cheap, and it fulfils its role more than adequately. The cost of the bar is material only. The plumbing costs include:

- Two toilets (2x 1,500)
- Three taps (3x 500)
- Two washbasins (2x 600)
- One sink (1,500)
- One pressure cleaner for dishes (1,500)
- Work (1,300 approx.)

Equipment

As the café will prepare different types of coffees, it is essential to have both coffee and milling machines. The coffee machine is one of the better ones available, and its price is worth the investment.

EQUIPMENT	
Coffee machine	70,000
Cooling showcase for desserts	15,000
Coffee milling machine	10,000
Refrigerator	10,000
EET device	3,000
Hi-fi	1,000
Wi-Fi router	450
TOTAL	109,450

Table 4 – Equipment Costs (authors creation)

Furniture

Based on the establishment's size, there will be 18 places to sit, which is an appropriate number of places.

FURNITURE	
Chairs	10,500
Tables	8,400
Bar chairs	2,400
TOTAL	21,300

Table 5 – Furniture Costs (authors creation)

There will be 14 chairs worth CZK 750 each, with 7 tables with the cost of CZK 1,200 for each and 4 bar chairs with the price of CZK 600 apiece. The café is rather small, so this number of places to sit is appropriate as the café expects most of its customers to take the products away.

Small equipment

Based on the café's space and the number of places to sit, the small equipment that is used by the customers is predicted. There is a surplus of equipment in case there won't be enough time to clean all the dishes or some mugs and plates get destroyed.

SMALL EQUIPMENT	
Mugs with saucers	2,600
Glasses	1,650
Dessert Plates	1,000
Office equipment	1,000
Trays	800
Little spoons	600
Dessert forks	400
Knives	400
TOTAL	8,450

Table 6 – Small Equipment Costs (authors creation)

The amounts and prices are as follows:

- 40 sets of mugs with saucers worth CZK 65 each
- 30 glasses worth CZK 55 each
- 20 dessert plates worth CZK 50 each

- 2 trays worth CZK 400 each
- 30 little spoons worth CZK 20 each
- 20 dessert forks worth CZK 20 each
- 4 knives worth CZK 100 each

6.6.2 Wages Costs

The café will have 4 employees in total with the entrepreneur. As the entrepreneur will not have a wage, the table shows only the total wage of the other 3 employees. The table also shows the expenses on wage costs of one worker. The super-gross wage has to be rounded to hundreds.

WAGES COSTS		
Item	One worker	Three workers
Gross wage	14,711	44,133
Social insurance	3,678	11,034
Health insurance	1,324	3,972
Monthly super-gross wage	19,800	59,400
Yearly super-gross wage	237,600	712,800

Table 7 – Wages Costs (authors creation)

As mentioned in the organizational plan, there are two shifts, long and short. Long shifts employees work 5 days a week and then 2 days during the next week, therefore, each shift work 14 days a month and they work for 11 hours a day (7 a. m. – 8 p. m.).

6.6.3 Fixed Costs

The café will need to pay OSA fees to play music through the Hi-Fi. Also, advertisement fees are part of fixed costs as they are repeated among other monthly payments shown in the table.

FIXED COSTS		
Item	Per Month	Per Year
Rent	20,000	240,000
Wages costs	59,400	712,800
Energy	7,000	84,000
Internet	450	5,400

OSA	280	3,360
Mobile Phone	900	10,800
Insurance of the Object	2,000	24,000
Advertisement	4,050	48,600
TOTAL	94,080	1,128,960

Table 8 – Fixed Costs (authors creation)

Advertisement costs of all posters, pamphlets, banners and other physical advertisements are included in the reconstruction costs table, therefore only “virtual” ads are part of fixed costs as they are repeated every month they are in use. The café will use Facebook and Google ads simultaneously. The Facebook ads will cost CZK 1,050 which is CZK 35 per day, it is quite a cheap advertisement and it should fulfil its goal. Google ads will cost around CZK 3,000 per month. As the café is rather small and is focused on a specific location this set amount is enough. All ads work on PPC principle.

6.6.4 Variable Costs

Unlike fixed costs, variable costs will always be different based on the number of customers. The costs in each table show how much it costs to prepare one item based on the used ingredients. All prices and costs are made into one average number as it is easier to predict sales based on this than to guess how many customers will buy each specific item and how much it costs the café in terms of ingredients on average. The costs are mostly calculated by division of rates.

Coffee

These are the variable costs and prices of each coffee offered. Based on demand, there might be changes (i. e. addition or removal of coffee from the list). Prices are set based on the preferred costs of the customers and prices of competitors.

COFFEE		
Item	Price	Cost
Ristretto	39	3.1
Espresso	34	3.2
Lungo	35	3.7
Doppio	55	6.2

Cappuccino	49	5.1
Cappuccino Con Panna	49	5.8
Espresso Macchiato	45	3.9
Latte Macchiato	49	5.6
Vienna coffee	52	4.2
Flat White coffee	69	8.2
Frappé	49	5.7
AVERAGE	47.7	4.9
AVG. GROSS PROFIT	42.8	

Table 9 – Coffee Prices and Production Costs (authors creation)

Coffees have a very high return rate as each cup of coffee is quite cheap to prepare and their prices are way higher than their preparation costs.

Desserts

Desserts will be served depending on the weekly menu, but it will almost always have this variety and prices. The desserts will be the same each week with only different flavours, depending on the flavour the costs of each can increase by a few CZK.

DESSERTS		
Item	Price	Costs
Cheesecake (various types)	57	18
Fruit Cakes (various types)	45	11
Panna Cotta	47	11
Tiramisu	57	17
AVERAGE	51.5	14.25
AVG. GROSS PROFIT	37.25	

Table 10 – Desserts Prices and Production Costs (authors creation)

Based on demand, the menu can have additional types of desserts and some special promotions on new desserts will be written on a chalkboard to lure customers in.

Alcohol

The café will offer Aperol, two types of wine (red, white) and two types of alcohol people buy in bars and pubs (Tullamore D. E. W. and Jägermeister). Just like with the cigarettes, if there will be demand for more alcohol types, they will be added.

ALCOHOL		
Item	Price	Costs
Campari 0.05l	44	22.5
White wine 2dcl	32	12
Red wine 2dcl	32	14.4
Jägermeister 0.05l	54	24.95
Tullamore D.E. W. 0.05l	59	28.5
AVERAGE	44.2	20.47
AVG. GROSS PROFIT	23.73	

Table 11 – Alcohol Prices and Production Costs (authors creation)

The costs are based on division rates. For example, one bottle of wine has 0.75l and costs CZK 54, the café sells 2dcl per order, which means the cost of the 2dcl is CZK 14.4 ($54 \cdot 0.75 / 0.2$).

Non-alcoholic beverages

Water will be offered only as non-sparkling and brands will vary (Rajec, Bonaqua etc.). Customers that wish to have a cup of tap water will have it for free if they order something and stay inside.

NON-ALCOHOLIC BEVERAGES		
Item	Price	Costs
Water 0.25l	19	5.5
Water 0.5l	34	11.0
Coca-Cola Light 0.33l	29	13.9
Sprite Light 0.33l	29	13.9
Fanta Light 0.33l	29	13.9
Cappy (various types) 0.25l	29	21.9
AVERAGE	28.2	13.35
AVG. GROSS PROFIT	14.85	

Table 12 – Non-Alcoholic Beverages Prices and Production Costs (authors creation)

In this case costs, are calculated differently as these items are already finished products; therefore, their costs are based on the price given by the suppliers.

Baguettes

Baguettes serve mainly to get customers early in the morning to come and buy them for breakfast if they are late to school or work, that is why the baguettes are freshly served every morning.

BAGUETTES		
Item	Price	Costs
Salami, cheese, tomato, dressing, salad baguette	49	25
Ham, cheese, tomato, dressing, salad baguette	48	24.5
Chicken nugget, salad, dressing baguette	40	15.5
AVERAGE	45.6	21.6
AVG. GROSS PROFIT	24	

Table 13 – Baguettes Prices and Production Costs (authors creation)

The costs of baguettes are calculated based on ingredients used on each baguette. For example, if a package of cheese costs CZK 16 and each baguette has two slices, the costs of cheese used is CZK 5.3 as the package has 6 slices of cheese. And this approach is used on other ingredients the same way as well.

Cigarettes

Based on the entrepreneur's informal research on favourite cigarette brands, three main brands will be sold in the café. These brands will be provided by PEAL.

CIGARETTES		
Item	Price	Costs
Philip Morris	101	97
LM	93	88
Camel	103	97
AVERAGE	99	94
AVG. GROSS PROFIT	5	

Table 14 – Cigarettes Prices and Production Costs (authors creation)

Cigarettes have high taxation (at least 60%) and based on the table, cigarettes are not very profitable, as on average, the profit is only CZK 5. But the café does not sell cigarettes for

profit, it sells them to attract customers to a rather unusual café model, which makes the customers come more frequently. The price is based on regular cigarette sellers.

6.7 Evaluation of Profitability

Based on the market research, it is possible to predict how many people will visit the café if the location and other variables are taken into consideration. The gross margin per day is calculated based on how many customers are predicted to come to the café and what they are likely to buy (even customers that buy more than one coffee, wine etc. is taken into consideration). The numbers of potential orders for each item are multiplied by the average prices of the items and then deduced by the multiplied average costs of each item.

6.7.1 Gross Margins

This table serves as a reference point to see the predicted amounts of sold items for each version.

GROSS MARGINS			
Item	Optimistic (120)	Realistic (80)	Pessimistic (40)
Coffee	90	65	30
Desserts	80	55	20
Alcohol	20	20	10
Non. Alcoholic beverages	20	20	10
Baguettes	40	30	15
Cigarettes	30	25	20
Revenues per day	14,655	11,224	5,849
Inventory costs per day	5,941	4,777	2,974
Gross margin per day	8,714	6,447	2,874
Gross margin per month	261,420	193,410	86,250
Gross margin per year	3,137,040	2,320,920	1,035,000

Table 15 – Gross Margins of Products (authors creation)

In this table each item is predicted to be bought a certain amount of times every day. These predicted numbers are then multiplied by the average price/cost of each item. For example, coffee prices are CZK 47.7 on average, and there is expected that around 65 people will buy the coffee in a realistic version a day. This means that coffee brings in around CZK 3,100 a day.

6.7.2 Optimistic Version

This version could be possible to achieve in the opening month where the café gets more customers as they want to try something new. And depending on customer satisfaction, it could become a realistic version. Optimistic version counts with around 120 customers a day.

PROFIT/LOSS OF OPTIMISTIC VERSION			
	First month	Other months	First year
Earnings	439,650	439,650	5,275,800
Fixed costs	94,080	94,080	1,128,960
Inventory costs	178,230	178,230	2,138,760
Start-up budget	290,200	X	290,200
Total expenses	562,510	272,310	3,557,920
Profit/Loss (EBT)	LOSS 122,860	PROFIT 167,340	PROFIT 1,717,880
Profit/Loss (EAT)	LOSS 122,860	PROFIT 135,545	PROFIT 1,391,483

Table 16 – Profit/Loss of Optimistic Version (authors creation)

Earnings are calculated as revenues per day multiplied by 30 days (CZK 14,655 * 30), inventory costs are calculated the same way (CZK 5,941 * 30).

6.7.3 Realistic Version

The realistic version predicts around 80 customers a day. This version seems likely, and unless anything bad happens, it can be expected to achieve this daily number of customers. Even after the expenses are deducted from the revenues, the café is still quite profitable and has a decent profit during regular months.

PROFIT/LOSS OF REALISTIC VERSION			
	First month	Regular months	First year
Revenues	336,720	336,720	4,040,640
Fixed costs	94,080	94,080	1,128,960
Inventory costs	143,310	143,310	1,719,720
Start-up budget	290,200	X	290,200
Total expenses	527,590	237,390	3,138,880
Profit/Loss (EBT)	LOSS 190,870	PROFIT 99,330	PROFIT 901,760
Profit/Loss (EAT)	LOSS 190,870	PROFIT 80,457	PROFIT 730,426

Table 17 – Profit/Loss of Realistic Version (authors creation)

During the first month the café will be in loss around CZK 190,870. After around 2.5 months the café will pay off the initial expenses and will start to be profitable.

6.7.4 Pessimistic Version

This version shows the profit/loss if only around 40 customers visit the café during the first month and the rest of the year.

PROFIT/LOSS OF PESSIMISTIC VERSION			
	First month	Regular months	First year
Revenues	175,470	175,470	2,105,640
Fixed costs	94,080	94,080	1,128,960
Inventory costs	89,220	89,220	1,070,640
Start-up budget	290,200	X	290,200
Total expenses	473,500	183,300	2,489,800
Profit/Loss (EBT)	LOSS 298,030	LOSS 7,830	LOSS 384,160
Profit/Loss (EAT)	LOSS 298,030	LOSS 7,830	LOSS 384,160

Table 18 – Profit/Loss of Pessimistic Version (authors creation)

As the table shows, the pessimistic version is not profitable even in regular months; therefore, the business will never be profitable if there are only around 40 customers a day. Naturally, some months are likely to look like the pessimistic version even during the year with optimistic/realistic version numbers. Since the pessimistic version losses are only around CZK 7,830 a month, it is not something that would force the business to be terminated as long as it does not last for more than a year.

6.8 Return of Investment

Return of investment shows the profits or losses of the business compared to its invested capital. (Kotler, Armstrong, 2018) ROI uses yearly profits after taxation as a basis of the investment. Return of investment is calculated as follows:

$$ROI = \frac{\text{Gain from investment} - \text{cost of investment}}{\text{cost of investment}} * 100$$

The cost of investment is CZK 555,000 which is the sum of the start-up budget (CZK 433,510), fixed costs for the first month (CZK 94,080) and a reserve of CZK 27,410.

6.8.1 ROI (Optimistic)

$$ROI = \frac{1,391,483 - 555,000}{555,000} * 100 = \mathbf{150.71\%}$$

If the business manages to keep an optimistic number of customers and sales, it will return the investment by a whole 150% in just one year, which makes the plan more than feasible.

6.8.2 ROI (Realistic)

$$ROI = \frac{730,426 - 555,000}{555,000} * 100 = \mathbf{31.60\%}$$

The realistic version shows that after one year, the business will have a return of investment that equals 31.60%. This result means that the café will pay off all of the initial costs and will start to make a profit in the first year. Based on the results of ROI for realistic, the business is also deemed feasible.

6.8.3 ROI (Pessimistic)

ROI cannot be calculated due to negative earnings. Business is not profitable from the very beginning and will not make any profits at any point of the year. If the pessimistic version becomes a reality during the first year and the situation does not improve, the business must be terminated as it will not generate any profits.

7 ASSESSMENT OF RISKS

Uncertainties and risks are inevitable, especially in this competitive environment of café shop services therefore, the business needs a backup plan. The most considerable uncertainty is the customers, even though it can be predicted how many people will come daily to the café, it is never a certainty. Sometimes there will be very few customers in a day, sometimes there can be more than ever predicted. Customer numbers are especially crucial at the beginning of the business as the café needs to gain many customers at the very beginning for them to become regulars. If the café fails to attract enough customers, it can be disastrous. A good promotion campaign is crucial to ensure that this does not happen. The café needs to be well-known in its area of influence even before the opening so that curious customers will be there on the opening day.

The biggest risk to the business is the competitors who can keep a close eye on the café as they look for any weaknesses they can exploit. Competitors can even change their prices and offer other services to render the café's unique selling point – the cigarettes – obsolete. To deal with the competitors, the café must keep a close eye on them to see what they do and be prepared if they try something directed at the business in order to shut it down if they try to take away the Stardust's customers. As the main target group of the café are students, the competition will be at a loss, since the business is the closest coffee, cigarettes, desserts etc. shop, therefore they are unlikely to walk long distances to other establishments. The situation about competitors is dependent on the first weeks/months where the café gains its regular customers, but with already conducted research, competitors do not pose an immense threat to the business as the café builds its services on the weaknesses of its strongest competitors, to offer more than they do.

The human factor can also play a role as employees can have internal conflicts between each other, the simplest way to fix this is to put them on different shifts. If the personnel underperforms or causes troubles such as not providing customers with adequate service (i. e. being rude, unwilling etc., especially in the early stages where the café needs to have a good reputation, and one employee can ruin it) or even stealing money or supplies from the café they need to be changed immediately. Overall, the café certainly has its place on the market and if it keeps a decent customer base, it will be profitable.

CONCLUSION

The aim of this bachelor thesis was to compile a business plan for a new café-oriented business located in Zlín called “Stardust”. The author decided to establish a business as a natural person in the form of a limited liability company.

In order to compile a business plan, the author needed to write a theoretical part using literature written by knowledgeable authors in the field. The theoretical part covered topics connected with the business plan such as business environment, types of businesses, analyses used in the plan and overall theory of business plans, and what they should contain. The analysis (practical part) used the findings from the theoretical part to compile a business plan.

The analysis starts with PEST and Porter analyses and is then followed by the business plan section. The section consists of a short introduction of the company, followed by an executive summary that serves as a summary of the business plan. Then the description of the company describes what the business products and services are while accompanied by a SWOT analysis. This is followed by a marketing plan based on 4Ps, the organizational structure that describes the employees and opening hours, detailed financial plan with three versions of predicted profits and losses. The financial plan is then followed by return of investment calculations that evaluate profit/loss versions based on predicted numbers of customers that visit the café every day. The last section of the business plan is the assessment of risks, where the risks the business is likely to face are mentioned, and the authors suggests how to prevent them.

Based on the results of the business plan, the author can see that the business will be very profitable if around 80 customers visit the café every day. As the plan's calculations are based on predictions, there is always a possibility of slight errors in the real numbers. However, the numbers used in the calculations are all within the range of reality. Even slight errors in calculations do not endanger the business profits if the realistic version is abided. The predicted start-up costs are CZK 527,590 (start-up budget with realistic initial inventory is CZK 433,510 + fixed costs for one month is CZK 94,080). However, the author decided to add additional CZK 27,410 as a reserve, in case of any unpredictable expenses which makes the overall start-up budget CZK 555,000. Based on the aforementioned facts and results of the calculations, it can be said that the aim of the thesis has been fulfilled.

BIBLIOGRAPHY

- Abrams, Rhonda. 2019. *Successful Business Plan: Secrets & Strategies*. Palo Alto, CA: PlanningShop.
- Cimbáliková, Lenka, Jana Bilíková, and Pavel Taraba. 2013. *Databáze manažerských metod a technik*. Ostrava: FLKŘ UTB ve Zlíně.
- Červený, Radim. 2014. *Business plán: Krok za krokem*. Prague: C. H. Beck
- Český statistický úřad. "Nejnovější údaje: Zlínský kraj." Accessed April 17, 2020. <https://www.czso.cz/csu/xz/1-xz>.
- ČTK. "České hospodářství čeká strmý pád, pokles HDP může být až 10procentní, odhadují ekonomové z Deloitte" euro.cz. Accessed April 17, 2020. <https://www.euro.cz/byznys/ceske-hospodarstvi-ceka-strmy-pad-pokles-hdp-muze-byt-az-10procentni-odhaduji-ekonomove-z-deloitte#>.
- Ferrel, O. C., and Michael D. Hartline. 2011. *Marketing Strategy*. Mason, OH: South-Western Cengage Learning.
- Finch, Brian. 2010. *How to Write a Business Plan*. London: Kogan Page.
- Frolová, Irena. 2019. "Ve Zlínském kraji vzrostla průměrná mzda o více než dva tisíce korun." Zlin.cz. Accessed April 17, 2020. <https://zlin.cz/zpravy/ve-zlinskem-kraji-vzrostla-prumerna-mzda-o-vice-nez-dva-tisice-korun/>.
- Hisrich, Robert D., Michael P. Peters, and Dean A. Shepherd. 2017. *Entrepreneurship*. New York, NY: McGraw-Hill Education.
- Horáková, Helena. 2003. *Strategický Marketing*. Prague: Grada Publishing.
- Kašparová, Lenka. 2019. "Minimální záloha na zdravotní pojištění se v roce 2020 opět zvýší." Měsíc.cz. Accessed April 17, 2020. <https://www.mesec.cz/clanky/minimalni-zaloha-na-zdravotni-pojisteni-v-roce-2020-se-opet-zvysi/>
- Kašparová, Lenka. 2019. "Sociální pojištění v roce 2020: na minimálních zálohách zaplatíte nepatrně více." Měsíc.cz. Accessed April 17, 2020. <https://www.mesec.cz/clanky/socialni-pojisteni-v-roce-2020-minimalni-zalohy-se-zvysuji/>.
- Koráb, Vojtěch, Jiří Peterka, and Mária Režňáková. 2007. *Podnikatelský plán*. Brno: Computer Press.
- Kotler, Philip, and Gary Armstrong. 2018. *Principles of Marketing*. New York, NY: Pearson Education.
- Kotler, Philip, and Kevin Lane Keller. 2012. *Marketing Management*. Upper Saddle River, NJ: Prentice Hall.

- Kozubíková, Ludmila. 2017. *Významné atributy podnikatelské orientace v segmentu malých a středních podniků*. Zlín: Univerzita Tomáše Bati ve Zlíně.
- McKeever, Mike. P. 2012. *How to Write a Business Plan*. Berkley, CA: Nolo.
- Město Hranice. "Upozornění pro prodejce tabákových výrobků." Accessed April 20, 2020. <https://www.mesto-hranice.cz/clanky/upozorneni-pro-prodejce-tabakovych-vyrobku>.
- Mulačová, Věra, and Petr Mulač et al. 2013. *Obchodní podnikání v 21. století*. Prague: Grada Publishing.
- Novotný, Jiří. 2007. *Nauka o podniku: výstavba podniku*. Plzeň: Vydavatelství a nakladatelství Aleš Čeněk.
- Porter, Michael E. 2008. *The Five Competitive Forces That Shape Strategy*. Tampa, FL: Harvard Business Review.
- Profi-kancelář. "Založení živnosti v roce 2020." Accessed April 17, 2020. <https://www.profi-kancelar.cz/zalozeni-zivnosti-v-roce-2020/>.
- Sedláčková, Helena, and Karel Buchta. 2006. *Strategická analýza*. Prague: C. H. Beck.
- Srpová, Jitka, and Václav Řehoř et al. 2010. *Základy podnikání: Teoretické poznatky, příklady a zkušenosti českých podnikatelů*. Prague: Grada Publishing.
- Synek, Miloslav, and Eva Kislingerová et al. 2015. *Podniková ekonomika: 6. Přepracované a doplněné vydání*. Prague: C. H. Beck.
- Veber, Jaromír, and Srpová Jitka et al. 2012. *Podnikání malé a střední firmy*. Prague: Grada Publishing.
- Vochozka, Marek, and Petr Mulač et al. 2012. *Podniková ekonomika*. Prague: Grada Publishing.
- Wetherly, Paul, and Dorrton Otter. 2011. *The Business Environment: Themes and Issues*. Oxford: Oxford University Press.
- Zahradník, Petr et al. 2019. "Strategie rozvoje Zlínského kraje 2030" Accessed April 13, 2020. <https://www.kr-zlinsky.cz/strategie-rozvoje-zlinskeho-kraje-2030-cl-4623.html>.
- zakonyprolidi.cz. "Zákon č. 455/1991 Sb. Zákon o živnostenském podnikání." Accessed March 14, 2020. <https://www.zakonyprolidi.cz/cs/1991-455>
- zakonyprolidi.cz. "Zákon č. 89/2012 Sb. Občanský zákoník." Accessed March 25, 2020. <https://www.zakonyprolidi.cz/cs/2012-89>.
- zakonyprolidi.cz. "Zákon č. 90/2012 Sb. Zákon o obchodních společnostech a družstvech." Accessed March 13, 2020. <https://www.zakonyprolidi.cz/cs/2012-90>.

LIST OF ABBREVIATIONS

FHS	Fakulta humanitních studií – Faculty of Humanities
UTB	Univerzita Tomáše Bati – Tomas Bata University
FMK	Fakulta marketingových komunikací - Faculty of Multimedia Communications
HTML	Hypertext Markup Language
CSS	Cascading Style Sheets
ROI	Return of Investment
PPC	Pay per Click

LIST OF FIGURES

Figure 1 – The Location of Competitors (accessed from Mapy.cz)38
Figure 2 – Location of the Café (accessed from Mapy.cz).....43

LIST OF TABLES

Table 1 – SWOT Analysis (authors creation).....	42
Table 2 – Start-up Budget Costs (authors creation).....	48
Table 3 – Reconstruction Costs (authors creation).....	48
Table 4 – Equipment Costs (authors creation).....	49
Table 5 – Furniture Costs (authors creation)	50
Table 6 – Small Equipment Costs (authors creation)	50
Table 7 – Wages Costs (authors creation)	51
Table 8 – Fixed Costs (authors creation)	52
Table 9 – Coffee Prices and Production Costs (authors creation)	53
Table 10 – Desserts Prices and Production Costs (authors creation)	53
Table 11 – Alcohol Prices and Production Costs (authors creation)	54
Table 12 – Non-Alcoholic Beverages Prices and Production Costs (authors creation) 54	
Table 13 – Baguettes Prices and Production Costs (authors creation)	55
Table 14 – Cigarettes Prices and Production Costs (authors creation).....	55
Table 15 – Gross Margins of Products (authors creation)	56
Table 16 – Profit/Loss of Optimistic Version (authors creation)	57
Table 17 – Profit/Loss of Realistic Version (authors creation)	57
Table 18 – Profit/Loss of Pessimistic Version (authors creation)	58