

A Business Plan for a Beer House

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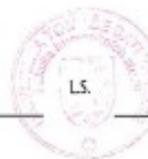
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ABSTRAKT

Hlavním cílem této bakalářské práce je sestavení podnikatelského záměru pro Beer House v Ostravě. Práce je rozdělena na dvě části, teoretickou a praktickou. Teoretická část vysvětluje pojmy jako jsou podnikání, podnik nebo podnikatel, včetně typů právních forem podnikání v České republice. Praktická část se zabývá podnikatelským záměrem pro Beer House, přičemž vychází z teoretických poznatků první části. Dále byl pro tento typ podniku vytvořen marketingový a finanční plán, který vyhodnocuje, zda by byl projekt realizovatelný a výdělečný.

Klíčová slova: podnikatelský záměr, podnikání, podnik, podnikatel, bar, marketingový plán

ABSTRACT

The main goal of this bachelor thesis is to create a business plan for a beer bar in Ostrava. The work is constructed in two parts, theoretical and practical. The theoretical part deals with important terms such as entrepreneurship, enterprise, and entrepreneur. Moreover, it explains legal forms and the obligations an entrepreneur must meet in the Czech Republic. The practical part is concerned with creating a business plan for a beer house while dealing with theoretical findings from the first part. Furthermore, a marketing and financial plan were created for this type of business to assess the feasibility and profitability of the business.

Keywords: business plan, entrepreneurship, enterprise, entrepreneur, bar, marketing plan

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

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INTRODUCTION

The author has been passionate about owning a company since studying at a secondary school. Based on the author's observation, some employers are not treating the staff well. Therefore, the author's goal is to establish a unique company with a fair approach to employees and customers. Furthermore, the author has experience working in gastronomy, as one closest relative was also working a significant part of life in this industry.

The aim of this bachelor's thesis is to create a business plan for a Beer House in Ostrava. This location has been chosen mainly because it is the author's hometown. Even though Ostrava has many great pubs and restaurants, the author wants to introduce a different type of concept. The main focus will be on the customer's experience and high-quality service.

Creating a business plan along with a marketing and financial plan is crucial in order to determine whether the business will be viable to open.

The thesis is structured into two parts: theoretical and analytical. The theoretical part deals with key terms such as enterprise, entrepreneur, or entrepreneurship. Subsequently, business as a natural person or legal entity is also described together with the conditions a person must meet to become an entrepreneur in the Czech Republic. The following chapters focus on the structure and thorough description of a business plan.

The analytical part of the bachelor's thesis is focused on the business plan for a Beer House in Ostrava. The author applied the knowledge and ideas that have been gained while working on the theoretical part. In conclusion, the author summarizes and evaluates the business plan and whether or not the business will be profitable.

I. THEORY

1 ENTREPRENEURSHIP

According to Kuratko (2014), entrepreneurship is an activity responsible for creating new values that contribute to society. Therefore, entrepreneurship is a worthwhile activity requiring vision, determination, persistence, and risk-taking to obtain or maximize a profit.

Martinovičová (2019) states that entrepreneurship is an independent, systematic, sustainable and long-term activity. Furthermore, owners' invested capital is valued to achieve profit and maximize the market value of the company by competitively satisfying the wants and needs of customers, employees, and other interest groups in a constantly changing environment.

Srpová (2020) emphasizes, the crucial role of entrepreneurship is to sustain competitiveness and to avoid monopolistic tendencies in the market. New companies provide new job opportunities and help run the economy. Furthermore, market competitiveness helps to optimize prices on the market and is accountable for implementing innovations into production.

1.1 Entrepreneur

Entrepreneurs are innovators generating ideas and can see opportunities not realized by the mere public. Moreover, these individuals are initiating a business activity with the risk of losing or expanding their equity. They can make responsible use of inputs and turn them into outcomes that will achieve set goals. (Kuratko, 2014, 3)

Veber and Srpová (2012) claim that being an entrepreneur is a lifework because they invest time, money, effort and take full responsibility to gain financial and personal satisfaction.

According to Act no. 513/1991, Coll. Commercial Code, an entrepreneur is:

- A person registered in Business Register
- A person who runs a business concerning Trade License
- A person who runs a business concerning other than Trade License according to special regulations
- A person who carries out agricultural production and is in the register according to special regulations.

Furthermore, Veber and Srpová (2012) characterized some of the characteristic features of entrepreneurs such as:

- The ability to recognize opportunities and set new goals

- Confidence, endurance, and passion
- Open-mindedness
- Organizational skills considering firm's activity
- Risk taking and decision-making ability
- Ensuring financing necessary for running a business

1.2 Enterprise

Enterprise is a legal entity turning inputs into outcomes. Furthermore, it is an organized set of resources, acts, and property values owned or rented. Legally, it is understood to be “a set of tangible as well as personal and intangible components of business” Components like things, rights, and other tangible values held by the entrepreneur are a part of the enterprise. (Veber and Srpová, 2012, 20)

Vochozka (2012) emphasizes that to understand components of an enterprise, they are divided like this:

- Tangible components – movable and immovable assets
- Intangible components – business name, patents, licenses, trademarks, know-how, etc.
- Personal components – employees, employers

According to European Commission directive No. 651/2014, an enterprise is “understood to be every entity performing an economic activity, regardless its legal form.” These entities include in particular: sole traders, family businesses performing craft or other activities, and trading companies or associations performing economic activity. Enterprise is an entity that operates in the field of manufacturing, supplying, selling, management and investments. Furthermore, enterprise deals with personal, financial, and technical affairs.

However, Czech legal forms do not directly describe the term enterprise. The Civil Code defines terms such as a business establishment (§502) and family business (§700). A business is an organized set of assets, including property and debts, created by an entrepreneur' own will that initiates business activities.

2 ESTABLISHING A NEW BUSINESS

Srpová (2020) claims that an individual should assess his abilities suitable to run a business. Another factor worth considering is whether to run a business alone or with a partner. Furthermore, an entrepreneur can create a business model to calculate the amount of initial capital or to present how he can earn money. The entrepreneur should know if he needs employees to start a business or not.

Moreover, the entrepreneur should choose a legal form – business as a natural person or a legal entity. He should be aware of the legislative requirements that apply to each legal form. Considering finances and administration, Trade Licenses are not difficult to establish. If the business is lucrative, an entrepreneur can change its legal form into a limited liability company. Therefore, a person is not liable for all the property but up to the number of outstanding deposits. (Srpová, 2020, 164-165)

2.1 Business as a Natural Person

When it comes to a natural person in the Czech Republic, it is referred to as sole trader regarding the law, income tax, social security law, and health insurance of a natural person who obtains business income or another sole trader. The Czech Law further divides the entities such as: tradesperson, independent farmer, sole trader artist, or expert witness. (Srpová, 2020, 165-166)

2.1.1 Conditions for Establishing a Trade

According to the Act No. 455/1991 on Trade Licensing, if a person wants to set up a business as a natural person, he should be aware of the conditions such as:

General conditions:

- Minimum age of 18 years
- Legal capacity – valid ID card
- Proving integrity – extract from the criminal record

Special conditions:

- Professional or other competence – proof of completion of the relevant education or an internship
- Related to vocational, professional, and permitted trade

Srpová (2020) states that becoming a sole trader requires filling in the single registration form at the central registration point or the CzechPoint and paying the administration fee.

2.2 A trade

An entrepreneur must obtain a trade license or other authorization to conduct business activities. Act No. 455/1991 states “trade is a continuous activity, carried out independently in its name at its own risk to make a profit and under the conditions stipulated by the Trade Licensing Act.” When an entrepreneur wants to run a business regarding a trade license, it is necessary to determine whether the business activity he will be involved in can be classified as a trade. A trade can be referred to as reporting or licensed trade in terms of professional competence standards. (Ministry of Industry and Trade, 2022)

2.2.1 Reporting trade

This type of trade is based on a report given at the Trade License Office, becoming valid the day it is reported, and the administrative fee paid. Furthermore, reporting trade can directly operate without a Trade License. It is certified by an extract from the Trade Register and can be divided into:

- 1) **Vocational trade** – the condition is to own a vocational certificate, diploma, or six years of experience in the field, e.g., butcher, baker, hairdresser, etc.
- 2) **Professional trade** – the condition is to prove a professional competence, stipulated in Annex no. 2 to the Trade Licensing Act; such trades are massage services, accounting, construction, or driving school.
- 3) **Unqualified trade** – no need to prove professional competence. Instead, individuals should follow general conditions. This trade is also called “production, trade, and services not listed in Annexes 1 and 3 of the Trade Licensing Act.” In Trade Licensing Act Annex 4, a person chooses from 80 activities he wants to operate. Fields like wholesale, retail, accommodation, and photography services are included. (Švarcová, 2016, 59)

2.2.2 Permitted Trade

Permitted trade is certified by an extract from the trade register. Businesses with increased risk are included – security threats, health, property, or other public interests where a state can intervene to prevent such circumstances. (Srpová, 2020, 173) Therefore, when it comes to Permitted Trade, unlike the Reported Trade the legal claim is modified according to regulations in Annex 3 of the Trade License, where not everybody is legitimate to obtain Permitted Trade. (Švarcová, 2016, 59)

2.2.3 Termination of trade license

Act no. 513/Coll. explained termination of trade license happens due to:

- Death of an entrepreneur
- Expiration of a legal entity
- Upon its expiry, where the trade license limits to a definite period
- If provided for by special legislation
- The decision of the Trade Licensing Office on the revocation of the trade license
- Deletion of a foreign person obligatorily registered in the Commercial Register or its subject of business from the Commercial register. (Srpková, 2020, 176)

2.3 Business of a Legal Entity

Following Act no. 89/2012 Coll. “a legal person is an organized body which the law provides has a legal personality or whose legal personality is recognized by law.” (Civil Code Act, 2022) Mulač and Mulačová (2013) state, all legal entities must register in Commercial Register. Personal companies, capital corporations, and cooperatives are all covered by the Commercial Code.

2.3.1 Commercial Register

According to Srpková (2020), a managing director must apply for registration with the Commercial Register within ninety days of starting a business. Furthermore, applying with a notary is recommended because it is faster and less expensive. The managing director will pay CZK 2,700 for applying at the notary but CZK 6,000 at the registration court. The managing director is required to submit documents such as a charter, a trading license, and a criminal record for each managing director. The bank provides a deed of deposit obligation fulfilment and headquarters provide an extract from the real estate cadastre.

Finally, the managing director must visit CzechPoint and activate the data box with given access data. A legal entity must report employees to the Czech Social Security Administration and Health Insurance within eight days of business establishment in order to pay for health insurance. (Srpková, 2020, 179)

2.3.2 Personal companies

Mulač and Mulačová (2013) state that there are two types of personal companies in the Czech Republic – general commercial partnership and limited partnership.

Established and owned by two or more people, where a profit is divided equally to its owners responsible for all losses.

As specified by Synek (2015) Act does not define the deposit amount; therefore, the profit share is not affected. The business share is equal and untransferable, the liability of partners is unlimited. Partners have personally associated in business activities where termination of partner means termination of the company. Personal companies overcome the capital and qualification insufficiency of a natural person. The stability of a company is dependent on the partners' relationship.

1) General commercial partnership

Associated with two owners, who run a business under a common name. The name "public company" must be included. In Czech it is called "veřejná obchodní společnost" and abbreviated as "v.o.s". A general commercial partnership is a legal entity registered in Business Register. Deposits of cash or non-cash become the property of the company. Furthermore, companions are liable for all their assets. Partners are managing the business unless they have decided otherwise. (Synek, 2015, 75)

2) Limited Partnership

A company founded by two or more business partners where one or more partners are liable for the company assets limited to the amount of their deposit. In Czech it is called "komanditní společnost" and abbreviated as "k.s." General partners have the same status as general commercial partnerships, and limited partners have the same status as limited liability companies. Limited partners have control over the business company, whereas general partners run it. The profit is divided according to the social contract. Furthermore, a Limited Partnership is temporary until the company becomes a capital company – a limited liability company. (Synek, 2015, 76)

2.3.3 Capital Companies

As the name suggests, the capital involvement of a partner is essential. Nonetheless, partners are not engaged in the management of the company. Capital companies have one or more founders liable to the number of shares deposit. (Švarcová, 2016, 68)

According to Mulač and Mulačová (2013), partners must deposit a certain amount of finances, influencing the owner's profit. The weight of partner's voice is derived from the number of the owner's interests. In capital companies, most partners make decisions, and the liability is limited. Furthermore, the profit share is transferable, and the termination of one or more owners does not influence the company.

The greater administrative complexity and double taxation of profit could be the disadvantage. First, a company pays a tax as a legal entity, and then a partner pays capital gains tax while collecting dividends or profit shares. (Mulač and Mulačová, 2013, 31-32)

1) Limited liability company

Two or more founders establish the company and must finance the company's equity. Liability is limited up to the amount of subscribed deposits. Furthermore, liability is limited to the amount of unsubscribed deposits registered in the Commercial Code. Regarding the social contract, partners are not entitled to one profit share but can obtain other profit shares as well. The minimal amount of equity is CZK 1.

The equity certificate represents the number of finances presented by the social contract. Moreover, the issuance is unlimited and without obligation. As a book-entry security, an equity certificate cannot be issued. Therefore, it may not be traded on a stock exchange. The corporation cannot join the Commercial Code until total deposit charge and at least 30% of each cash deposit has been paid. The deposit can be non-monetary e.g., real estate, cars, or machines. Nonetheless, services and labor are not considered non-monetary deposits. (Švarcová, 2016, 68)

2) Joint-stock company

In Czech, the company is called "akciová společnost." and the business name must include the abbreviation "akc.spol." or "a.s." The characteristic feature of the company are stocks. The form in which shareholders get profit is called dividends. According to Synek, registered capital is divided into several nominal value stocks. Public offering shares must be at least CZK 20,000,000 or CZK 2,000,000 without a public offering. If one person is a legal entity he can establish a company, otherwise the company may have more founders. A joint-stock company is liable for liabilities with all its assets. However, the shareholder is not liable for company liabilities.

In the Czech Republic, the General meeting votes two bodies – the Board of directors and the supervisory Board – the supreme audit institution. The Board of directors votes the company's CEO or senior director. (Synek, 2015, 81-82)

3) Cooperatives

A Cooperative is community-owned and operated by a company of people; the aim is not to make a profit but to benefit its members. Cooperatives are more popular in Europe than in the United States. In the Czech Republic, a cooperative must include at least three members. However, it is not the case when two members are legal entities. New members can join the company at any time. A cooperative is a legal entity that is

financially responsible for all its assets, whereas members are not. Deposits make up registered capital, and the quantity is not specified. Cooperatives also have bodies such as membership meetings (where each member gets one vote), a board of directors, and a control commission. (Švarcová, 2016, 71)

Value added tax (VAT)

In the Czech Republic it is called “daň z přidané hodnoty” or abbreviated as DPH. It is crucial to understand value-added tax and its implications for corporate operations. VAT is paid by the consumer when purchasing products or services as it is included in the final price. An entrepreneur should know whether or not he will pay value-added tax at the outset. According to Act 235/2004, a payer is a natural person or a legal entity that has reached a profit of CZK 1,000,000 in the last 12 months of the business activity.

Furthermore, an obligatory payer is an entrepreneur that works internationally or for the European Union. In the Czech Republic, are implied three VAT rates: basic rate (21%), first reduced rate (15%), second reduced rate (10%). When the VAT rate paid by the entrepreneur is higher than the rate paid by customers, the entrepreneur should become a VAT payer since the state would reimburse the difference. Different rates of VAT are imposed when the entrepreneur buys goods from a non-European Union country. (Srpová, 2020, 174-175)

3 BUSINESS PLAN

A business plan gives the entrepreneur an insight on whether to realize or finance the business. The business plan is based on facts and analyses that support the business idea and set goals. Moreover, it is a tool introducing the business to funders, investors, advisors, customers, and employees. Finally, a business plan describes how one aspect of business affects the other. (Shelton, 2017, 20-21)

According to Glackin (2013), an entrepreneur needs to design a solid business plan to demonstrate the business idea to potential investors. Otherwise, they could end up being reluctant towards investing in the business. Furthermore, an entrepreneur should reflect reasons why investors should invest in the business and what is going to happen with the invested money.

3.1 Business Plan fundamentals

Veber and Srpová (2012) demonstrate that certain guidelines should be followed while creating a business plan. The business plan should be comprehensible, logical, concise, and truthful. Business plan should respect the risk as it describes the future reality while predicting the future market and the consumer's behaviour, making the business plan harder to implement.

3.1.1 Lean Canvas

Srpová (2020) emphasizes that many authors agree that the creator of the business model canvas is Alex Osterwalder. Furthermore, it demonstrates segments that identify the business model. Segments included in the business model are a problem, solution, unique selling proposition, unfair advantage, customer segments, existing alternatives, key metrics, high-level concept, channels, early adopters, cost structure, and revenue stream. Since this model is easy to create – only one page, more companies are using it as it is an effective and quick way to portray the business model. However, Ash Maurya states that the business model canvas was created for big and existing companies. Therefore, he modified it regarding the lean start-up, and he created a lean canvas – for starting businesses.

According to Svobodová and Andera (2017), the essential aspect of a lean canvas is the problem-solution relationship. Furthermore, if an entrepreneur has a solution to a problem, then the business may be successful. Additionally, Lean Canvas can help

entrepreneurs think about the problem and identify weaknesses. In most cases, investors consider Lean Canvas to be a necessary foundation for a firm.

3.2 Structure of a Business Plan

3.2.1 Title page

The initial impression of a company is its title page, which should be appealing, accurate, and professional. Moreover, this page should include the business name, principles, and contact information. However, the table of contents should not be longer than one page, as it should be straightforward so the investor can easily find an area of interest. (Glackin, 2013, 46)

3.2.2 Executive Summary

Abrams (2019) claims that the executive summary is one of the most important aspects of a business plan. Therefore, it should be compelling as it will convince the potential investor whether he should invest in the business or not. The executive summary should be written last, even though it will appear at the beginning of the business plan.

Furthermore, it should demonstrate the ideas and support the entire company. Due to the fact, it is written for institutional purposes, individual preferences should not be included.

3.2.3 Company description

This section of a business plan typically displays basic information about the company, such as ownership, legal status, products and services, and the company's goal. Moreover, the most difficult part of a company description is "Mission Statement." (Abrams, 2019, 68)

According to Shelton (2017), the general company description should be one paragraph long as it should include information about the business type of a company.

3.2.4 Management and Organization

Červený (2014) states that human resources, as well as products, equipment, funds, and knowledge, are essential for starting a business. The following are the primary business inputs that are incorporated in the business plan:

- People – employees
- Process – company size, company type, product launch, product support

- Planning – management, controls

The management and personnel strategy should consider the amount of people required for the company's activity, qualification, salary, motivation, organization, and culture. Furthermore, the management and personnel planning should also provide qualification requirements.

3.2.5 Product Description

According to Abrams (2019), the product description should remain short. The process of describing a product should be clear and logical. If a company sells a significant number of products, the description should include a list of general categories. A product should meet and satisfy customer wants and needs. Products can be tangible – smartphones, cars, and intangible such as service, place, or event.

3.2.6 Service Description

Armstrong and Kotler (2020) state that “Services are a form of product that consists of activities, benefits, satisfaction offered for sale that is essentially intangible and does not result in the ownership of anything” – airline travel, wireless communication, and a hotel. However, companies nowadays attempt to create a customer experience as it is a relevant figure in marketing. For example, Buffalo Wild Wings in the U.S. promote the company as “Wings. Beer. Sports.” giving the customers’ a fan experience. “B-Dubs – as it is known to avid regulars, focuses on food and sports, and “everything in between”. B-Dubs are also the number-one seller of chicken wings and the largest draft beer pourer, with 30 different draft beers on tap.

3.2.7 Market and competition analysis

3.2.7.1 Market analysis

Market analysis is analysing the size of the market and whether there are sufficient customers to acquire the goods or services. As a result, it can be used to see if buyers on the market have the same or comparable characteristics, such as age, income level, gender, employment type, or interests. (Shelton, 2017, 90)

3.2.7.2 Competitive analysis

Many entrepreneurs believe their company is one-of-a-kind, with no competitors. However, the products or services offered to them were already bought or offered in the past. Therefore, an entrepreneur should make a competitive analysis to discover more

about competitors' businesses, find weaknesses and turn them into strengths. Furthermore, it is crucial to determine what customers are missing on the market. (Shelton, 2017, 94)

3.2.8 SWOT analysis

A SWOT analysis is an essential aspect of any marketing strategy. The abbreviation stands for Strengths, Weaknesses, Opportunities, and Threats. The purpose is to demonstrate and assess the company's internal strengths and weaknesses along with external opportunities and threats. Opportunities influence strengths, so they should be assessed and altered to help the company evolve. Furthermore, opportunities and threats should be assessed according to the company's resources. (Sharp, 2018, 230)

Furthermore, the analysis is divided into four quadrants – S, W, O, T where partial analyses of quadrants create one final SWOT analysis. It can be used for strategic purposes but also for tactical operational management, and individuals as well. (Červený 2014, 135)

The SWOT analysis should respect these principles:

- Strategical analysis should include only strategical facts and phenomena. Moreover, when exploiting an analysis too many facts can be intricate.
- SWOT analysis is only relevant in the field of analysis, e.g., SWOT exploited for a business strategy cannot be used in minor personal strategy.
- Only the data about the evaluated strategy should be included in the SWOT analysis.
- Objective – analysis should not express the creator's subjective opinions but rather reflect the purposes of the assessed object. To prevent subjectivity the draft can be consulted with other experts or stakeholders. (Červený, 2014, 136)

3.2.9 SLEPT Analysis

SLEPT Analysis identifies the company's future development and SBU – Strategic Business Units – as well as development trends that may pose risks or opportunities. The process of designing SLEPT analysis is logical. The analysis focuses on the surroundings of the company. The process of designing SLEPT analysis is logical. The acronym SLEPT stands for Social, Legal, Economic, Political, and Technological.

However, goods and services are also a part of the external analysis. As a result, analysis can be used in corporate, personal, financial, and business strategies. The

analysis deals with the company's opportunities and threats, focusing on past, present, and future development trends. SLEPT analysis can be combined with the MAP approach. MAP stands for Monitor, Analyse, and Predict. MAP is innovative as it brings in method and order ensuring that the analysis does not lack logic. (Červený 2014, 54-56)

SLEPT analysis includes factors such as:

- Social factor – climate, demographics, living standard, customer's lifestyle, income, age.
- Legal factor – compliance with the law is necessary.
- Economic factor – influence of present and future economic development, fiscal policy, monetary policy, tax rates, course development or inflation.
- Political factor – political decisions influence economic development, a political party in power, natural disasters, corruption, etc.
- Technological factor – to determine SBU's opportunities and threats concerning implemented technologies, information, and communication technologies. (Červený, 2014, 54-68)

3.2.10 Marketing Strategy

The marketing mix consists of 4Ps – product, price, promotion, and place. A marketing manager combines marketing elements in various order and intensities. The goal of the marketing mix is to satisfy customer wants and needs. (Glackin, 2013, 48)

Vašítková (2014) emphasizes that working with the 4Ps is not sufficient when it comes to services. Physical proof, people, and procedures were added to the 4Ps marketing mix to create the 7Ps:

- Product – anything a company offers to satisfy customer's wants and needs; services are defined by the quality
- Price – an entrepreneur is aware of costs and sets prices accordingly
- Promotion
- Place – location of the business
- Physical evidence – the materialization of the service.
- People – enabling communication between the service provider and customers.
- Processes – facilitate and manage service provision

3.2.11 Social media marketing

According to Sloman and Jones (2020), social media are a popular advertising tool. Furthermore, Facebook and Google are online advertising giants. Facebook's year-on-year growth in revenues was 48 percent, and Google's paid clicks have reached 74.1 percent. Facebook and Google have invested in other technologies, e.g., Google imposed Google Pay and made mobile shopping more accessible. Furthermore, the AdSense Auto has been introduced as it manages when and where an ad should appear. Facebook has provided ad tech to small businesses to target potential customers – the Value Optimisation tool to compete with big companies.

Kotler and Armstrong claim (2020) that 79 percent of smartphone users purchase items through the device, and about 80 percent of buyers are using their smartphone while shopping to look up the reviews of the goods they want to buy in-store. Marketers use social media to target potential customers through social media campaigns, by linking brands to important trending topics or real-world events. Mobile marketing is the fastest-growing digital marketing platform as mobile phones are highly personal and all-time present.

3.2.12 Financial Plan

According to Červený (2014), a financial plan determines how a company will make a profit considering its costs. Furthermore, the aim is to keep finances under control and ensure long-term sustainability. The financial plan deals with product (sale volume), price (set price), place (market segments), promotion (costs of promotion and distribution), process, planning (costs of start-up and business operation), people (personal expenses). The financial plan outlines how the company will manage its finances. Therefore, such a plan should include the development of market values or the SBU.

Shelton (2017) states it is vital to draw out the plan in real-time. The entrepreneur or enterprise should choose a fiscal year – the calendar year regarding the natural business cycle. Generally, the first year is the shortest, as it runs begins the first day a business was established until the last day of the calendar year

3.2.12.1 Cash Flow

Srpová (2020) emphasizes that sufficient financial flow is crucial for running a business. Finances are used to pay for operating and investment activities, e.g., loan repayments. Furthermore, investment activities facilitate the company to grow and evolve. As a result, financial planning and management require a cash flow statement.

As Taušl (2018) emphasizes, cash flow is carried out within two methods:

- Direct method – simpler and more suitable for a small company and a natural person.
- Indirect method – a part of a financial statement used when creating cash flow modifies net profit and inconsistencies between profit, revenue, expenses, and costs.

It is good to consider the following steps to keep cash flow under control

- sell receivables to the bank or other financial institutions,
- more extended maturity contracts,
- obtain finances from the customer earlier,
- ask for a credit or other liabilities. (Taušl, 2018, 112)

3.2.12.2 Balance Sheet

According to Srpová (2020), a balance sheet is a financial statement assessed over a set period of time. It consists of the company's assets and liabilities. Furthermore, the balance sheet is displayed regarding the balance sheet principle; total assets equal total liabilities.

Růčková (2021) claims that the balance sheet is designed at the end of each year, as it portrays an asset overview concerning the financial statement. The purpose of the balance sheet is to demonstrate the company's asset situation, sources of funding, and finances. Furthermore, funding sources include own sources of funding, liabilities, and their structure. The financial situation carries out information on how the profit was obtained, how was it divided, or if the company can get liabilities. However, while assessing the balance sheet, it is essential to pay attention to the sum of balance, development, asset structure, liability structure, and the development, with emphasis on equity ratio, bank, and supplier credit.

3.2.12.3 Income Statement - Profit and loss statement

The income statement is an overview of revenues, costs, and an economic result of a particular period. The financial analysis follows the statement structure and dynamics of individual items. Such statements can be designed in shorter intervals or in intervals that are one year long. Concerning operating profit, the statement breakdown is different. The accounting entity determines whether the profit and loss statement are defined as species or purpose breakdown. Furthermore, a profit and loss statement is essential to describe a company's profitability. (Růčková, 2021, 24-27)

3.2.12.4 Return on Investment

Srpová (2020) states that return on investment is the most often used index, as it evaluates investments in a simple way. Return on investment is identified as the payment period, due date period, or payback period. Furthermore, return on investment predicts the period of investment return. Two methods can be used to identify the index – static and dynamic. The static method does not deal with the factor of time and risk. However, the dynamic method does and thanks to that the discounted cash flow makes the method more precise and accurate.

$$\text{ROI} = \text{Net Profit} / \text{Total Investment} * 100$$

3.2.12.5 Break-even Analysis

As Taušl (2020) claims, break-even analysis is used to determine the minimum product quantity that the company needs to produce to be profitable. Furthermore, break-even analysis describes the following formula:

$$P \times Q = FC + VC * Q$$

P...price per unit

Q...product quantity

FC...fixed cost

VC...variable costs per unit

However, this formula is only applied to the linear course of costs and sale of one kind of production, service, or good. Moreover, Q can be defined from the fundamental formula as follows:

$$\text{BEQ} = \text{FC} / \text{P} - \text{VC}$$

3.2.13 Risks

According to Abrams (2019), every business carries out risks. Therefore, the risk assessment is just as crucial as financial planning in a business plan. Many entrepreneurs are concerned that identifying risks in the business plan may undermine the business. Nonetheless, identifying risks will assist the entrepreneur in gaining a better understanding of the risks he may face. Moreover, the identification of risks shows the potential investor that the entrepreneur takes the business seriously.

The business may encounter various types of risks such as:

- Market risk – no reaction from customers, as the market is not ready for the products or services. Market risk is difficult to deal with.

- Competitive risk – entrepreneur should know that the competitive situation will not prevail the same, as it may change over time
- Technology risk – the technology does not work efficiently. Such risk depends on the business, because technological equipment may not always be decisive.
- Product risk – the product launch is not ready, or the product is not working as expected
- Execution risk – the growth of the company is not sufficient; time and operations are not managed well
- Capitalization risk – costs are either overestimated or underestimated, and the entrepreneur may run out of money. To prevent this, the entrepreneur should have a realistic budget and look for investors or funds.
- Global risk – if the business is international and unpredicted, various situations may intervene in the industry; (Abrams, 2019, 154-155)

3.2.14 Appendices

Blackwell (2018) stated that this part of a business plan is crucial because it can persuade the investor or other party to be interested in the business. Besides cash flow, it should include a detailed financial plan. The financial plan should be prepared by a professional accountant or some financial expert to be credible. (Blackwell, 2018, 14)

Subsequently, Abrams (2019) claims that appendices should remain short and support the business plan. The appendix should not include any unnecessary information.

II. ANALYSIS

THE BUSINESS PLAN

This part of the bachelor's thesis is focused on the analysis of a business plan of the BeerHouse.

3.3 Title page



Figure 1: Beer House logo (by Evelína Klimánková)

Name of the company:	Beer House Ostrava, s.r.o.
Legal form:	Limited Liability Company
Company location:	28. října 38, 702 00 Ostrava
Owner and founder:	Kristýna Kovářová
Address:	Dvanáctá 206, Ostrava
Website:	www.beerhouseostrava.cz
Telephone:	+ 420 666 777 888
E-mail:	beerhouseostrava@gmail.com
Date:	12 th March 2022

3.4 Executive summary

Beer House will be run as a limited liability company. It will be located in the Ostrava city center, close to Masaryk square, Černá Louka exhibition, and Ostrava city museum, all of which offer decent commuting options.

The founder of the company is Kristýna Kovářová, who is a graduate of the Tomas Bata University in Zlín.

The Beer House will be the place to spend time after work, share stories at the table, or play some games and have a good time with the closest people.

Moreover, the pub will provide a wide range of alcoholic and non-alcoholic beverages and both meat and vegetarian dishes. The food menu will provide vegetarian dishes as there are not many available in the evenings and sometimes around lunchtime.

Beer enthusiasts, whether they prefer alcoholic or non-alcoholic beer, will find something to their liking at Beer House.

The owner will be responsible for the company's financials. She will finance the company from her saved money in the amount of CZK 400,000. Furthermore, she will take a loan from the bank in the amount of CZK 900,000. The business plan is focused on the marketing strategy and the financials.

3.5 Company Description

As the name implies, the company will be focused on beer beverages served at the highest quality. Nonetheless, the company will serve other drinks such as wine, lemonade, cocktails, or coffee. The objective of the pub is to create a community of regular customers. The bar will arrange activities by the table, such as quiz nights or beer pong Fridays. Customers can also play table football, darts, dice, or board games.

3.5.1 Legal form

As suggested on the title page, the pub will operate as a limited liability company. The founder will be the natural person Kristýna Kovářová, who meets all the requirements to run a company in the Czech Republic.

3.5.2 Company vision and goals

The Beer House wants to provide quality services and products to all the customers. The goal is to create a community, cherish beer drinkers and give customers an experience. Furthermore, the purpose is not only to serve beer and food but also to connect people,

share knowledge or learn something. Furthermore, the bar wants to also satisfy vegetarians by offering vegetarian dishes on the food menu.

3.5.3 Opening hours

During weekdays, the pub will be open from 11:00-24:00. Subsequently, the closing time is at 24:00, but on Fridays and Saturdays, the bar will be open until 1:00 a.m. However, if prospects are positive regarding high profitability, it will be open until 2:00 a.m. At the weekend the Beer House will be open from 14:00. Sunday will be open from 14:00-22:00.

Opening hours	
Monday	11:00-24:00
Tuesday	11:00-24:00
Wednesday	11:00-24:00
Thursday	11:00-24:00
Friday	11:00-1:00
Saturday	14:00-1:00
Sunday	14:00-22:00

3.5.4 Competitive advantage

The competitive advantage could be the variety of beers and food to satisfy a relatively wide range of customers. Another competitive advantage could be quiz nights or beer pong Fridays. On Tuesday from 18:00-20:00 will be happy hours, and customers can get two drinks for one. Subsequently, the founder wants to reward loyal customers by implementing loyalty cards as she believes these cards may bring in more customers. The loyalty cards will be provided to the customers at the grand opening. In the future, the loyalty cards will be given to customers who ask for them.

3.6 Management & Organization

The founder of the company will be the main bartender, as she would like to set the spirit of the pub. Moreover, she has previous experience in tapping the beer and preparing

coffee and other drinks. However, other employees will be hired, and beer enthusiasts will have a distinct advantage because they would better match the atmosphere. During the hiring process, the owner will assess their bartending and customer service experience. Another advantage will be foreign languages, as the bar may serve Erasmus university students or tourists. All employees will get a working T-Shirt with the logo of a bar, and they will be required to wear it during their shift, so they are easier to distinguish from the customers.

3.6.1 Full-time employees

The beerhouse will employ four full-time employees. Two will be chefs, and the other two will serve the customers. The employees will be divided into two shifts – each shift will work a long and short week. The shift starting a long week will work on Monday, Tuesday, Friday, Saturday, and Sunday. The working days in the short week will be Wednesday and Thursday. As a result, throughout a month, each shift will work two long and two short weeks. The waiters will be required to serve the customers, prepare drinks, or clean the bar area. Their salary will be CZK 120 per hour with the possibility of keeping the tips. The pub cooks will be responsible for the daily menu and regular meals. Moreover, the owner will allow them to express their creativity as they may create a dish of their preference. The owner and staff will taste the dish and give feedback on whether or not it will appear on the menu. The dish on the menu will be called the chef's choice. The salary of chefs will be CZK 135 per hour.

3.6.2 Part-time employees

Part-time employees can plan shifts according to their preferences. However, if the employer expects more customers in the evening, she will reach out the part-time workers. They will be working a maximum of eight hours a day. The salary per hour will be CZK 120, including tips.

3.6.3 Owner

The owner will take care of the bar's promotion and public relations as she will manage and communicate with people through social media platforms – Instagram, Facebook, and TikTok. The content to Instagram and Facebook will be added daily.

3.6.4 External accountant

The external accountant will be hired by the owner. He or she will be responsible for the company's accountants, such as invoices, tax returns, and other documents. The accountant will have flexible working hours and will be paid a fixed amount of money which has been calculated to CZK 6,000 per month.

3.7 Market and competition analysis

3.7.1 Market analysis

The beerhouse is situated in Ostrava. Therefore, the target group will be citizens of the city and its surroundings. According to the Czech Statistical Office (2021), Ostrava is the third-largest city in the Czech Republic, with about 283,000 inhabitants. The pub is located in the heart of Ostrava, near Masaryk Square, where many people gather during the day. Furthermore, there are university faculties; therefore, students are the target group as they may visit the pub after school to do their homework, play games, or relax. However, people of all age categories are welcome, as the bar will be open for customers who enjoy socializing and drinking in pubs.

3.7.2 Competition analysis

Ostrava is a big city with many bars and restaurants where people can enjoy a meal or have a drink. However, some places do not provide their customers with high-quality service. As a result, the owner wants to draw the focus on the high-quality and customers satisfaction. Furthermore, the author made a competition analysis of the area.

3.7.3 Hotel Imperial

This could be a direct competitor to the Beer House as the hotel restaurant also offers daily menu. The opening hours are from 6:00-18:00 during the weekdays and during the weekend the restaurant is open from 7:00-16:00. Hotel Imperial is a four-star hotel with exclusive services as they offer wedding suites, business, comfort, or executive rooms. Moreover, the hotel offers Sunday brunch between 11:30-14:00pm. Occasional services like catering and wedding feast are also included. On the drink menu can be found non-alcoholic as well as alcoholic beverages. The daily menu offers business lunch including four dishes, and other dishes for each day in the week. As a four-star hotel their services are exclusive but may also be expensive for regular customers. The interior of the hotel is modern, minimalist, professional in appearance. (imperialhotelostrava.com)

3.7.4 Gokana Japanese

This restaurant is located on the Zámecká Street near the Beer House. Gokana Japanese is open daily from 11:00-22:00pm. The restaurant is focused on the Japanese food and culture. The restaurant has both drink and food menu. The drink menu offers hot and cold drinks along with alcoholic and non-alcoholic beverages. As a Japanese restaurant, sushi, spring rolls and soups are on the food menu. However, they also offer salads, starters, and special dishes. Moreover, their website also offers food delivery services. The interior is contemporary and features wooden furnishings. Customers can also sit on the pillow-like chair next to the table for a truly authentic Japanese experience. (gokana.cz)

3.7.5 Gold Kebab Pizza Burger

Another competitor could be the Gold Kebab fast-food window just across the Beer House. The opening hours during the weekdays are from 10:00-24:00 p.m. During the weekends, the opening hours are extended until 2:00 a.m. Gold Kebab Pizza Burger provides its customers with fast-food meals like pizza, kebab, hamburgers, or French fries. However, this type of service is not considered to be healthy as fast-food meals are likely to be fried, salty, and full of unsaturated fatty acids. Delivery services are included, and customers may offer the food through damejidlo.cz (damejidlo.cz)

3.8 Marketing Strategy

3.8.1 Marketing Mix – 7Ps

3.8.1.1 *Product*

- **Beverages and food**

The drink menu will be divided into sections regarding the type of drinks, such as alcoholic, non-alcoholic draft beer, ciders, bottle beer, wine, sodas, lemonades, hot drinks, spirits, and cocktails. The drink menu will consist of cold and hot drinks – selected tea and coffee. The owner will buy beer barrels mainly through the website pivoteka.cz, domaci-pivoteka.cz or stramis.cz

Furthermore, on weekdays the pub will offer a daily menu with soup, one meat dish, one vegetarian dish, and the third option will be the chef's choice. Besides the daily menu, there will be appetizers, snacks, soups, and about six other dishes that will also respect vegetarian customers. All the ingredients will be purchased in wholesales like Makro or

JIP. Wholesales provide a wide variety of food and drinks suitable for entrepreneurs' purchases.

- **Board games and other entertaining equipment**

The owner will purchase some of the board games that will be available for borrowing. Donation of board games is also very welcome. Beer House will possess entertainment equipment such as table football, darts machine and jukebox. Table football will be priced at a minimum of CZK10 per 10 balls. Moreover, the darts machine will also be provided, each player will pay CZK 10 per one game. Music sets the atmosphere; therefore, the jukebox will not be omitted, and each song will cost CZK 10.

- **Special events**

The Beer House will host Happy Hours on Tuesday from 18:00-20:00. The bar will provide the customers with two for one alcoholic drinks. On Thursday once a month will be a pub quiz night on various topics or just quizzes concerning basic knowledge. Customers that would like to participate will be charged a CZK 50 registration fee.

On Friday nights, it will be possible to play beer pong. Beer pong is usually played by four people split into two teams. The cost of one game will be CZK 300. The cost will include six half-liter beers, twenty cups, and two ping pong balls. Cups will be filled with beer, and the last line of cups will be filled with water.

3.8.1.2 Price

The price should not be significantly higher or lower because customers are used to pay a set amount of money for a particular product or service. However, if the product is served in considerably better quality than similar products on the market then the owner can charge more to remain competitive. The table below shows the purchasing and selling price of drinks on tap.

Purchasing and selling prices of drinks on tap (in CZK)		
Product	Purchasing price	Selling price
Radegast 12 (0.5 l)	21.76	45
Radegast brewer's choice (0.4 l)	28.3	52
Pilsner Urquell (0.5 l)	28.7	52
Honey Bachelor (0.5 l)	26	48
Cherry Beer Rohozec (0.5 l)	28.81	52

Hairy Monkey IPA (0.5 l)	31.28	52
Black Beer Kozel (0.5 l)	21.66	45
Cider Kingswood (0.5 l)	26.83	50
Birell Pomelo (0.5 l)	19	42
Birell (0.5l)	17	40
Bernard Plum (0.5 l)	20	44
Sodas (0.5 l)	10.6	40

Table 1: The purchase and selling price of drinks on tap (own creation)

The average purchasing and selling prices of drinks (in CZK)		
Product	Purchasing price	Selling price
Wine (0.2 l)	21	48
Lemonade (0.5 l)	15	48
Coffee	15	52
Tea	15	48
Water	15	39
Soda	16	44
Energy drink (0.25 l)	27.5	62
Juice (0.3 l)	10	42
Spirit (0.04 l)	30	66
Mixed alcoholic drink	50	120
Mixed non-alcoholic drink	20	95

Table 2: The average purchasing and selling prices of drinks (own creation)

The price of wine was calculated from the purchasing price on Makro, the average purchase price for red wine is CZK 27 per 0.2 l and the average of white wine is CZK 15. Therefore, the average price of wine was calculated as CZK 21 rounded to whole numbers. Other beverages were calculated the same way.

3.8.1.3 Place

Customers will be advised to consume drinks and food in the pub. Drinks and food will be served by employees of the bar. Furthermore, table reservations may be handled via a website or a mobile phone. Reservations will not apply for board games, darts, or table football.

3.8.1.4 Promotion

Due to the fact, that the pub is new to the market, higher initial promotion costs are required. The promotion will be managed and financed by the owner. The main focus will be drawn on online advertising such as website, and social media. However, the promotion will also be handled in leaflets and posters.

- **Website**

The website will give contact information about the Beer House, its residence, opening hours, and its products and services. On the website will be placed photos of the interior, products, or events. The website's design will be in the colors of the pub – yellow and black. The website will be created through webstrankylevne.cz where the costs have been calculated to CZK 5,000.

- **Social media**

The owner will use mainly social media to promote the bar because this way it can reach a larger audience. Facebook and Instagram will be the main platforms for promotion as both platforms feature advertising services. However, the owner must invest in the promotion to reach Facebook and Instagram users. According to Forbes, TikTok has become the most visited platform in the world as it has billions of users. Therefore, the owner will manage TikTok account will be managed as well. (Forbes.cz)

- **Facebook**

Beer House will have its own Facebook page that people may like or subscribe to see the latest posts, events, or changes in opening hours. People can also leave a comment or give feedback under the posts. Furthermore, Facebook possesses the function of adding stories. Stories are used to post pictures or videos that are visible for 24 hours to everybody who clicks on the profile. Subscribers and followers will see the stories of accounts they follow at the top of their main page. Besides that, paid advertising services are also provided. Therefore, the owner will use the platform before the grand opening, as she estimates to spend CZK 2,000. Other months, the promotion's costs may be altered based on their effectiveness.

- **Instagram**

Another account that Beer House will possess will be Instagram, managed similarly to the Facebook page. The owner will manage both the Facebook and Instagram accounts as she will be posting pictures and videos on the accounts or the accounts stories. Furthermore, both accounts will use hashtags #beerhouseostrava under the posts. Instagram users may use the hashtag in their posts description to highlight the pub's products or services. The owner has her own Instagram account and will be promoting the pub in her stories. However, the promotion of Instagram account before the grand opening would need to be paid, the owner estimates about CZK 2,000. Other months the promotion will be financed in the amount of CZK 1,000.

- **TikTok**

TikTok account will also be managed by the owner, as the owner will post funny videos or some snippets of nights. It is efficient to add hashtags, keywords or put a trending song in the background because it will reach a wider audience. Furthermore, the section "for you" is designed according to the users' preferences and interests. The owner will invest about CZK 1,000 into TikTok. Other ad investments will be evaluated based on the effectiveness of the promotion.

- **Leaflets and posters**

Most promotional materials will be placed in the city center. Furthermore, family members and friends will be asked to place leaflets or posters in other parts of the city or university and secondary schools. The leaflets and posters will carry out contact information, description of the company and social media accounts. The grand opening campaign will start approximately two weeks before the opening as it will reveal the whole concept. Leaflets and posters will be purchased from the slevotisk.cz. The owner will buy 100 posters of the size A3 for CZK 700. For CZK 847, another 200 A5 leaflets will be purchased. The remaining budget will be used for other promotional purposes.

- **Word of mouth**

The biggest advantage of this type of promotion is that the owner does not have to pay for it. However, this type of promotion is subjective, as people may express their opinion that could negatively impact potential customers. To prevent this, the bar must give customers the highest-quality products and services.

- **Loyalty cards**

As mentioned above, the Beer House will provide loyalty cards to customers to their customers. Small glasses of beer and pub's logo and beers will be printed on the card. To avoid misuse, the bartender will fill in the date of the first purchased beer, and the holder will fill in the name. The customer will get a stamp from the bartender for every other beer. Every twentieth beer will be on the house. The owner will spend CZK 472 on 200 loyalty cards from slevotisk.cz, which will be given to the consumers at the grand opening.

3.8.1.5 People

The main goal of the Beer House is to maintain a pleasant and welcoming atmosphere. Furthermore, personnel will be hired based on their enthusiasm, willingness, and dependability. During the hiring process, their communicative abilities and previous job experience will be heavily considered. The owner wants to encourage the employees to enjoy their work and to keep educating about serving beer, coffee, and other beverages. Language skills will be an advantage but not an obligation.

3.8.1.6 Physical Evidence

Beer House will be furnished with brown wooden tables and chairs. The walls will be decorated with newspaper clippings such as random beer facts, posters from beer magazines, and colorful paintings. As observed by the author, nowadays, the aesthetics of a company is essential because many people are visiting places to take a nice picture or video for so-called "Instagram content." All customers will have free access to an internet connection – Wi-Fi. Above the windows will be a lit logo "BEER HOUSE" that will light yellow at night to attract customers. A table will be set up outside the bar with offerings such as beers on tap and a daily menu. All employees will be required to wear company black T-shirts with embroidered yellow logo.

3.8.1.7 Processes

The owner guarantees to provide high-quality service with an emphasis on efficiency. The owner will encourage teamwork, communication, and support within the team. However, collisions may still occur, but the owner will be present to assist and prevent them. Significant inconveniences will be discussed individually, and the owner will try to find the best possible solution. Employees will be required to ask customers if the food

and drinks were satisfactory, the owner will then assess the feedback and take appropriate action.

3.8.2 SWOT analysis

Strengths	Weaknesses
<ul style="list-style-type: none"> • Location • Loyalty cards • Beer variety • Events 	<ul style="list-style-type: none"> • Beginner on the market • Risk of failure • High initial costs
Opportunities	Threats
<ul style="list-style-type: none"> • High-quality beer service • Entertainment within the bar • Vegetarian dishes 	<ul style="list-style-type: none"> • Lack of customers • Competitors • Restrictions

Table 3: SWOT analysis (own creation)

- **Strengths**

The loyalty cards could be the biggest strength of the pub because no other pub offers such deal. Other strengths could be events like happy hours, pub quizzes, or beer pong Fridays none of which were seen in the closest area. Furthermore, beer variety will be another strength. The pub will be situated in Ostrava's city center, which is during the day, and on weekend nights the most crowded place. The bus and tram stops are near; therefore, commuting is accessible. Bike station from the popular bike rental company Next Bike is also in the area.

- **Weaknesses**

One of the biggest weaknesses could be that the owner has no previous experience with running a business. As a result, the first couple of months may be challenging. High operating costs also could be considered the company's weaknesses.

- **Opportunities**

The opportunities of Beer House are the highest quality beer and service. Another opportunity will be the vegetarian food menu, as vegetarians may find it challenging to eat in the evening because such restaurants are closing too soon, or the menu does not offer many warm vegetarian dishes. As Beer House focuses on the customer experience, board games and other interactive games could bring in more customers.

- **Threats**

One of the biggest threats may be the lack of customers in the first couple of months. Resulting in low profitability and may even end up in a difficult financial situation. Furthermore, new competitors on the market would be a considerable threat as two similar companies would not be prosperous. Another threat affecting the company may be high inflation.

Regarding the pandemic situation and lockdown, the Beer House will act accordingly. The owner will expand the food menu. For instance, it would be possible to order a food menu with bottled beer or lemonades for a better price. Furthermore, cooperation with local delivery services such as DámeJídlo, Bolf Food, and Wolt would be required.

3.8.3 SLEPT analysis

According to the Czech Statistical Office, the population in the Czech Republic is growing. Compared to the last census in 2011, the data from 2021 shows the population has grown by about 87,600. Furthermore, half of the population (48.2%) lives in four regions: the capital city Prague, the Central Bohemian Region, South Moravian Region, and Moravian Silesian Region.

Furthermore, the population has been aging since 2006. Compared to the data from 2021, the average measured age was 42.7 years, as it has grown by about two years since 2011. Women's average age has increased about 1.8 years to 44.1 years, and men's average age about 1.9 years to 41.2 years. The number of educated people is growing, as 53.1% of the population has a secondary school diploma. Unemployment has decreased by 0.8% to 2.5%. (Czech Statistical Office, 2022)

In 2021, the Czech Statistical Office stated that the population in the Moravian Silesian region has decreased due to common changes such as migration. The emigration of population in the Moravian Silesian region was counted at 2,000 people, which was the lowest compared to the data from previous years. The immigration to the Moravian-Silesian region was 2013 people in total, which was about 504 people more than in 2020. The immigration number was the highest in Ostrava, about 1284 people, and 55.7% were men. However, the number of emigrated people was 1952, and the majority were men, about 54.6%.

Regarding the pandemic situation in 2019-2022, the data from 2021 shows that the number of deaths was higher about 42.4%, in comparison with the number of deaths in

2020. The Czech Statistical Office claims that about 70% of people were older than 75 years. (Czech Statistical Office, 2022)

3.8.4 Legal factors

In 2016, the government imposed electronic sales records on businesses to prevent tax evasion. In Czech, it is called “elektronická evidence tržeb,” abbreviated as “EET.” Entrepreneurs who get finances in cash or meal vouchers must possess cash register equipment with an internet connection as it sends the purchase information to the Tax Office. However, during the pandemic the electronic sales record shut down. (EET Money, 2022)

The Ministry of Finance in the Czech Republic emphasizes that electronic sales record brings in administrative difficulties and costs related to the operation of EET. Therefore, the Ministry of Finance sees no use of the electronic sales record, and from January 2023, the EET will be abolished. (Ministry of Finance, 2022)

Ministry of the Interior of the Czech Republic states that the personal data processing policy should follow people who register and store such data. In April 2016, the European Parliament and the Council enacted a law concerning the protection of natural persons regarding the processing and its free movement. Moreover, personal data are covered by the General Data Protection Regulation – GDPR. Legislative reasons must be stated to process the personal data by the administrator legally. Furthermore, the administrator must state the reason for data processing and have other parties’ consent. The consent is necessary for closing contracts, e.g., lease agreements and employment contracts. (Ministry of the Interior of the Czech Republic, 2022)

As far as the Moravian-Silesian Region is concerned, the average wage has risen about 4.3%. Compared to the data from 2020 and 2021, the wage was higher, about CZK 1519. However, the Moravian Silesian region is still among the regions with the lowest average wage. The real wage was affected by inflation, leading to the consumer price increase. Moreover, consumer prices have increased by 6.1% by the end of 2021. The decrease in real wages has been recorded across the Czech Republic. In the Moravian-Silesian region, the real wage has decreased by 1.7% whereas consumer prices increased by 6.1% (Kurzy, 2022)

According to the data from 2021, changes in employment have also been observed. For instance, the Moravian-Silesian region employed 417,500 people, which was by far about 1.0% people less than in 2020. (Kurzy, 2022)

3.8.5 Economic factors

The year-on-year inflation in March 2022 has reached 12.7% as consumer prices increased. The prices of fuels skyrocketed and reached, on average 44,50CZK per 1 liter, which is, in comparison, half the price of fuel in the previous year. A significant increase in prices happened in February 2022 as the prices of electricity went up by 22.6%, natural gas by 28.3%, and water consumption by 12.4%. Moreover, energy prices like electricity, natural gas, and water prices also increased. The year-on-year consumer prices of electricity increased by 24.7%, natural gas by 37.7%, and water consumption by 13.9%. In 2021 the yearly average of inflation was 3.8% (Kurzy, 2022)

Month-on-month inflation is carried out throughout the year and compares each month's data. In March 2022, consumer prices increased by 1.7%. Moreover, the prices of natural gas increased by 7.4%, electricity by 1.7%, and water prices by 1.3%. The prices of groceries also increased, more precisely prices of meat by 0.8%, fruit by 2.1%, and prices of dairy products by 1.3%, whereas prices of vegetables decreased by 1.4%. Furthermore, the prices of wine went up by 2.2% and prices of tobacco by 2.3%. (Kurzy, 2022)

Inflation is harmful to the economy because it decreases the currency's purchasing power. As a result, the Czech National Bank reacted to high inflation with higher interest rates in the second half of 2021. (Czech National Bank, 2022) Consequently, the Ministry of Finance wants to appreciate the CZK against EURO to help the inflation from increasing. (Ministry of Finance, 2022)

As far as GDP is concerned, in the years 2019-2021, the government took the approach of the expansionary fiscal policy leading to an increase in government debt from 30% to 42% of GDP. However, such actions were mainly a consequence of the COVID-19 pandemic. Furthermore, in 2021 the Gross Domestic Product was higher, about 3.3%, than the data suggested in 2020. The data from April 2022 demonstrates that the quarter-on-quarter GDP has increased by 0.7%, and the year-on-year GDP has increased by 4.6%. The construction, trade, food and accommodation services contributed to the annual growth of gross added value. (Kurzy, 2022)

3.8.6 Political factors

According to the Czech National Bank, the CNB Board has raised the two-week repo rate – 2W repo rate or Czech “dvoutýdenní repo sazba – 2T” by 0.75% to 4.50%. Furthermore, the CNB Board decided to increase the discount rate to 3.50% and the

Lombard rate to 5.50%. The newly set interest rates are valid from February 2022. The increase in interest rates can affect new businesses because the business credit is more expensive for the borrowers. For instance, Komerční Banka a.s. provide business credit up to CZK 1,000,000 with an interest rate of 9.9% p.a. (Komerční banka, 2022)

In 2021 the Organisation for Economic Cooperation – OECD stated that the Czech Republic was among the most open economies regarding service trade. With respect to that, the Czech Republic's attractiveness for foreign investment and trade is growing. Furthermore, in February 2022, the OECD released Services Trade Restrictiveness Index – STRI used to measure restrictions and barriers among 50 countries since 2014. According to the OECD research, global restrictions have decreased since 2020, and trade obstacles have slowed down simultaneously due to the Covid-19 pandemic. Regarding this year's STRI, open markets are crucial for service trade. They keep encouraging sustainability of the post-pandemic economic recovery, enhancing competitiveness, and building resilient supply chains. (Ministry of Interior, 2022)

The Ministry of industry and business created the so-called “sole-trader package” to support small and medium businesses. Furthermore, this package should help the entrepreneurs with their activity as it provides:

- better credits to businesses
- guarantees the family business
- changes in law twice a year, e.g., the introduction of uniform effective dates, end of tax exceptions
- reducing the administrative complexity - single database forms
- flat tax – convenient for sole traders whose income is near CZK 1,000,000 a year
- reduced DPH in gastronomy from 15% to 10% (Ministry of Industry, 2022)

3.8.7 Technological factors

Investments in innovation help the country to remain competitive and lucrative. Furthermore, research and innovation activities are fundamental for developing the economy with higher added value. Modernization and digitalization are a priority in data processing segments. Regarding the Covid-19 pandemic, the government suggests designing tools to support research, development, and innovation to handle critical situations better. The Czech government wants to eliminate the fragmentation of the financing system and unify the rules of national subsidy programs. (Czech Government, 2022)

As far as the Beer House is concerned, the pub will possess kitchen appliances like refrigerators, freezers, cooker, microwave, and air fryer. When it comes to the bar's equipment, the owner will purchase a coffee machine, beer tap, and another refrigerator for cold drinks. Furthermore, she will provide an electronic cash register and VISA payment terminals so customers may pay in cash or with a credit card. Customers will be able to connect to the pub's Wi-Fi network for free. Own company websites and social media accounts will be created. Finally, the pub will be secured with CCTV cameras, and music will be provided thanks to the OSA, a company allowing businesses to play music.

3.8.8 Financial plan

Financials are a crucial part of a business as they demonstrate the costs, revenues, and profit. Therefore, a balance sheet, income statement, estimated costs, revenues, cash flow, and return on investment are included in the financial plan. Pessimistic, optimistic, and realistic scenarios of revenues are also provided.

3.8.9 Initial investment

The initial costs have been calculated beforehand to demonstrate the needed amount of financials. The table below shows costs without which the company would not be able to operate.

Initial investment (in CZK)	
Trade License, Concession and other fees	7,550
Website	5,000
Rent	35,000
Deposit	35,000
Appliances	250,000
Promotion	8,000
Reconstruction	50,000
Payment Terminal VISA	3,000
Cash Register	8,000
Business laptop	15,000
CCTV	11,000
Staff clothing	3,000
Table football	32,000
Jukebox	12,000

Board games	3,000
Furniture	70,000
Darts machine	30,000
Decorations	12,000
Tableware	35,000
Lightning	25,000
Detergents	3,000
Mobile phone	3,000
Inventory	15,000
Total	670,550

Table 4: Initial investment (own creation)

3.8.10 Balance sheet

In order to see the company's assets, equity and liabilities, the author created a balance sheet. Furthermore, the balance sheet shows the fixed assets that were bought from the initial investment as can be seen in the *Table 3*. However, not everything in the *Table 3* can be considered as fixed assets. Therefore, the author subtracted the website, promotion, reconstruction, and deposit to calculate fixed assets.

Balance sheet (in CZK)			
Assets		Equity and liabilities	
Fixed assets	572,550	Equity	400,000
Tangible Assets	515,000	Registered capital	400,000
Other assets	57,550	x	x
Current assets	727,450	Liabilities	900,000
Supplies for 2 months	641,000	Bank loan	900,000
Bank account	86,450	x	x
Total assets	1,300,000	Total equity and liabilities	1,300,000

Table 4: Balance sheet (own creation)

3.8.11 Labor costs

The Beer House will employ four full-time employees and one part-time worker. The chefs will be paid CZK 135 per hour and waiters and waitresses will be paid CZK 120

per hour. The owner will be paid CZK 135 per hour. Regarding Czech law, the employer has a condition to pay for employees' insurance in the amount of 33,8%, 24.8% is social security and 9% health insurance. The part-time worker will work under the DPČ, which is an abbreviation that stands for "dohoda o pracovní činnosti." Furthermore, the part-time worker can work a maximum of 20 hours per week which is 80 hours per month and will be paid 120CZK per hour.

Monthly labor costs (in CZK)			
	Gross month salary	Insurance (33.8 %)	Total Costs
Owner	26,000	8,788	34,788
Waiter/Waitress (2)	44,000	14,872	58,872
Cooks (2)	52,000	17,576	69,576
External accountant	6,000	2,028	8,028
Part-time employee	9,600	3,244.8	12,844.8
Total labor costs			184,109

Table 5: Monthly labor costs (own creation)

3.8.12 Fixed costs in the first year

Fixed costs determine day-to-day expenses that must be paid each month regardless its revenues.

Fixed costs in the first year (in CZK)		
	Monthly	Yearly
Rent	35,000	420,000
Labor costs	184,109	2,209,306
Energy and water consumption	25,000	300,000
Property insurance	2,000	26,000
Internet connection	600	7,200
Web domain	850	10,200
Mobile phone expenses	700	8,400
Promotion	4,000	48,000
OSA.cz	3,460	41,520
Total	255,718.8	3,068,625.6

Table 6: Fixed costs in the first year (own creation)

3.8.13 Estimated revenues in the first year

The realistic, optimistic, and pessimistic scenarios determine the estimated revenues. The bar area is expected to have fifteen four-seat tables.

Realistic scenario	
Number of customers per day	125
Average spending of one customer	170
Revenues daily (in CZK)	21,250
Revenues monthly (in CZK)	637,500
Revenues yearly (in CZK)	7,650,000

Table 7: Realistic scenario

Optimistic scenario	
Number of customers per day	140
Average spending of one customer	170
Revenues daily	23,800
Revenues monthly	714,000
Revenues yearly	8,568,000

Table 8: Optimistic scenario (own creation)

Pessimistic scenario	
Number of customers per day	95
Average spending of one customer	170
Revenues daily (in CZK)	16,150
Revenues monthly (in CZK)	484,500
Revenues yearly (in CZK)	5,814,000

Table 9: Pessimistic scenario (own creation)

3.8.14 Variable costs in the first year

Variable costs in the table below will be mainly determined regarding the number of customers per day.

Variable costs in the first year (in CZK)		
	Monthly	Yearly
Supplies (realistic scenario)	320,500	3,846,000
Supplies (optimistic scenario)	350,350	4,204,200
Supplies (pessimistic scenario)	295,300	3,543,600

Table 10: Variable costs in the first year (own creation)

3.8.15 Total costs in the first year

Finally, the table below demonstrates the sum of fixed and variable costs that result in the total yearly costs.

Total costs in the first year	
Total costs (realistic)	6,914,625.6
Total costs (optimistic)	7,272,825.6
Total costs (pessimistic)	6,612,225.6

Table 11: total costs in the first year

3.8.16 Fixed costs in the second year

Furthermore, it is estimated that the costs of labor costs, energy and water consumption and promotion may vary. In the case of labor costs, energy, and water consumption, inflation may be the primary determinant. Promotion is expected to cost less as it is estimated that the pub will be known among the people.

Fixed costs in the second year (in CZK)		
	Monthly	Yearly
Rent	35,000	420,000
Labor costs	191,609	2,299,306
Energy and water consumption	22,000	264,000
Property insurance	2,000	24,000
Internet connection	600	7,200
Web domain	850	10,200
Mobile phone expenses	700	8,400
Promotion	2,000	24,000
OSA.cz	3,460	41,520
Total	258,218.8	3,098,625.6

Table 12: Fixed costs of the second year (own creation)

3.8.17 Estimated revenues in the second year

As mentioned above, it is estimated that in the second year the revenues will increase.

Realistic scenario	
Number of customers per day	140
Average spending of one customer	180
Revenues daily (in CZK)	25,200
Revenues monthly (in CZK)	756,000
Revenues yearly (in CZK)	9,072,000

Table 13: Realistic scenario (own creation)

Optimistic scenario	
Number of customers per day	150
Average spending of one customer	180
Revenues daily (in CZK)	27,000
Revenues monthly (in CZK)	810,000
Revenues yearly (in CZK)	9,720,000

Table 14: Optimistic scenario (own creation)

Pessimistic scenario	
Number of customers per day	105
Average spending of one customer	180
Revenues daily (in CZK)	18,900
Revenues monthly (in CZK)	567,000
Revenues yearly (in CZK)	6,804,000

Table 15: Pessimistic scenario (own creation)

3.8.18 Variable costs in the second year

Variable costs (in CZK)		
	Monthly	Yearly
Supplies (realistic scenario)	330,450	3,965,400
Supplies (optimistic scenario)	374,150	4,489,800
Supplies (pessimistic scenario)	302,300	3,627,600

Table 16: Variable costs in the second year (own creation)

3.8.19 Total costs in the second year

Total costs in the 2nd year	
Total costs (realistic)	7,064,025.6
Total costs (optimistic)	7,588,425.6
Total costs (pessimistic)	6,726,225.6

Table 17: Total costs (own creation)

3.8.20 Income statement of the first year

In this part, the author created a table representing the yearly revenues with respect to the realistic, optimistic, and pessimistic scenarios presented above. The 19% tax is related to the chosen legal entity. However, the 19% tax cannot be imposed in the pessimistic scenario because the company does not generate a profit.

Income statement of the 1st year (in CZK)			
	Realistic scenario	Optimistic scenario	Pessimistic scenario
Revenue	7,650,000.00	8,568,000.00	5,814,000.00
Fixed Costs	3,068,625.60	3,068,625.60	3,068,625.60
Variable costs	3,846,000.00	4,204,200.00	3,009,600.00
Total costs	6,914,625.60	7,272,825.60	6,078,225.60
EBITDA	735,374.40	1,295,174.40	-264,225.60
Depreciation	–	–	–
EBIT	735,374.40	1,295,174.40	-264,225.60
Net interest expense*	89,100.00	89,100.00	89,100.00
EBT	646,274.40	1,206,074.40	-353,325.60
Tax (19%)	122,792.14	229,154.14	–
EAT	523,482.26	976,920.26	-353,325.60

Table 18: Income statement of the first year (own creation)

* The interest may vary in the future.

3.8.21 Income statement of the second year

Income statement of the 2nd year (in CZK)			
	Realistic scenario	Optimistic scenario	Pessimistic scenario
Revenue	9,072,000.00	9,720,000.00	6,804,000.00
Fixed Costs	3,098,625.60	3,098,625.60	3,098,625.60
Variable costs	3,965,400.00	4,489,800.00	6,726,225.60
Total costs	7,064,025.60	7,588,425.60	5,380,920.00
EBITDA	2,007,974.40	2,131,574.40	1,423,080.00
Depreciation	–	–	–
EBIT	2,007,974.40	2,131,574.40	1,423,080.00
Net interest expense	89,100.00	89,100.00	89,100.00
EBT	1,918,874.40	2,042,474.40	1,333,980.00
Tax (19%)	364,586.14	388,070.14	253,456.20
EAT	1,554,288.26	1,654,404.26	1,080,523.80

Table 19: Income statement of the second year (own creation)

3.8.22 Cash flow of the first year

The following table was created to project the cash flow of the first year. The cash flow is carried out by the direct method. During the first year, the business has reached a positive cash flow in the amount of CZK 1,453,94.4.

Cash Flow of the first year (in CZK)	
Initial deposit	400,000
Bank loan	900,000
EBITDA	735,374.4
Interest	– 89,100
Initial investment	– 670,550
Cash flow	1,364,824.4

Table 20: Cash flow of the first year (own creation)

3.8.23 ROI – Return on Investment of the first year

Return on Investment has been calculated as follows:

ROI = Net Profit / Total Investment * 100	
Realistic scenario	110.63%
Optimistic scenario	117.80%
Pessimistic scenario	95.65%

The realistic scenario shows the return on investment is higher than 100%. Therefore, there is no need to calculate the following years as the revenues are estimated to increase over time.

CONCLUSION

The main goal of this bachelor thesis was to create a business plan for a Beer House and demonstrate the profitability of the business. The writer wanted to present a unique concept of a pub that would provide high-quality service along with experience to its customers. As the writer observed, certain pubs or restaurants treat the employees poorly. Therefore, Beer House would be run as a fair company with an emphasis on employee and customer satisfaction.

The financial plan was designed to find out if the business would be profitable. The author created a balance sheet to determine how well equity and liabilities would cover the assets. Moreover, three different scenarios – realistic, optimistic, and pessimistic demonstrate the revenues and losses of the company.

The revenues of the company are defined in the income statement. During the first year, the company will generate a profit of CZK 523,482.26 in the realistic scenario and a profit of CZK 976,920.26 in the optimistic scenario. However, the pessimistic scenario has been calculated as a loss in the amount of CZK –353,325.60. The second year shows signs of greater revenue, as all three scenarios have appeared positive.

Consequently, other calculations, such as cash flow and return on investment, are provided. Cash flow turned out positively CZK 1,364,824.4. ROI in the realistic scenario was 110.63%, and in optimistic, 117.80%. However, the pessimistic turned out to be 95.65%.

According to the calculations, the business would be viable to operate on the market. The marketing strategy will prevail the same during the first and second year. This business plan will be used as a template for future plans.

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LIST OF ABBREVIATIONS

a.s.	Akciová společnost
coll.	Collumn
CZK	Czech Crown
DPČ	Dohoda o pracovní činnosti
DPH	Daň z přidané hodnoty
EET	Elektronická evidence tržeb
e.g.	Exempli gratia
etc.	Et cetera
GDPR	General Data Protection Regulation
k.s.	Komanditní společnost
No.	Number
OECD	Organisation for Economic Co-operation and Development
VAT	Value added tax
v.o.s	Veřejná obchodní společnost

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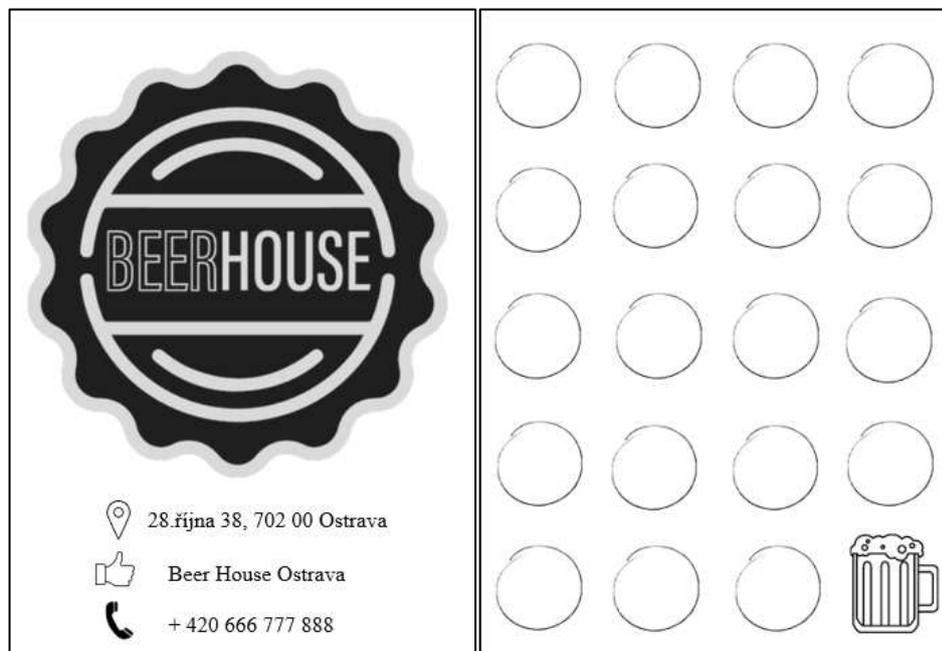
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APPENDIX P1: LOGO AND LOYALTY CARD



APPENDIX P2: DRINK MENU

Drink menu		
Alcoholic draft beer	0.3 l	0.5 l
Radegast	34	45
Radegast brewer's choice (0.4 l)	48	
Pilsner Urquell	38	52
Honey Bachelor	36	48
Cherry beer Rohozec	39	52
Hairy Monkey	38	52
Black beer	33	45
Non-alcoholic draft beer		
Birell Pomelo	29	42
Birell	28	40
Bernard Plum	30	44
Bottle beers		
Ginger beer (0.3 l)		45
Desperados (0.5 l)		60
Ciders	0.3 l	0.5 l
Kingswood on tap	39	50
Frisco in bottle (0.33 l)	45	
Wine		
Red		46
White		46
Sodas on tap	0.3 l	0.5 l
Kofola	24	40
Raspberry lemonade	24	40
Lemonades	0.3 l	
Elderflower, Sea buckthorn, Forest fruit	55	
Non-alcoholic drinks		
Water (0.25 l)		39
Sparkling water (0.25 l)		39
Sprite (0.33 l)		44
Coca Cola (0.33 l)		44
Orange juice (0.3 l)		42

Tonic (0.33 l)	44
Red bull (0.25 l)	58
Hot drinks	
Tea - fruit, black, green	48
Coffee	
Espresso	48
Cappuccino	58
Latte Macchiato	58
Turkish coffee	48
Mixed alcoholic drinks	
Mojito	135
Cuba Libre	115
G&T	125
Aperol	115
Long Island	115
Tequila Sunrise	125
Mixed non-alcoholic drinks	
Virgin mojito	95
Spirits (0.04 l)	
Russian Standard Vodka	60
Finlandia Vodka	60
Havana	65
Captain Morgan	60
Bacardi	65
Tequila	65
Jack Daniel's	85
Jack Daniel's Honey	85
Tullamore dew	75
Gin	65
Slivovice Jelínek	60
Jägermeister	55
Peppermint	45

APPENDIX P3: FOOD MENU

Food menu		
Soups		
Garlic soup with meat or vegetarian sausage	60	
Cabbage soup with meat or vegetarian sausage	70	
Beer appetizers		
Olomouc cheese spread with bread	75	
Pickled camembert with bread	68	
Nachos with sauce	58	
Lays chips	45	
Havlíky sticks	38	
Peanuts	38	
Meals		
Hot-dog vegetarian or meat option	115	125
Beef goulash with bread	199	
Goulash with soy meat and bread	169	
Potato cake with Olomouc cheese or meat mix	145	155
Fried cheese with French fries	179	
Chicken schnitzel with mashed potatoes	169	
Chef's choice	179	
300g French fries with two home-made dips	105	