

A Business Plan for an E-shop Selling Pet Food

Barbora Mičáková

Bachelor's Thesis
2022



Tomas Bata University in Zlín
Faculty of Humanities

Univerzita Tomáše Bati ve Zlíně
Fakulta humanitních studií
Ústav moderních jazyků a literatur

Akademický rok: 2021/2022

ZADÁNÍ BAKALÁŘSKÉ PRÁCE

(projektu, uměleckého díla, uměleckého výkonu)

Jméno a příjmení: **Barbora Mičáková**
Osobní číslo: **H190311**
Studijní program: **B7310 Filologie**
Studijní obor: **Anglický jazyk pro manažerskou praxi**
Forma studia: **Prezenční**
Téma práce: **Podnikatelský plán pro e-shop prodávající krmivo pro domácí mazlíčky**

Zásady pro vypracování

Zpracování literární rešerše k vybranému tématu
Formulace cílů práce
Analýza konkurence a segmentace trhu
Vytvoření podnikatelského plánu
Shrnutí navrženého plánu

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

Seznam doporučené literatury:

- Abrams, Rhonda. 2019. *Successful Business Plan*. 7th ed. Palo Alto, CA: The Planning Shop.
Blackwell, Edward. 2017. *How to Prepare a Business Plan: Your Guide to Creating an Excellent Strategy, Forecasting Your Finances and Producing a Persuasive Plan*. 6th ed. London: Kogan Page.
Červený, Radim. 2014. *Business plán: Krok za krokem*. Prague: C. H. Beck.
Morris, M. J. 2017. *Starting a Successful Business: Your Guide to Setting up Your Dream Start-up, Controlling Its Finances and Managing Its Operations*. 8th ed. London: Kogan Page.
Shelton, Hal. 2017. *The Secrets to Writing a Successful Business Plan: A Pro Shares a Step-By-Step Guide to Creating a Plan That Gets Results*. 2nd ed. Rockville, MD: Summit Valley Press.

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

Datum zadání bakalářské práce: **8. listopadu 2021**
Termín odevzdání bakalářské práce: **9. května 2022**

L.S.

Mgr. Libor Marek, Ph.D.
děkan

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

Ve Zlíně dne 28. února 2022

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

.....

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 vzdělávacímu zařízení (školní dílo).

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

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

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

(2) Není-li sjednáno jinak, může autor školního díla své dílo užit 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 jim dosaženého v souvislosti s užitím díla či poskytnutím licence podle odstavce 2 přiměřeně přispěl na úhradu nákladů, které na vytvoření díla vynaložily, a to podle okolností až do jejich skutečné výše; přitom se přihlédne k výši výdělku dosaženého školou nebo školským či vzdělávacím zařízením z užití školního díla podle odstavce 1.

ABSTRAKT

Tato bakalářská práce se zabývá sestavením podnikatelského plánu pro e-shop prodávající krmivo pro domácí mazlíčky. Cílem této práce je vytvořit podnikatelský plán a zjistit, zda je realizovatelný. Práce je členěna na teoretickou a praktickou část. V teoretické části jsou představeny základní pojmy spojeny s podnikatelským plánem. Dále jsou vymezeny druhy podnikání a popsány jednotlivé části podnikatelského plánu. Praktická část se zaměřuje na vypracování konkrétního podnikatelského plánu pro e-shop prodávající krmivo pro domácí mazlíčky. V této části je popsán produkt a jsou zde zahrnuty marketingové analýzy nebo také finanční plán pro tento e-shop. Poslední kapitola se zabývá zhodnocením toho, zda je plán realizovatelný.

Klíčová slova: Podnikatelský plán, e-shop, podnikatel, podnikání, analýza

ABSTRACT

This Bachelor's thesis deals with developing a business plan for a pet-food selling E-shop. The main aim of this work is to create a business plan and determine whether it is viable. This thesis is divided into a theoretical and a practical part. The theoretical part introduces the main concepts associated with a business plan. Furthermore, the types of businesses and all the parts of a business plan are defined. The practical part is focused on developing a business plan for an e-shop selling pet food. This part describes the product and includes a marketing analysis or a financial plan for this e-shop. The final chapter deals with an evaluation of whether the plan is viable or not.

Keywords: A Business plan, e-shop, entrepreneur, entrepreneurship, analysis

ACKNOWLEDGEMENTS

First, I would like to thank my supervisor Mgr. Petr Dujka for his patience, valuable advice, and assistance he provided to me while writing my bachelor thesis. I want to thank my family for all the support and help they have given me during this time.

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	9
I THEORY	10
1 ENTREPRENEURSHIP	11
1.1 ENTREPRENEUR	11
1.2 ENTERPRISE	12
2 ESTABLISHING A BUSINESS	14
2.1 NATURAL PERSONS	14
2.1.1 Trade Licenses	15
2.2 LEGAL ENTITY	16
3 STRUCTURE OF A BUSINESS PLAN	19
3.1 TITLE PAGE	19
3.2 EXECUTIVE SUMMARY	20
3.3 COMPANY DESCRIPTION	20
3.3.1 Mission Statement	20
3.3.2 Product or Service Description	21
3.3.3 Business Location	21
3.3.4 Management/Leadership	21
3.4 INDUSTRY ANALYSIS	22
3.5 MARKET ANALYSIS	23
3.6 MARKETING PLAN	24
3.6.1 Promotion	26
3.7 FINANCIAL PLAN	27
3.7.1 Income Statement	27
3.7.2 Cash Flow Statement	28
3.7.3 Balance Sheet	29
3.7.4 Initial Costs	29
3.8 RETURN ON INVESTMENT	29
3.9 APPENDIX	29
II ANALYSIS	30
4 A BUSINESS PLAN FOR AN E-SHOP	31
4.1 TITLE PAGE	31
4.2 EXECUTIVE SUMMARY	31
4.3 COMPANY DESCRIPTION	32
4.3.1 Mission Statement	32
4.3.2 Legal Form	32
4.3.3 Product Description	32
4.3.4 Business Location	33
4.3.5 Management	34
4.4 INDUSTRY ANALYSIS	34
4.4.1 PEST Analysis	34
4.4.2 Porter's Five Forces Analysis	36

4.5	MARKET ANALYSIS	39
4.5.1	The Ideal Customer	39
4.5.2	SWOT Analysis.....	40
4.6	MARKETING PLAN.....	41
4.7	FINANCIAL PLAN	46
4.7.1	Initial Costs	46
4.7.2	Operating Costs	47
4.7.3	Estimated Revenues.....	53
4.7.4	Income Statement	54
4.7.5	Cash Flow	56
4.7.6	Return on Investment.....	57
4.7.7	Start-up Balance Sheet.....	57
	CONCLUSION.....	58
	BIBLIOGRAPHY	59
	LIST OF ABBREVIATIONS	62
	LIST OF FIGURES.....	63
	LIST OF TABLES	64

INTRODUCTION

This Bachelor's thesis aims to create a business plan for an e-shop selling pet food, namely healthy food for dogs and cats, and assess whether it is viable. The topic of healthy pet food was mainly chosen because I am a dog owner myself. A few years before, I became interested in a healthy diet. After my dog's persistent health issues, I have started discovering more possibilities of a pet diet. I have tried some of the companies mentioned in the practical part below, and the health conditions improved rapidly. The disadvantage is that all those companies selling this type of food are based mainly in Bohemia. I have started cooking and experimenting with this diet myself, and then the idea of a business came to my mind. I want to create an e-shop selling this type of healthy food for dogs and cats and therefore make it accessible for people in Moravia. The essential part is a well-prepared business plan covering all the details.

This business plan is divided into two parts, the theoretical part, and the analysis. The theoretical part focuses on the definitions of an entrepreneur, entrepreneurship, and more legal forms. This part also introduces a business plan's structure and describes each part in more detail.

The analysis describes the business plan for the e-shop selling pet food, Mňamky.cz. The structure is based on the theoretical part. The first part is the title page and product description, where the reader gets to know the preliminary information about the business, its location, logo, or the main product and its advantages. The industry analysis uses PEST analysis and Porter's five forces analysis. Furthermore, the market analysis contains the description of the ideal customer and the SWOT analysis, which describes the business's strengths, weaknesses, opportunities, and threats. The last part focuses on the financials. The main financial statements include a balance sheet, initial costs, estimated revenues, or cash flow. The financial part is also an essential part that assesses the plan's feasibility.

I. THEORY

1 ENTREPRENEURSHIP

There are many definitions of business. According to Bolander, it is an organization consisting of one or more people providing goods and services for the benefit of customers and a community (2011, 5). Bolander also describes businesses as groups or organizations that produce or sell similar goods or services (2011,5). Vochozka and Mulač describe business as a continuous activity carried out by the entrepreneur independently under their name at their own risk to make a profit by satisfying peoples' wants and needs (2012,111). People are in connection with businesses daily, either with sole proprietors or multinational conglomerates (Bolander, 2011,5). Businesses can mainly be established to generate profit, but several other businesses such as government or education provide important goods and services for no profit (Bolander, 2011,5).

1.1 Entrepreneur

According to the Civil Code, a person is considered to be an entrepreneur if, on his account and responsibility, independently carries out a gainful activity in the form of a trade or a similar manner for profit (Act no.89/2012 Sb. The Czech Republic, §420).

Although “to do so consistently for profit” is not always the main motivation for entrepreneurs. There might be more personal specific reasons which reflect life circumstances, state of mind, or previous experiences (Šafrová,2019,15). Veber and Srpová define an entrepreneur as a person who implements business activities under the risk of enlargement or loss of their capital (2012,20). According to the Commercial Code, An entrepreneur is a person doing business based on a trade certificate, a person registered in the commercial register, or a person doing business under another license according to a special regulation (Veber and Srpová,2012, 226-229).

Vochozka and Mulač define two types of businesses in the Czech Republic (2012, 116):

- **Natural persons** – Entrepreneurs, according to the Czech Trade Licensing Act, must obtain a trade certificate. The Trade Licensing Act distinguishes two types of licenses:
 - Notifiable trades licenses- which are divided into unqualified, qualified, and professional licenses. (Vochozka and Mulač,2012,116)
 - Permitted trade licenses (Vochozka and Mulač,2012,116)
- **Legal persons** – in the form of an unlimited partnership, a limited partnership, a limited-liability company, or a joint-stock company (Vochozka and Mulač, 2012,116).

1.2 Enterprise

According to Vochozka and Mulač, an enterprise is any object which carries out an economic activity regardless of its legal form, and it is an essential element of the national economy (2012, 118).

According to Vochozka and Mulač, the main functions are production functions (2012,119). This might be a production of products and services, a supply function that satisfies certain needs, and an economic function that maximizes profit (Vochozka and Mulač, 2012,119).

Vochozka and Mulač state that those enterprises are characterized by:

- legal autonomy,
- being equipped with assets,
- independence while making decisions about the scope of business and a legal form of a business,
- business location,
- internal organization,
- economic independence displayed by doing business at their own risk, using foreign capital, and using profit (2011,127).

Bolander states that every business should define its main objectives (2011,5). The first one is the company's mission, why it exists, and its purpose. A company should also have a certain vision for the future, which might be a big idea that the company aspires to. The third objective is the value which identifies the main things that the company believes in, how it treats its employees, customers, and community. Without a well-defined mission, vision, and values, a successful business would be impossible to manage (Bolander,2011, 5). Veber and Srpová identify the definition of enterprise as not that easy because there might be more interpretations such as:

- **Economic interpretation** – an involvement of economic resources and other activities to create added value (2012,16-18).
- **Psychologic interpretation** – defines it as an activity motivated by our need to obtain something and achieve certain goals (Veber and Srpová, 2012,16-18).
- **Sociological interpretation** – defines it as looking for a way to better use of resources and create new job positions and opportunities (Veber and Srpová,2012, 16-18).

- **Legal interpretation** – Veber and Srpová use the same definition of an enterprise as Vochozka and Mulač that is mentioned above (Veber and Srpová, 2012, 16-18).

2 ESTABLISHING A BUSINESS

Before establishing a business, it is important to choose the right structure. Different structures are often connected with different taxes or liabilities. (Bolander, 2011, 7) According to Bolander, there are at least four important things that need to be considered when choosing the right structure:

- **Is it a for-profit company or not** – this determines the ownership and how the business is set up (Bolander, 2011, 7).
- **What is the Liability profile** – to be protected against liability, person can either be an entity with limited liability or have insurance to cover these issues (Bolander, 2011, 7).
- **Investments** – It is important to decide if it is a company that needs venture capital or not because potential investors will want some control over the investment (Bolander, 2011, 7).
- **Partnership** – the ownership and responsibilities must be considered (Bolander, 2011, 7).

According to the Civil Code, we distinguish a natural and a legal person (Act no. 89/2012 Sb. the Czech Republic, §18).

2.1 Natural Persons

According to the Civil Code, an entrepreneur is a person registered in the commercial register. A person is authorized to conduct his business activities based on a trade or another license (Act no.89/2012 Sb. the Czech Republic, § 421). The Trade Licencing act states that trade is not an activity of being a doctor, a dentist, a vet, an attorney, or an auditor (Act no.455/1991 Sb. the Czech Republic, §3). The general terms and conditions for trade operations of a natural person are full autonomy or the consent of the legal representative and a clean record (Act no.455/1991 Sb. The Czech Republic, §6)

Vochozka and Mulač state that the business of natural persons has its advantages and disadvantages (2012,134). The advantages might be the low set-up costs or the independence and freedom in decisions (Vochozka and Mulač, 2012, 135). Another benefit might be that it is easy to set up and end trade and no initial deposit required (Šafrová, 2019, 693-697). Šafrová identifies another advantage: the possibility of freely manipulating profits (2019, 693-697).

But as Vochozka and Mulač state, there are also many disadvantages, such as the high risk for an entrepreneur because of the unlimited liability they have or the limited access to

loans and high-interest rates (Vochozka and Mulač, 2012, 137). As Šafrová describes, entrepreneurs are liable for their obligations and may lose his personal property (2019, 693-697).

The personal income tax for a natural person is 15% and for natural persons with profits higher than 1,867,728 CZK the income tax is 23% (Act no.586/1992 Sb. The Czech Republic, §16).

2.1.1 Trade Licenses

According to Vochozka and Mulač, two types of licenses are distinguished according to the Czech Trade Act (Act no. 455/1991 Sb. The Czech Republic, §116).

1. **Notifiable trades license** – when conditions are met, this type of trade might be operated based on a notification (Act no.455/1991Sb. The Czech Republic, §9).

 - Unqualified – trades for which the Act requires no proof of professional or other competence and only general conditions must be met (Act no.455/1991Sb. The Czech Republic, §25). According to the Czech Trade Act, Unqualified trades are manufacture of textile products, glass manufacture, translation and interpreting, photographic services, advertising, and marketing services (Annex No 4 to Act no 455/1991 Sb. The Czech Republic §25).
 - Vocational – Professional competence for this type of trade must be documented by proof of a due completion of secondary education with a certificate of apprenticeship or school-leaving examination in a relevant field. Another possibility is proving completion of higher education of relevant study program or six years' experience in the field (Act no.455/1991 Sb. The Czech Republic §21).
 - Professional licenses – their object of business is tobacco processing and manufacture of tobacco products, manufacture of dangerous chemicals and its sales, manufacture, and repair of body orthoses or work of an optician and construction of structures (Annex No 2 to Act no 455/1991 Sb. The Czech Republic §23-24). Education is the most important competence for almost every professional licensed trade (Annex No 2 to Act no 455/1991 Sb. The Czech Republic §23-27). Professional competence might be proved through a document on the recognition of professional qualifications issued by the recognized authority by the Act on the Recognition of Professional Qualifications (Act no.455/1991Sb. The Czech Republic, §24).

2. **Permitted trade licenses** – operated based on permissions (Act no.455/1991Sb. the Czech Republic §9). These include production and processes of fermented spirits, consumer spirits, and other alcoholic beverages except for beer or fruit wines or manufacture, sale, and storage of explosives and military munitions. The State administration authority must permit activities like these (Annex No 3 to Act no. 455/1991 Sb. The Czech Republic, §26-27).

2.2 Legal Entity

According to the Czech Civil Code, a legal person is an organized body whose legal personality is provided or recognized by a statute and may, without regard to its objects of activities, have rights, duties consistent with its legal nature (Act no.89/2012 Sb. The Czech Republic, §20).

Vochozka and Mulač state that a legal entity might have a form of an unlimited partnership, limited partnership, a limited-liability company, a joint-stock company, a cooperative, a foundation, or a non-profit organization (2012,117). The corporate tax for legal entities is 19% (Act no. 586/1992 Sb. The Czech Republic, §21).

Unlimited partnership (v.o.s) – According to the Business Corporations Act, an unlimited partnership is a company with at least two people participating in business activities and managing its assets and are liable for its debts (Act no. 90/2012 Sb. The Czech Republic, §95). The memorandum of association governs legal relations between the members, and unless agreed otherwise, the business shares of the members shall be equal (Act no. 90/2012 Sb. The Czech Republic, §97). An unlimited partnership company doesn't fill out the tax return. Every member fills out their tax return after the profit distribution and uses the personal income tax, 15% (Act no. 586/1992 Sb. The Czech Republic, §7).

As Veber and Srpová state, an unlimited partnership is the second most common form of business for small and medium enterprises (2012, 232). The member can be either a natural or legal person (Veber and Srpová, 2012, 232). Veber and Srpová define another characteristic of this type of business which might be no need for an initial contribution (2012,232-233). Šafrová states that there are also certain personal risks connected to the unlimited liability, for instance, when the financial circumstances between the partner differ or are not clear (2019, 698-703).

Limited partnership (k.s.) – is a type of company where at least one member has limited liability (the limited partner), and at least one member has unlimited liability (the general

partner) for the company's debts (Act no. 90/2012 Sb. The Czech Republic §118). The business shares of the limited partners are determined according to the proportion of their contributions (Šafrová, 2019, 698-703). The company establishes a memorandum of association that includes the specification as to which of the members is a general partner and a limited partner, or their amount of contribution (Act no. 90/2012 Sb. The Czech Republic, §124). There is no minimum contribution. Veber and Srpová state that the basic characteristic of the Limited partnership is the ability to change their legal form to an unlimited partnership under certain circumstances without going into liquidation (2012,233-234). A Memorandum of association must be carefully established, and the general partners and the limited partners must agree to change any part later if they want to do so (Veber and Srpová, 2012, 233-234).

Limited liability company (s. r. o.) – Czech Business Corporations Act defines it as a company whose members are jointly and severally liable for company's debts up to the amount that they had not fulfilled their contribution obligation, according to the record in the commercial register at the time when fulfillment was demanded by a creditor (Act no. 90/2012 Sb. The Czech Republic §132). A limited liability company establishes a memorandum of association where members' shares can be found (Šafrová, 2019, 701-706). Shares are determined according to the proportion of contribution (Act no. 90/2012 Sb. the Czech Republic §133-142). Members are registered into the list of members kept by the company. The minimum contribution is 1 CZK (Act no. 90/2012 Sb. the Czech Republic §133-142). The company establishes the General meeting, one or more executives, and shall establish the Supervisory board (Veber and Srpová, 2012, 234-235). All the members are part of the General meeting and decide, about the changes in the registered capital, the election of an executive, or distribution of shares, according to the proportion of their shares (Šafrová, 2019, 704-709). According to Veber and Srpová, other basic characteristics are the limited liability of all members or the fact that it is more complicated to create and manage the operations of a limited liability company (2012, 234-235). The contribution to the company can also be non-financial (Veber and Srpová, 2012, 234-235).

Joint-stock company (a.s.) – a company whose registered capital is apportioned among a certain number of shares (Act no. 90/2012 Sb. the Czech Republic §243). To establish a joint-stock company must be adopted the Articles of memorandum which include the company's name and objects or activity, the amount of registered capital and the number of

shares, as well as how many shares are subscribed by each of the founders (Act no. 90/2012 Sb. the Czech Republic §250). A company can choose from two internal structure systems. A dualistic system in which a board of directors and supervisory board are established or a monistic system where an administrative board and a statutory manager are established (Act no. 90/2012 Sb. the Czech Republic §396). Another part of a company's body is a General Meeting. The registered capital of a joint-stock company must be at least 2,000,000 CZK or 80,000 EUR (Act no. 90/2012 Sb. the Czech Republic § 246). The basic characteristics of this type of company are that Shareholders are not liable for the company's debts or pay the corporate tax, which is 19% (Veber and Srpová, 2012, 235-236). A joint-stock company is complicated to create also because of the high initial capital, but it is complicated to manage the operations of this type of company too (Veber and Srpová, 2012, 235- 236).

3 STRUCTURE OF A BUSINESS PLAN

According to Veber and Srpová, a business plan is a written document created by an entrepreneur describing outside and internal factors connected with establishing a business or function of an existing company (2012, 302-307). A business plan describes plans and serves as a base for decision-making processes (Veber and Srpová, 2012, 302-307). External subjects like investors also analyze the business plan (Veber and Srpová, 2012, 302-307).

According to Veber and Srpová, a business plan should be:

- **Understandable** – our thoughts should be presented clearly in simple sentences.
- **Logical** – thoughts in a plan must be consistent and based on facts
- **Thoughtfully concise** – thoughts and conclusions must be concise, but all the essential points must be included
- **Accurate and realistic** – the accuracy of the facts must be granted but also the predictions for the future must be realistic
- **Respecting the risk** – it might be challenging to predict the future development, but the risks must be identified, and the possible solutions to these risks must be proposed (Veber and Srpová, 2012, 307-311).

According to Shelton, a business plan is “a formal document containing five key elements which are business goals, the reasons why these goals are achievable, a plan for reaching these goals, data about the product or service and information about the organization” (Shelton, 2017, 23). A business plan is written not only to seek funding but mainly it helps to decide whether to start a new business or not (Shelton, 2017, 25-26). Another reason for writing a business plan might be to confirm that your idea is viable and can result in a successful business in the future (Shelton, 2017, 47). Šafrová lists another possible type of business plan: a Lean Canvas by Alexander Osterwalder (2019, 145-148). Lean Canvas is very popular among start-ups, and the main goal is to summarize the main aspects of a business plan (Šafrová, 2019, 145-148). The Lean Canvas is one paper divided into sections such as costumers, possible problems and their solutions, or a pricing model (Šafrová, 2019, 149-151). The author decided to use the classical structure of a business plan for more thorough analysis and description of all the parts of the business.

3.1 Title Page

According to Srpová, the title page is where the logo, name of the company, the name of the business plan, and its author, members, and funders can be found. There can also be a statement saying that information in this document is private and shall not be reproduced,

copied, or distributed without the author's written consent (Srpková et al. 2011, 30-33). According to Šafrová, this section must look professional, neat, and well-arranged (2019, 171-174).

3.2 Executive Summary

Authors like Abrams or Shelton state that the executive summary is essential for starting a new business. According to Abrams, a clear and strong executive summary is more important than any other section of your business plan. It can make a vast difference whether the plan will be considered by the potential investors or not (Abrams, 2019, 56). Morris states that this part where an idea is summarized and help the reader create a picture of the proposal before they get into the detail (2017, 215). Because it summarizes the whole idea, the plan should be written first and then this summary (Morris,2017, 215). According to Morris, the executive summary should be no longer than three paragraphs and use direct, clear language and simple sentences (2017, 215). This part should be realistic and not shout with enthusiasm (Morris, 2017, 215).

Shelton describes this part of a business plan as one of the shortest sections on which the most time is spent (2017,69). According to Shelton, this part of a business plan is “an ultimate elevator pitch, where the main idea is introduced, and background provided. (2017,70).

3.3 Company Description

Before moving on to the more complex aspects of the business plan, the reader must be informed about the basic details (Abrams, 2019, 68). This part should convey information such as the legal form, ownership, products and services, the company’s mission, and what this company wants to achieve (Abrams, 2019,68). According to Morris, choosing the right business name is also essential. (2017, 113). Morris also states that the business name should be expressive, memorable, and attractive (2017, 113).Červený says that when creating a business plan and thinking about the business’s main objectives, the SMART strategy should be followed (2014,142-143). According to this method, the goals should be stimulating, measurable, acceptable, realistic, and timed (Červený, 2014,16).

3.3.1 Mission Statement

According to Abrams, the most challenging at this part might be developing a “mission statement” that describes the company’s main goals, objectives, and principles (2019,68). Abrams also states that this part should be a defining concept of your business, not just empty

words but a statement that contains information about the philosophy, principles, and main objectives (2019,70). Morris describes this chapter as a part where the main business is described in a paragraph or even a few sentences (2017,216).

3.3.2 Product or Service Description

According to Abrams, at this part, the product or service offered should be described, and it depends on whether it will be relatively short or an entire section of its own (2019,76). When a completely new product or service is developed, a considerable amount of time should be spent describing them because it might be an excellent way to seek funding from potential investors (Abrams, 2019, 76). Veber and Srpová state that it is also important to present the main functions and areas of product usage (2012, 319-324). It is unnecessary to describe all the technical functions and get into much detail because it should be easily understandable. Instead, the company should focus on the main description and mainly on the perspective of the potential customers (Veber and Srpová, 2012, 319-324). Srpová states that there is an opportunity to say what problem the product solves and its benefits (2011,34-39). The product should have a competitive advantage and be beneficial for the customers (Srpová, 2011, 36-42). According to Shelton, having a competitive advantage may be the quality of a product or service or proprietary features (2017,84). Shelton also states that this part is where channels of distribution should be mentioned and might be included whether the company plan to apply for any intellectual property, patents, or trademarks or not (2017, 83-85). Having a patent is a benefit, and it protects the idea against competition and therefore secures cash flow which is vital to the potential funders (Shelton, 2017, 83-85).

3.3.3 Business Location

Abrams states that it is important to describe the geographical area even if it is not assured yet. (2019, 77). According to Shelton, things like the amount of space, building type, utilities, access, parking, and visibility to the street should also be included (2017,116). Another essential thing to include in this part is the opening hours. Knowing the potential customers is important to decide what opening hours will suit the business the best (Shelton, 2017, 116-117).

3.3.4 Management/Leadership

Depending on the business's legal structure, the need for a board of directors, board of advisors, or any decision-making authority or not must be considered (Shelton, 2017, 130-131). Abrams states that it is good to list their names for potential funders even if it is

unnecessary (2019, 77). It is also good to address how operations like accounting or bookkeeping will be handled because entrepreneurs usually do their accounting by themselves when starting the business. Still, when the company starts to grow, it is better to find a person who will be responsible for accounting activities, financial statements, and tax returns (Shelton, 2017, 131).

3.4 Industry Analysis

Abrams states that evaluating the industry increases the knowledge of the factors that can contribute to the company's success (2019, 88). An industry consists of all companies with similar products or services or other closely related businesses and supply and distribution systems (Abrams, 2019, 88). According to Abrams, it is essential to focus on a description of the industry, the main trends, and the strategic opportunities that exist in an industry (2019, 88).

Another important part of thinking about is whether the industry is sensitive to economic cycles such as a strong economy, a poor economy, or a particular time of the year or not (Abrams, 2019, 91-94). Some industries are also affected by technological changes and how products are made or by the government's actions (Abrams, 2019, 91-94). Šafrová states that before starting a business, it is crucial to thoroughly analyze all the surroundings related to the company, and she divides the surroundings into three parts (2019, 203-205). The first part is called megatrends; these are factors occurring globally. The second part is called macro-environment, factors that cannot be influenced. The third part is the microenvironment, factors the business is connected with every day and can be controlled (Šafrová, 2019, 203-205). Šafrová identifies those megatrends as digitalization or automatization, changes in climate, or an aging population (2019, 208-210). The PEST analysis can be used to identify the main factors of the macro-environment (Červený, 2014, 54). This analysis divides the main factors into:

- Political and legislative – changes in laws and regulations
- Economic – changes in a political situation, monetary policy, or raising taxes
- Sociocultural – these are lifestyle or standards of living and its changes
- Technological – new materials and technology or new ecological resources (Červený, 2014, 58-74).

For analysis of the microenvironment, Porter's Five Forces might be used. This analysis assumes that competition's intensity in the market depends on the character of five primary groups and their interactions (Šafrová, 2019, 236-246). These groups are:

- Bargaining power of buyers
- Bargaining power of suppliers
- Threat of entry
- Threat of substitutes
- Competitive rivalry within the industry (Červený, 2014, 76).

3.5 Market Analysis

Defining the right market is essential to understanding the customers (Abrams, 2019, 106-107). As Abrams states, a market analysis differs from a marketing plan and enables an entrepreneur to identify and understand the customers (2019, 106). A mistake might be to describe the market in the broadest possible terms; it is essential to identify the market segments that the business is trying to reach. Doing so gives the entrepreneur a set of specific characteristics by which it is possible to identify the target market and potential customers (Abrams, 2019, 106-107). According to Abrams, to make helpful market analysis, the definition of the target market must meet these criteria:

- To be definable – it should contain specific characteristics that identify what the potential customers have in common.
- To be meaningful – these characteristics must be related to the purchase decision.
- It must be large enough to sustain the business to be sizable profitably.
- To be reachable – the size and definition must lead to affordable and effective ways to market the potential customers (Abrams, 2019, 107).

Shelton states that the most important thing is to determine the potential customers' shared characteristics, whether they share the same age range, income level, gender, residence area, type of work, religion, hobbies, diet, or ethnicity (2017, 90). After defining the characteristics of the target market and the potential customer, it is good to assess the trends that might influence both (Abrams, 2019, 115). Srpová states that it is good to survey to obtain helpful information about the market such as the customer's behavior, their wants, and the size and future growth of the market (2011, 52-56). According to Abrams, the size of the market is also important. A too-small market might cause trouble because of the lack of customers, except the niche markets that satisfy customers with particular needs (Abrams, 2019, 115). On the other hand, large markets have numerous well-financed competitors and expensive marketing campaigns (Abrams, 2019, 115). According to Abrams, another essential part is identifying the barriers of entry for the new competitors, which might be possible patents, high start-up costs, substantial expertise, or market saturation (2019, 134).

Every company has many competitors (Shelton, 2017, 94). When creating a competitive analysis, the goal is to determine who the competitors are and their strengths and weaknesses (Shelton, 2017, 94). The competition is a company selling the same or similar products or companies operating in the same market (Srpová, 2011, 57-62). According to Shelton, strengths, and weaknesses usually include opening hours, accessibility, price, return policy, marketing budget size, or delivery policy (2017, 95). It is also essential to consider the competitor's reaction when the new business enters the industry. Lowering the prices or providing a free delivery might be one of them (Shelton, 2017, 95). Competitive analysis can be summarized in SWOT analysis, where SWOT stands for strengths, weaknesses, opportunities, and threats (Shelton, 2017, 95).

3.6 Marketing Plan

This part of the business plan is the most important for finding potential investors, seeking funding, and mainly reaching customers (Abrams, 2019, 164). Kotler defines the Marketing plan as a document that summarizes information about all the ways how the company wants to achieve their marketing goals (Kotler and Keller, 2014, 87). According to Abrams, the marketing plan should define how the company makes customers aware of their product or service, the main message the company wants to convey. Specific methods the company uses to deliver the message and how the company secures actual sales (Abrams, 2019, 164). Marketing is designed to increase customer awareness and provide a particular message (Abrams, 2019, 164). Abrams states that marketing includes advertising, creating brochures, social media marketing, public relations, networking, sales, e-commerce, and many more (2019, 164). According to Shelton, there are five main marketing steps that, together with the costs to implement, help the entrepreneur to create a marketing budget (2017, 96).

To put these steps into context is important to consider two points: Where the potential customers go for information – this is important to know to promote the product or service effectively (Shelton, 2017, 97). The second point is whether the business focuses on obtaining new customers or gaining repeat business from existing customers (Shelton, 2017, 97). Before choosing which marketing action steps to take, it is crucial to understand the sales cycle of the potential customers and their buying decisions (Shelton, 2017, 97-98). According to Shelton, one helpful buying or selling cycle was developed by Jeanne Rossumme and contained six steps that end in obtaining a happy customer (2017, 98). These steps are:

- Awareness – in the first step, the potential customer knows that the business exists from the website, advertisement, or word of mouth.
- Discovery – in this stage, the customer finds out more about the business through web pages, social media, or literature.
- Engagement – the potential customer takes action by visiting the store, sending an email, and signing up for a newsletter that might lead to a sale.
- Active customer – the customer has purchased the product
- Successful customer – this is a type of customer who makes repeat purchases.
- Referrals – this is the final step where the customer tells others about their experience and recommends the business to others (Shelton, 2017, 98-99).

According to Srpová, the vital step is identifying the right marketing mix that uses tools that influence each other (2011, 63-66). Both Abrams and Srpová define four elements known as “the Four Ps” that affect the customer to buy, and these are:

- Product – the tangible aspects of the product, design, packaging, brand, and additional service (Srpová, 2011, 65-68).
- Price – the cost advantage of the product. By setting the price, the business influences the buying decisions of customers and the position of the company between the competition (Srpová, 2011, 67-68).
- Place – the location, accessibility, and convenience of the location
- Promotion – the amount of the marketing activities and how the product is promoted (Abrams, 2019, 164-165). This includes advertisement or sales promotion such as bonuses, discounts, or free samples (Srpová, 2011, 72-74).

Kotler and Keller state that some businesses use “the Seven Ps” or “the four P’s of modern marketing” where elements like Politics, Public opinion, and People are added (Kotler and Keller, 2014, 56-57).

According to Srpová, advertisements and sales promotion is not the only part of marketing communication (2011, 72-74). Another way might be personal sales that are effective but more expensive; this enables the seller to observe the customer’s reactions and point out the product’s characteristics (2011, 73-75). The second important part of marketing communication is public relations, which might create a better image of the company in the public eyes and stimulate the demand (Srpová, 2011, 73-75).

3.6.1 Promotion

The main types of promotion are:

- **Social media marketing** – People are now connected to the internet via smartphones and other devices (Abrams, 2019, 173). There are many sites the company can choose from for their promotion, such as Facebook or Instagram. There are also particular interest sites focused on food or lifestyle. Knowing the potential customers, age, gender, or location might help the business determine which one to use (Shelton, 2017, 105). According to Abrams, to use social media properly, the company should spread the word about the product, use campaigns designed to target the specific audience, form a community of customers, build networking connections, and contribute meaningful content or positive recommendations to the customers (2019, 173). Shelton states that social media marketing might not be the best for start-ups since social media need fans and followers to be helpful. Still, it is good to reserve the name and use it to add to other marketing strategies (Shelton, 2017, 106).
- **Website** – According to Shelton, businesses should have their websites also optimized for mobile access (2017, 102). The first thing to think about is what the company expects the visitors to do when they find their website, whether to find information about the business or make purchases (Shelton, 2017, 102). All of this is important to know before hiring a website developer (Shelton, 2017, 102-103).
- **Email marketing** – According to Abrams, it is an effective way to build a business because emails are fast, easy, and inexpensive to produce (2019, 175). Information about the product, tips, business updates, coupons, and special offers can be included (Abrams, 2019, 175).
- **SEO and SEM** – using search engine optimization (SEO), companies can design a website optimized for search engines to be found quickly and easily by customers (Abrams, 2019, 175). When searching for a relevant keyword, the goal is to be listed higher on the “results” page (Abrams, 2019, 175). Abrams states that search engine marketing (SEM) uses buying keywords by companies so that their advertisement appears every time a user uses them (2019, 175).
- **Daily deals** – when people register to the website, they get discounts via email (Abrams, 2019, 174-175).
- **Sales promotion** – according to Kotler and Keller, sales promotion is a vital part of a marketing campaign and consists of many tools that promote more customers

purchases (2014, 559). Sales promotions might be samples, coupons, or rewards for frequent purchases. Free samples might be a way of acquiring new customers, mainly those who are indecisive or people who like to try new products often (Kotler and Keller, 2014, 559). Gifts are also part of the sales promotion and loyalty programs that offer discounts for frequent purchases or bonuses. Kotler and Keller also mention cross-selling techniques, which offer additional services or products related to those people want to buy (2014, 559-561).

- **Banner advertising** – Banners are small rectangles or square-shaped advertisements placed on the websites that the company pays for (Kotler and Keller, 2014, 583). This advertisement needs to be perfectly targeted and tracked but can influence people to buy products they did not even know existed (Kotler and Keller, 2014, 583).

3.7 Financial Plan

The financial plan might be the most challenging part of the business plan (Shelton, 2017, 135-136). Shelton states that most of these assumptions in this part of the business plan come from the earlier sections such as sales forecast, marketing budget, management team, organizational section, or operations section where buildings, equipment, and other facilities are listed (2017, 137). Srpová identifies the financial plan as a section where the business plan shows whether it is realistic or not (2011, 75-78). When preparing this section, a great start might be to list the products or services and how much they can produce or provide and, through the rigorous development of the marketing plan, state how much the company is expected to sell (Shelton, 2017, 137). Shelton identifies three primary financial statements: profit and loss, cash flow, and balance sheet. It is good to start with assumptions like sales, cost of goods sold, expenses, and financing (2017 138).

3.7.1 Income Statement

The income statement, also called the Profit and Loss statement, shows how profitable the company is, in other words, how much money it will make after all expenses are accounted for (Abrams, 2019, 310). According to Shelton, the income statement shows the number of earnings generated over time, either a month, a quarter, or a year (2017, 142). The income statement is read from top to bottom, and the first line accounts for sales, each subsequent line represents deductions from income, and the result is the company's profit or loss

(Abrams, 2019, 310). According to Abrams, to prepare the income statement, there should be information about sales and expenses, but it is good to include information about gross sales, employee benefits, professional services, marketing, or insurance (2019, 310). This statement also includes variable costs, which are the direct costs connected to the production of the products, and fixed costs, including rent, insurance, utilities, or advertising (Shelton, 2017, 142).

3.7.2 Cash Flow Statement

According to Abrams, the cash flow statement is the most important financial document (2019, 311). The cash flow statement is not about profit but about how much money the company has in the bank; it gives a real-life picture of the money going in and out of business monthly (Abrams, 2019, 311). Shelton states that cash flow might be more inclusive for the company as it contains capital expenditures for equipment and buildings, loans, and repayment (2017, 148). Blackwell identifies the cash flow statement as the essential document to persuade the bank to lend the money to the company (2017, 21). According to Srpová, it is better to create a more detailed statement for the first few months of doing a new business to know whether the company will be able to obtain enough finances or not (2011, 82-89). Blackwell states that the cash flow statement should include rent, advertising costs, website, loans, or legal fees (2017, 22-23). Shelton identifies the three general categories of the cash flow statement as:

- Cash flow from operations – these transactions represent the ongoing, day-to-day business activities
- Cash flow from investments – these are the few transactions where the company spends capital for the long-term improvement of the business, such as purchasing a building or IT equipment
- Cash flow from financing – this part includes loans and repayment (Shelton, 2017, 148-149).

At the end of the cash flow statement, there is a tabulation of the starting cash position, the total cash generated, and the ending cash position for the period (Shelton, 2017, 149). Pavelková describes two methods of creating the cash flow statement: direct and indirect (2017, 198-207). The direct method is based on the three categories where the cash flows are grouped (Pavelková, 2017, 198-207). The indirect method uses the overall profit and describes the differences between revenues and costs (Pavelková, 2017, 204-207).

3.7.3 Balance Sheet

According to Abrams, the balance sheet gives a snapshot of the overall financial worth of the company (2019, 316). This financial statement reflects the amount and the structure of assets, and on the liability side the methods of financing them (Pavelková, 2017, 62-63). The balance sheet does not show the results over a period but shows the business's assets, liabilities, and equity at a singular point in time (Shelton, 2017, 151). The balance sheet tracks all the company's assets and all the company's liabilities, which after deduction show the net worth (Abrams, 2019, 316). There are two general categories; the first one is current assets, which include cash and cash equivalence that can be converted to currency within the twelve months. The second type is fixed assets, including equipment, vehicles, buildings, or land (Shelton, 2017, 151). Liabilities are also divided into current and long-term liabilities (Shelton, 2017, 151). Shelton defines equity as the difference between assets and liabilities (2017, 151). When total assets are equal to liabilities and equity, the books are in balance (Shelton, 2017, 151).

3.7.4 Initial Costs

Shelton defines this category as essential to know before opening a new business (2017, 153). This part will show all the necessary costs to launch a new business, such as loans, marketing, legal and accounting assistance, rent or store, and utility purchases (Shelton, 2017, 153).

3.8 Return on Investment

Return on Investment– ROI represents how the business is beneficial and how long it takes to pay off in percentage. It is an important indicator measuring the performance of the long-term capital invested into the company (Pavelková, 2017, 452-453). The formula to calculate ROI is:

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

3.9 Appendix

An appendix is an optional part of the business plan, including the key contacts, photos, list of locations, market research results, resumes of key managers, technical information, manufacturing information, or marketing material (Abrams, 2019, 334-335).

II. ANALYSIS

4 A BUSINESS PLAN FOR AN E-SHOP

4.1 Title Page



Figure 1: Company's logo (own creation)

Name of the company:	Mňamky.cz
Legal form:	Natural person
Location:	Šedesátá 7015/7055, 760 01 Zlín
Date of establishment:	1 September 2022
Website:	www.Mňamky.cz
Owner:	Barbora Mlčáková
Contact information:	mlcakovabara@email.cz +420 502 365 877

4.2 Executive Summary

The main aim of Mňamky.cz is to show the pet owners that there are more types of pet food than just the basic types like granules you can buy in every pet shop. Our company wants to create food that is healthy and tasty. In Mňamky.cz, we want to help people who want their pets to live healthy and happy lives. All the ingredients need to be of top quality and mainly fresh because if you wouldn't eat it at any chance, why your pet should. Our products contain all the vitamins that dogs and cats need, and customers can pick from various sizes and types of meat. Our company functions as an e-shop with its own delivery; therefore, it makes it

accessible to people from all over the Czech Republic. It is hoped to create a loyal base of customers that will love to come back to our e-shop.

4.3 Company Description

The e-shop Mňamky.cz is an online platform offering pet owners a new, healthy pet lifestyle. This e-shop sells handmade food for cats and dogs. It is a platform mainly for two groups of people. Dog owners and cat owners, mainly ranging in age from 20 to 40 years old, who value a healthy lifestyle for themselves and their pets. The advantage is that there aren't many competitors in Moravia and that every package is homemade using only natural ingredients. The name Mňamky.cz refers to something yummy or delicious to eat. The name is written in Czech because our target audience is in Czechia.

4.3.1 Mission Statement

One of the goals of our e-shop is to show people that there are other ways to feed their pets than just dry food that can be bought in every pet shop. We want to create food full of quality ingredients and all the necessary nutrients that dogs and cats need. Another goal is to show people a healthy lifestyle for their pets to live happier and longer lives.

4.3.2 Legal Form

According to the Czech Trade Licencing Act No. 455/1991, the manufacture of feed, compound feed, additives, and premixtures is an unqualified trade where no professional competence is needed. The owner of Mňamky.cz will operate as a natural person and pay the tax 15% or 23% if the revenues will be higher than the 1,867,728 CZK. The author decided to choose this type of a legal form mainly because it is easier and cheaper to establish.

4.3.3 Product Description

Mňamky.cz will offer two different groups of products. The first group will be Healthy food for dogs, and the second group will be Healthy food for cats. Each group will offer four packages whose ingredients will be slightly different for dogs and cats but the same names. Our food will be a complete food, which means that it will contain every nutrient required in sufficient amount to keep the pet healthy and can be fed alone. Dogs and cats need enough proteins in their food. Both need meat and side dishes that contain vitamins, minerals, and calcium (Popelářová, 2011, 15-23). Our four main products will be:

1. Beef with rice and buckwheat

2. Chicken with rice
3. Pork with couscous
4. Fish with couscous

These meals contain 70% meat, salmon oil, livers and hearts, carrot, peas, broccoli, and natural calcium. Based on the type of side dish, it is either rice or couscous. Meat, fish, or livers are rich in proteins, vitamin B12, zinc, magnesium, or vitamins A or D (Hartwig, 2014, 489-504). Salmon oil will be added as a source of Omega 3. These meals will be prepared in steam in a pressure cooker to preserve all the vitamins and better taste. Each customer will be able to choose the size of the package based on the size of their pet. Each meal will be vacuumed in foil and affixed with a label containing the logo of our company, type of the product, expiration date, and the list of ingredients in order from the predominant component. Another thing that must be present on the label is the method of storage which must be in a fridge or a freezer.

Permissions and Licenses

The secondary animal product can be used to prepare all the pet food – material from healthy animals suitable for human consumption. The producer of pet food must therefore apply to the locally competent Regional Veterinary Administration for approval of its production. The production itself must develop a plan based on the principles of risk analysis and critical control points (Státní veterinární správa ČR, article no.24, regulation no. 1069/2009). After the approval, the producer receives a number specific to them that must be present on every product label. An approved producer must report its activities to the Central Agriculture Inspection and Testing Institute, registering them. This institute is also responsible for quality, labelling and ingredient control (Státní veterinární správa ČR, article no.24, regulation no. 1069/2009).

4.3.4 Business Location

Mňamky.cz will operate mainly in the online environment with the possibility of opening a store in the future. The primary tool will be an online platform established using the website Shoptet. The company must set up a kitchen which must be checked and approved by the Central Agriculture Inspection and Testing Institute. The kitchen will be the primary place where all the ingredients will be stored and prepared. All ingredients will be purchased right before the production day, so we don't need big storage. The delivery will be done by a part-

time employee and the owner itself. The part-time employee will be using his own car, ensuring the delivery to the rest of the Czech Republic. The owner itself will purchase a small vehicle and ensure the Zlín town delivery. Delivery will be done depending on the frequency of orders straight to the customers' homes.

4.3.5 Management

The owner and founder Barbora Mlčáková will be responsible for the primary operations such as the production of the products, customer service, marketing activities, negotiating with suppliers and carriers. An accountant and graphic designer will be hired externally because of the owner's lack of experience in these areas. The graphic designer will work on the design of our e-shop and adverts. It will be necessary to hire an internal employee in the future, assuming the number of orders will grow. It will be a cook responsible for cooking and packaging.

4.4 Industry Analysis

Before starting a new business, it is crucial to be aware of all the possible threats and react to them. For the analyses of the macro-environment, the PEST analyses will be used. To analyze the microenvironment- Porter's five forces will be used.

4.4.1 PEST Analysis

The PEST stands for political and legislative, economic, social, and technological factors.

Political and legislative factors

As described in previous chapters, specific permissions and licenses need to be obtained before starting the business, such as approval from the Regional Veterinary Administration or registration to the Central Agriculture Inspection and Testing Institute. To obtain this approval the registration form must be filled in and a registration fee of 4,000 CZK must be paid. The premises are controlled regularly, and samples of the product are taken and tested for enterobacteria and salmonella. The sanitation plan must also be created. It is a document where cleaning and maintenance of the premises are described. The Veterinary Administration tracks the ingredients used in the final product, so the invoice numbers must be connected to each package.

According to the Czech Income Tax Law, the income tax rate for entrepreneurs is 15% unless the revenues are lower than 1,867,728 CZK (Act no. 586/1992 Sb, Czech Republic, §16). Description of the business, such as name, surname, residence, contact information, and information about the entry in the Commercial Register, must be present on the website

when doing business in the form of an e-shop. According to Czech law, the terms and conditions of a sale must be stated on the e-shop. The terms and conditions specify the purchase contract, its creation and withdrawal conditions, or the return of goods. As stated in the Czech Trade Licencing Act no. 455/1991 Sb. § 45, there is a necessity to pay health and social insurance. The minimum advanced payment is 13.5% from the half of the average wage for health insurance and 29.2% from the quarter of the average salary for the social insurance (Ministerstvo práce a sociálních věcí, 2022). When employing people, the employer should be aware of the latest Czech Labour Code and the value-added tax- VAT. The VAT payers are people whose revenues are higher than 1,000,000 CZK for twelve immediately preceding twelve months (Act no. 235/2004 Sb. The Czech republic, §6).

Economic Factors

According to the data of the Czech statistical office, the Gross Domestic Product (GDP) growth was 3.6% in the fourth quarter of 2021. The average inflation rate was 3.8%, the unemployment rate was 2,2%, and the average gross wage increased by 5.7% to 37,499 CZK (Český statistický úřad, 2021)

The inflation rate is still increasing due to fuel prices, slowed down car production, or high electricity prices, which naturally affect the financial part of the business.

In the Zlín region, the unemployment rate was 2.73% in December 2021. Compared with December 2020, unemployed people declined by 14.5%. As the Czech Statistical Office states, the average gross wage in the Zlín region increased to 32,866 CZK in 2021 compared to the average gross wage in 2016 which was 24,419 CZK (Český statistický úřad, 2021).

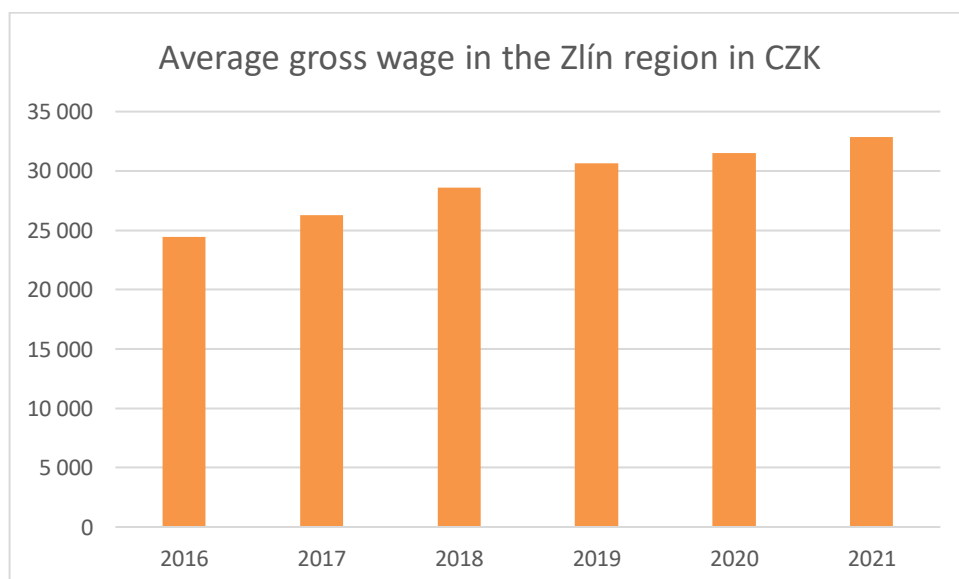


Figure 2: Average gross wage in the Zlín region in CZK (own creation)

According to the Czech Ministry of Finance, the average inflation rate is expected to grow to 8.5% in 2022 due to the higher electricity and natural gas prices. The unemployment rate is expected to decline to 2.3% (Ministerstvo Finanací ČR, 2021).

Social Factors

According to the Czech Ministry of Agriculture 276,606 tons of pet food were made during the year 2020, and since previous years the production has increased by 7.3 % (Ministerstvo Zemědělství ČR, 2020). Numbers for 2021 haven't been released yet, but as the number of pets in households grows, it benefits the businesses selling pet food. Many shops have relocated to the online environment during lockdowns, and people are more used to this shopping method than before. As stated by the Czech Statistical Office, the number of people grew up from 39% in 2019 to 57% in 2021. People aged 24-34 years old shop most often on the internet (Český Statistický Úřad, 2021). It is crucial information for the planned company because it is one of the target groups of customers.

Research by the GFK company shows that more than half of Czech households have a pet. Around two million people have a dog, and about a million and a half have a cat (GFK, 2016, 2-3). Many people have decided to get a pet during extended lockdowns not to be lonely, and it is assumed that the numbers will continue to grow.

Technological Factors

During the covid measures and several lockdowns, people started using the internet when all the shops were closed. Many people got used to this type of shopping, and most of them use this way to shop even for groceries (Český statistický úřad, 2021). That is why an e-shop is a good choice. Customers can shop comfortably at home and take advantage of the advanced payment and delivery straight to their place of living. In case of any complaints the customer can return the goods within two weeks without giving a reason why and the e-shop is obliged to pay the full amount back (Česká obchodní inspekce, n.d.).

4.4.2 Porter's Five Forces Analysis

Porter's five forces analyses will be used to analyze the microenvironment and the possible competition.

Competitive rivalry

There is no such a shop or an E-shop like Mňamky.cz located in the Zlín region, but few are operating in the Czech Republic. All of these have e-shops selling homemade food for pets and shipping across the Czech Republic to be considered a competition.

- **Mixano.cz**

Mixano is a company that might be considered the biggest competition to our e-shop. They are located mainly in Prague but thanks to their e-shop their products can be delivered to any part of the Czech Republic and Slovakia. They also have one leading shop located in Prague where the food can be picked up in person by prior arrangement. Their products are offered in Sklizeno or Easy Barf shops in Prague or Dog Shop & Salon Čikislav located in Slovakia.

Their products are divided into steamed cooked, Barf food, and preserved food that doesn't have to be stored in the fridge. Their steamed cooked and preserved food is made using chicken, beef, pork, or turkey meat mixed with vegetables like beet, sweet potatoes, peas, or carrot. The steamed cooked category can be ordered only for several days, and the price is based on the dog's weight. For a dog weighing 10kg, the package for the minimum offer of ten days the cost is 1,035 CZK. The category of preserved food offers packages for 149 CZK. The class of Barf food – raw food, is the biggest one as they provide variants for older dogs, different kinds of meat, and fish for cats. The price is based on the type and size of the package between 95CZK- 273 CZK. As for the treats category, they offer the same kinds of meat but in dried variants for 153 CZK per package. They are more focused on dogs; even their slogan also promotes food for cats. The layout of their e-shop is nice and clear for customers, and they are also present on social media.

- **Bibifood.cz**

Bibifood is a company producing dog food located in Prague. They have only an e-shop offering cooked food for dogs made from different types of meat, vegetables, and in some mixes, even fruit. Their products are steam cooked and, based on the size, are priced between 85 CZK for the small size up to 220 CZK for the biggest package. They use fish, pork, chicken, and beef meat combined with carrots, broccoli, sweet potato, mushrooms, or apple and pear. Bibifood also offers mixes of seven up to twenty-one days ranging between 595 CZK and 1,785 CZK. They provide a particular category of homemade cakes for dogs filled with meat and vegetable creams. It is a unique product that many e-shops offer, but cake delivery is possible only in Prague or nearby.

Bibifood also provides a category of treats and accessories for dogs. Their food is made only for dogs. For all the other products, delivery is possible for the Czech Republic and

Slovakia. To deliver anywhere else but Prague, they use external delivery like Zásilkovna or PPL for 190 CZK because of the special boxes. The delivery to Slovakia is 300CZK.

- **Hafupapu.cz**

Hafupapu is a company producing homemade food for dogs located in Rosice. They operate mainly on an e-shop offering cooked food for dogs using fresh ingredients. They use chicken, beef, turkey, pork, or salmon mixed with buckwheat, couscous or oat, and vegetables. One of their packages also offers a mix of game meat and oats. Based on the size, they offer only seven days packages ranging between 610 CZK and 1,610 CZK. What is unique about this company is that they offer a special type of homemade food for dogs in need of a special diet. These are beef or chicken packages for dogs suffering from hepatic protein deficiency or beef or chicken packages for dogs suffering from renal protein deficiency. Both types of special diet packages for seven days are priced between 640 CZK and 1,490 CZK based on the dog's size. The delivery is free for Brno and Prague. For the rest of the Czech Republic, the price is 69 CZK because they use their delivery and reusable boxes, so no extra payment is necessary.

Bargaining power of suppliers

Mňamky.cz would like to use the first-rate quality meat from farmers not only because of the strict conditions of the State Veterinary Office but mainly because the product must be the top quality. The vegetables and side dishes like couscous or rice will be supplied from the wholesaler Makro as the proportion of this component is minor than meat. In the beginning, the supply of these products will not be needed in large quantities.

Bargaining power of buyers

As mentioned in the chapter 4.4.1, the number of people with pets is increasing year to year, more and more people are now using the internet as a shopping tool and the approximate gross wages mainly in the Zlín region are rising. As there is not any similar known e-shop operating in the Zlín region and nearby, it might be a significant opportunity for Mňamky.cz to obtain potential customers as the delivery from Prague might be costly. Using the right marketing tools, we might build a strong, loyal customer base. On the other hand, there is always a possibility that people will not be interested in such a product.

The threat of new entrants

There is always a possibility of a new company entering the business selling pet food as there are not many barriers of entry and no special requirements like experience or education are not needed. One of the main barriers might be the approval from the Veterinary Administration and the plan based on the principles of risk analysis and critical control points that must be developed. It might be a complex and lengthy process with the registration to the Central Agriculture Inspection and Testing Institute and all the controls which not everyone wants to undertake and might view it as an obstacle.

Threats of substitute products or service

The main threat might be a new business offering better prices or products. Considering the delivery and offers of the e-shops mentioned before, companies operating in the Bohemian part of the Czech Republic are still not a huge threat. Their delivery costs are high, or the products are different from ours. People may also cook their food for their pets, but even though it might be more costly, the main obstacle for most people would probably be the time spent on it. Pet shops and the food they offer might be viewed as a thread of substitutes, but it is not entirely like this. Pet shops offer granules and treats, whereas Mňamky offers steamed-cooked food full of vitamins.

4.5 Market Analysis

At this part, the ideal customer will be described as one of the most important criteria for choosing the proper marketing tools. Using the information about Mňamky.cz the SWOT analyses describing strengths, weaknesses, opportunities, and threats will be created.

4.5.1 The Ideal Customer

The number of people using the internet as a shopping tool has grown thanks to the lockdowns. In 2021 the number of people shopping online grew up to 57%. As the Czech Statistical Office data show, people aged 24-34 shop most often on the internet. As the research stated before shows, more than half of Czech households have a dog or cat pet. There is no difference between men and women because both groups are pet owners. As research shows, both these groups like to shop online. Women usually take care of food preparation and grocery shopping, so our customers may be mostly them. Still, more and more men are switching roles nowadays, so gender will not be one of the main criteria. Two main groups of customers are cat owners and dog owners. Nowadays, people postpone

having children, and some even get pets instead of having children. For those, their pets are everything, and they want their life to be perfect, long, and healthy. As more people value a healthy lifestyle themselves, they want the same for their pets. Also, those people with pets that need a special diet or have teeth problems are another part of this group. What matters is the age. People younger than 20 years old are usually students, and this product might be costly. On the other hand, people older than 50 may not be used to online shopping and paying extra money for pet food might not be a priority.

Based on this, the ideal customer of Mňamky.cz should be two groups. Dog and cat owners between 20 to 30 years old, and the second group will be dog and cat owners between 30 to 45 years old.

4.5.2 SWOT Analysis

Table 1:SWOT Analysis (own creation)

Strengths	Weakness
<ul style="list-style-type: none"> ○ Not many competitors ○ High-quality ingredients ○ Homemade products ○ Accessibility for customers from the wider area 	<ul style="list-style-type: none"> ○ No physical store ○ The product must be delivered and stored in the cold environment. ○ Limited variety of products ○ No experience with running a business
Opportunities	Threats
<ul style="list-style-type: none"> ○ Opening a physical store ○ A trend of a loyal base of customers ○ Expansion to other countries ○ Adding new groups of products 	<ul style="list-style-type: none"> ○ New competitors ○ New laws and regulations ○ Economic crisis ○ Inflation ○ Lack of customers' interest

As mentioned in the previous part that dealt with competition, only a few brands sell similar products. Every brand still has slightly different offers as Hafupapu focuses more on special diet food, Bibifood only offers food for dogs, and Mixano’s main category is Barf food. All these e-shops operate mainly in Prague, so the strength of Mňamky.cz will be the unique location. Our company wants to use high-quality meat from Czech farmers and top-quality vegetables. As mentioned, the ingredients like vegetables and side dishes like rice or buckwheat will be purchased at the wholesaler Makro at the beginning before

the production increases. Because Mňamky.cz will initially operate mainly in the online environment, it is an opportunity to acquire customers from the Zlín region and the whole Czech Republic.

The absence of a physical store doesn't allow people nearby to choose personal pickup, so they must select delivery provided by a part-time employee who will use his own car and be paid per kilometre and the owner itself. Opening a physical store is one of our plans if the business is successful. One of the weaknesses might be the expiration date of the products and the fact that they must be stored in a cold environment even during the delivery. But Mňamky.cz will use their delivery using insulated boxes to keep the packages in the cold. Another weakness might be a limited variety of products to choose from, but as the business grows, Mňamky.cz will expand by more types of products like homemade treats or food supplements. No experience with running a business is also considered a weakness initially, but this might be dealt with by additional training or learning.

If our e-shop is successful, there is a significant opportunity to create a loyal base of customers and expand to other countries like Slovakia. Having a lot of loyal customers will help us come up with new types of products successfully.

As mentioned earlier by the Ministry of Agriculture, pet food production increased by 7.3% in 2020. As the output is growing, new competitors might be a threat. The barriers of entry are low, and it gives the new companies the possibility to come up with new products. Another possible threat is the lack of customers, which might cause our business to fail. Using the right marketing strategies might prevent this pessimistic scenario. The biggest threat to the company is new regulations or laws concerning pet food production. An economic crisis that might be triggered by other pandemics causing people to lose jobs is also causing a threat to our business. People not being able to offer our products might also be caused by the growing inflation rate as it is getting higher and the predictions for this year are not good.

4.6 Marketing Plan

This part focuses on the product, how the company approaches the target customers, the price, or the place. Based on this, the marketing mix will be defined using the 4P's.

Product

Based on the competition analysis, e-shop Mňamky.cz will offer four types of products for dogs and cats. As described at the beginning of the business plan, the packages will be based

on the kind of meat, which amount will be 70% in each portion, and the type of side dish used. All the packages will contain peas, carrots, and broccoli. As mentioned before, our food is considered a complete food, which means they can be fed alone because they have enough nutrients.

1. Chicken with rice – the main ingredient will be chicken meat, chicken heart and livers, rice, vegetable, and salmon oil as an Omega 3 and natural calcium source.
2. Pork with couscous – the main ingredient will be pork meat, pork heart, and livers mixed with couscous, vegetable, salmon oil, and natural calcium.
3. Fish with couscous – an Alaska cod mixed with couscous, vegetable, olive oil to make it juicier and natural calcium.
4. Beef with rice and buckwheat – A mix of beef meat and livers with rice, buckwheat, vegetable, salmon oil, and natural calcium.

The food will be prepared in steam in a pressure cooker to preserve all the vitamins and keep the good taste. Customers will be able to choose the size and number of the packages. According to their pet's weight, they can choose different sizes, and the number of packages is up to them. The food will be vacuumed in foil packaging with a label listing all the ingredients. The expiration date is always seven days stored in the fridge or one month stored in the freezer. Our food should be served at room temperature, not too cold or hot. For dogs that are not used to this type of food, it is advised to mix it with granules at the beginning so their digestive system can get used to it gradually.

Price

The price remains the same for all the sectors but will be based on the ingredients used. Our packages will be divided based on their size into packages for small, medium, and large dogs. Packages for cats will be only up 450g.

Table 2: Package sizes (own creation)

Animal's weight	Less or 5kg	10kg	15-20kg	25-30kg and more
Size of the package	100-150g	200g	300-450g	1000g

This table will also be present on our e-shop to help the customers decide what size to choose. Based on the analysis of our competitors, Mňamky.cz will offer these sizes of packages, and customers will be able to decide how many of them to order. Our competitors offer only ten days, twenty days, and thirty days options, which might be unfavourable when

you choose different packages and not only one type of meat. The average prices of Mixano, Hafupapu, and Bibifood are 74 CZK for a chicken package, 80 CZK for a beef package, 76 CZK for a pork package, and 88 CZK for a fish package, all in the 150g size. Considering the changing prices of ingredients and rising electricity prices, the costs might be slightly higher or change in the future. Our company wants to be affordable for our customers that is why specific discounts and better deals will be used as a part of the sales promotion. Even in the absence of a physical store, our customers will still select from a wide range of payment methods like advanced payment, mobile payment, or cash on delivery. The approximate prices might be found in the table below.

Table 3: Approximate prices of Mňamky.cz (Own creation)

	150g	200g	300g	450g	XXL package 1000g
Chicken with rice	52-74 CZK	69- 84 CZK	92-104 CZK	122-156 CZK	210-228 CZK
Beef with rice and buckwheat	63-80 CZK	83-94 CZK	112-125 CZK	138-187 CZK	243-250 CZK
Pork with couscous	57-76 CZK	75-90 CZK	98-113 CZK	128-169 CZK	230-239 CZK
Fish with couscous	62-88 CZK	82-98 CZK	117-123 CZK	137-185 CZK	240-250 CZK

Place

Mňamky.cz will solely operate as an e-shop; therefore, the only physical place needed will be the kitchen for the preparation process. In the optimistic plan, there is a possibility of opening a physical store. Our e-shop will be created using Shoptet. Our company wants to make a friendly and comprehensive platform where all our products will be described. Our e-shop will also allow the customers to subscribe to our newsletter to be informed about sales and new developments in advance. Elements like menu, search box, or shopping cart will be included to navigate the website easily. The platform will also be mobile-users friendly, and as a part of a marketing strategy, the reviews from our customers will be included.

The kitchen must be approved by the Central Agriculture Inspection and Testing Institute and the Regional Veterinary Administration. The best option will be a space that has already been used as a kitchen, so the sanitation and rat exterminating of the premises

will be already dealt with. The premises will be divided into areas based on the type of action – area for meat preparation, vegetable and side dish preparation, and the packing area. The premises will be equipped with freezer and two separate fridges – one for raw meat and vegetables and the second for the finished product prepared to be packed. The most important equipment will be the pressure cooker and a convection oven.

Table 4: The delivery costs (Own creation)

Type of delivery	Costs in CZK
Town Zlín- (when purchased from 499 CZK and higher)	0
Town Zlín (purchase under 499 CZK) and the rest of the Czech Republic	150

Promotion

○ **E-shop**

As mentioned, Mňamky.cz will operate mainly in the online environment, so the e-shop platform will also be a part of our promotion using newsletters and reviews from our customers. As a part of a sales promotion at the beginning, there will be a discount for all the customers that will leave positive feedback and send us a picture later displayed on our page and social media platforms. After our business is set up, special offers will be a part of the sales promotion to reach as many people as possible. Our e-shop will also use up-selling and cross-selling techniques – larger packages or packages of a different flavor to try. Google Ads will be used to promote our e-shop and to find more customers.

○ **Facebook and Instagram**

As the primary type of promotion, these two platforms will be used mainly for the younger segment of our customers. People between 20 and 30 use social media frequently, and many people use it as a review of the company and its products before the purchase. Everything, including reviews that will be present on the e-shop, would be on social media as well. Our products and prices will be presented, including photos and recent updates about products, discounts, and special offers. Facebook page will also be suitable for the second segment of people between 30 and 45 years old because this segment uses this platform more often than others. The Instagram profile will be more suitable for segment number one. The owner will manage both these sites initially, and the services of a professional photographer will be used to promote the products. As a part of this marketing technique, Mňamky.cz would like to reach out to influencers owning a pet offering free samples and financial rewards for promoting our products.

- **Regional newspapers**

Another type of promotion, Mňamky.cz, would like to advertise in the regional newspapers, mainly in Otrokovice and Zlín, to reach out to more customers. This type of promotion will be dedicated primarily to the second segment, people between 30 and 45, the main readers. These newspapers are free and are sent into the residents' mailboxes. This advertisement might also help spread word of mouth between older people and the main segments of our customers. The main purpose of this ad will be to inform about our company and its products so mainly our logo, name and all the addresses where the customers can find more and make the purchase will be present in the advertisement.

- **The DogFest**

Every year, the DogFest takes place in Prague. It is a two-day festival in Holešovice where people can meet with other dog owners and discover new types of products for dogs. One of these products might be our homemade dog food. Mňamky.cz would like to participate every year to attract new customers and encourage people to try our dog food. DogFest is a perfect place because it includes our main segments of customers. The festival is suitable for people from 20-50 years old because it is an ideal place for young people, children, and older people with dogs. As it is dedicated to dogs, the cat food will be present only to inform potential customers that there is the opportunity to purchase this type of product as well because there might be people owning both. Every year there are more than 16,000 visitors. The number is growing that is why it is a perfect opportunity to find new customers and encourage them to try our products. The costs of this promotion are too high for a new business; therefore, the participation of Mňamky.cz will not be possible no sooner than in the second year if the sales will grow.

Table 5: Approximate costs of promotion (Own creation)

Type of promotion	Costs in CZK per month
E-shop (Shoptet)	1,740
Instagram (promotion via influencers), Facebook and Google Ads	5,000 7,000
Regional newspapers- Otrokovice, Zlínský deník	6,000
Total costs/ month	19,740
The DogFest (only in July)	40,000

Photographer (only when a new product is launched)	7,000
--	-------

4.7 Financial Plan

In the last part of the business plan, the most important financial reports will be shown to find out whether Mňamky.cz will be profitable under certain conditions or not. The initial costs, the income statement, and start-up expenditures will be calculated, and the operational costs and estimated revenues for the first three years.

4.7.1 Initial Costs

The initial costs are all the costs associated with the establishment of Mňamky.cz. The first section is costs connected with establishing an e-shop and the licenses and fees needed. One of the costs is also a photographer, which will be paid to take product pictures for the e-shop. The cost of the establishment is calculated to be **56,220 CZK**. The second part of the table shows promotion costs stated in the section before calculated to **19,740 CZK** and the third part shows all the necessary equipment to be purchased. The most important is the convection oven and the pressure cookers, which will allow the business to produce on a large scale in the future. The equipment also includes the car, which will be very important as the company will have its delivery service. The equipment cost is **109,308 CZK**.

Table 6: Initial costs of Mňamky.cz (Own creation)

Initial costs of Mňamky.cz in CZK	
Establishment of an e-shop	56,220 CZK
Webhosting	600 (50 per month)
Shoptet	42,620 per year (1,740 per month)
Licence	1,000
Registration fees	5,000
Photographer	7,000
Promotion	19,740 CZK
Equipment	109,580 CZK

Convention oven	20,000
Pressure cookers (3pcs)	9,000
Chamber vacuum machine	10,000
Thermal etiquettes paper (back cover)	1,600
Printer	3,000
Refrigerators with freezers (3pcs)	18,000
Induction plates (4pcs)	2,000
Choppers and slicers	2,000
Bowls, chopping boards, knives...	2,000
Kitchen scale	3,000
Car	35,000
Sanitary products	3,000
Wi-fi router	500
Insulate boxes for our delivery	280
Vacuum foils	200
Total initial costs	185,540 CZK

The total initial costs are calculated to be **185,540 CZK**, as shown in table 6. The owner decided not to use any foreign capital. The registered capital will be **500,000 CZK** which will be covered by savings and the help of family and friends. This registered capital should be enough to cover the initial expenses and all the possible additional expenses during the first months.

4.7.2 Operating Costs

This section shows the operating costs at the end of the first year and the possible scenarios for the future. There is the optimistic, pessimistic, and realistic scenario of the production calculated for each year. All the numbers of orders are only approximate because the orders might be affected by many factors, as stated before.

Table 7: Estimated number of orders (own creation)

Scenario	Orders/month in the 1 st year	Orders/month in the 2 nd year	Orders/month in the 3 rd year	Approximate price of one order
Optimistic	720	900	1,140	500 CZK
Pessimistic	150	180	240	500 CZK
Realistic	300	360	480	500 CZK

Table 7 describes the approximate numbers of orders per day and month as well as the approximate price of one order. These numbers are used to calculate the operating costs in the tables below.

Table 8: Operating costs of Mňamky.cz at the end of the first year (own creation)

Operating costs in the first year in CZK		
Fixed costs	Monthly	Yearly
Rent	15,000	180,000
Insurance	2,250	27,000
Internet	1,500	18,000
E-shop maintenance	1,755	21,060
Accountant (external employee)	5,000	60,000
Promotion costs	19,740	236,880
Printer ink	2,500	30,000
Printer paper	1,000	12,000
Part- time cook	6,400	76,800
Total fixed costs	55,145 CZK	661,740 CZK
Variable costs	Monthly	Yearly
Packaging	14,400 (10/ one package)	172,800
Supplies of ingredients	140,000	1,680,000
Part-time driver	16,000	192,000
Fuel	6,400	76,800
Total variable costs (optimistic scenario)	176,800 CZK	2,121,600 CZK
Packaging	3,000 (10/one package)	36,000

Supplies of ingredients	20,000	240,000
Fuel	2,000	24,000
Total variable costs (pessimistic scenario)	25,000 CZK	300,000 CZK
Packaging	6,000 (10/ one package)	36,000
Supplies of ingredients	65,000	780,000
Part-time driver	9,600	115,200
Fuel	2,000	48,000
Total variable costs (realistic scenario)	82,600 CZK	991,200 CZK

Fixed and variable costs for the first year are shown in table 7. The fixed expenses show all the costs that don't change based on the production size. Rent and utility bills, the promotion costs, car insurance, or the e-shop maintenance are shown in the fixed expenses. The part-time cook will be a family member that will help the owner with production four times a week for approximately four hours; therefore, their wage will be **16,000 CZK** per month. Also, the accountant is an external employee used based on necessity. The estimated fixed costs are **55,145 CZK** per month at the end of the first year. The variable expenses are divided into three variants. All the versions are calculated assuming that at least two packages are in one order at a minimum of **500 CZK**. The optimistic interpretation is 24 orders a day; therefore, 720 orders a month, and the total variable costs for this variant are **176,800 CZK**. The ingredients are the most expensive item, but the price might differ from time to time. The part-time driver will also be a family member paid based on the kilometres with their car. Fuel is charged because the second driver is necessary. Therefore, the owner will also provide the delivery two days per week. In the pessimistic variant, there will be just a few orders per week; therefore, the part-time driver would not be needed. The variable costs for the pessimistic variant, 150 orders a month, are calculated to be **25,000 CZK**. The last table shows the realistic variant with estimated 300 orders a month, and its variable costs are **82,600 CZK**.

Table 9: Operating costs of Mňamky.cz at the end of the second year (own creation)

Operating costs in the second year in CZK		
Fixed costs	Monthly	Yearly
Rent	15,000	180,000

Insurance	2,250	27,000
Internet	1,500	18,000
E-shop maintenance	1,755	21,060
Accountant (external employee)	5,000	60,000
Promotion costs	30,000	360,000
Printer ink	3,125	37,500
Printer paper	1,250	15,000
Part- time cook	6,400	76,800
Total fixed costs	66,280 CZK	795,360 CZK
Variable costs	Monthly	Yearly
Packaging	18,000 (10/ one package)	216,000
Supplies of ingredients	175,000	2,100,000
Part-time driver	20,000	240,000
Fuel	8.000	96,000
Total variable costs (optimistic scenario)	221,000 CZK	2,652,000 CZK
Packaging	3,600 (10/one package)	43,200
Supplies of ingredients	25,000	300,000
Fuel	2,500	30,000
Total variable costs (pessimistic scenario)	31,100 CZK	373,200 CZK
Packaging	7,200 (10/ one package)	86,400
Supplies of ingredients	75,000	900,000
Part-time driver	9,600	115,200
Fuel	3,000	36,000
Total variable costs (realistic scenario)	94,800 CZK	1,137,600 CZK

Table 8 shows the changes in the fixed costs at the end of the second year. The company needs to find more new customers and build a loyal base of customers; therefore, the promotion costs are estimated to be **30,000 CZK**. Mainly social media promotion and e-shop improvements will be covered. As the number of orders will grow, fixed costs like

printer ink and paper are higher. The total fixed costs are estimated to be **66,280 CZK** per month. The variable expenses are higher because the number of orders will also grow. For the optimistic variant, 30 orders a day, the variable costs are **221,000 CZK** per month. For the pessimistic scenario, 6 orders a day, the variable costs are **31,100 CZK**, and the realistic variant shows 12 orders a day, and the total variable costs **94,800 CZK** per month.

Table 10: Operating costs of Mňamky.cz at the end of the third year (own creation)

Operating costs in the third year in CZK		
Fixed costs	Monthly	Yearly
Rent	15,000	180,000
Insurance	2,250	27,000
Internet	1,500	18,000
E-shop maintenance	1,755	21,060
Accountant (external employee)	5,000	60,000
Promotion costs	19,740	236,880
Printer ink	3,906	46,872
Printer paper	1,563	18,756
Part- time cook	6,400	76,800
Gross wage- full-time employee	23,000	276,000
Health security (9%)	2,070	24,840
Social security (25%)	5,750	69,000
Total fixed costs	87,934 CZK	1,055,208 CZK
Variable costs	Monthly	Yearly
Packaging	22,800 (10/ one package)	273,600
Supplies of ingredients	218,750	2,625,000
Part-time driver	25,000	300,000
Fuel	10,000	120,000
Total variable costs (optimistic scenario)	276,550 CZK	3,318,600 CZK
Packaging	4,800 (10/one package)	57,600
Supplies of ingredients	31,250	375,000

Fuel	3,125	37,500
Total variable costs (pessimistic scenario)	39,175 CZK	470,100 CZK
Packaging	10,800 (10/ one package)	115,200
Supplies of ingredients	100,000	1,200,000
Part-time driver	12,000	144,000
Fuel	4,000	48,000
Total variable costs (realistic scenario)	125,600 CZK	1,507,200 CZK

The changes in the fixed costs in the third year are mainly due to the necessity of hiring a full-time employee that will work as a cook in the production days and as a driver during the delivery days. Their gross wage is estimated to be **23,000 CZK** per month if the business is successful. Therefore, the total fixed costs are **87,934 CZK** at the end of the third year. The approximate numbers of orders for the optimistic variant are 38 orders a day, and the variable costs are **276,550 CZK**. The number of orders for the pessimistic variant is 8 orders a day with variable costs of **39,175 CZK** per month. The realistic variant is based on the prediction of 16 orders a day, and its variable costs are **125,600 CZK** per month.

Table 11: Operating costs in the first four months (own creation)

Operating costs in the first four months in CZK						
	Optimistic	Total	Pessimistic	Total	Realistic	Total
FC	55,145		55,145		55,145	
VC 1st month	43,500	98,645	9,600	64,745	19,200	74,345
VC 2nd month	70,800	125,945	9,600	64,745	19,200	74,345
VC 3rd month	79,900	135,045	18,200	73,345	28,300	83,445
VC 4th month	89,500	144,645	18,200	73,345	38,400	93,545

Table 11 shows the approximate operating costs in the first four months. It is hard to predict the possible number of orders and how quickly the business can acquire more customers. This table is based on table 7 and uses the calculated fixed costs. In the optimistic variant, the business starts with five orders a day and gradually grows to 10 orders a day in the fourth month. The pessimistic variant is calculated using predictions of one order per day for the first two months, slowly growing to two orders per day. The realistic variant is based on two orders a day in the first two months, and afterward, the number increases slowly to four orders a day. This table was created to illustrate the approximate operational costs in the first months and to see whether the business would survive the first months using the registered capital of 500,000 CZK mentioned later or not.

4.7.3 Estimated Revenues

This part deals with the estimated revenues based on the three scenarios. Each table shows the estimated revenues at the end of each year. Each table shows the delivery costs paid by the customers because Mňamky.cz is based in Zlín, and the delivery for town Zlín itself is free. Each table is based on the prediction that 20% of orders will be from town Zlín; therefore, the delivery is free as we count on orders in the minimal amount of **500 CZK**.

Optimistic scenario

Table 12: Estimated revenues for the optimistic scenario (own creation)

	1 st Year	2 nd Year	3 rd year
Orders in pcs	8,640	10,800	13,680
Revenues for orders in CZK	4,320,000	5,400,000	6,840,000
Delivery in CZK	1,036,800	1,296,000	1,641,600
Total revenues	5,356,800 CZK	6,696,000 CZK	8,481,600 CZK

Table 10 shows the estimated revenues for the optimistic scenario. The number of orders is 8,640 at the end of the first year, up to 13,680 in the third year.

Pessimistic scenario

Table 13: Estimated revenues for the pessimistic scenario (own creation)

	1 st Year	2 nd Year	3 rd year
Orders in pcs	1,800	2,160	2,880

Revenues for orders in CZK	900,000	1,080,000	1,440,000
Delivery in CZK	216,000	259,200	345,600
Total revenues	1,116,000 CZK	1,339,200 CZK	1,785,600 CZK

In the pessimistic scenario, the estimated revenues are still rising yearly. Still, it would take the company much longer to be profitable and pay off all the expenses needed in this variant.

Realistic scenario

Table 14: Estimated revenues for the realistic scenario (own creation)

	1st Year	2nd Year	3rd year
Orders in pcs	3,600	4,320	5,720
Revenues for orders in CZK	1,800,000	2,160,000	2,860,000
Delivery in CZK	432,000	518,400	686,400
Total revenues	2,232,000 CZK	2,678,400 CZK	3,546,400 CZK

Table 12 shows the realistic variant where the number of orders rises, the estimated revenues, and the business is profitable.

4.7.4 Income Statement

This chapter shows the income statement, which is essential as it indicates whether the business is making or losing money. All the versions count with revenues calculated before and the approximate costs. The net profit is calculated after 15% is deducted from the revenues under 1,867,728 CZK. Anything higher than this number must be deducted by 23%.

Table 15: Income statement for the optimistic scenario (own creation)

Income statement for the optimistic scenario in CZK			
	1st year	2nd year	3rd year
Revenues	5,356,800	6,696,000	8,481,600
Costs	-2,783,340	-3,447,360	-4,373,808
EBT	2,573,460	3,248,640	4,107,792
Tax 15%	-280,159	-280,159	-280,159

Tax 23%	-162,318	-317,609	-515,214
EAT	2,130,983 CZK	2,650,872 CZK	3,312,419 CZK

Table 13 shows the net profits at the end of each year. In this scenario, the business is profitable right from the beginning. The net profit at the end of the first year is **2,130,983 CZK**. The following table will focus on the pessimistic version.

Table 16: Income statement for the pessimistic scenario (own creation)

Income statement for the pessimistic scenario in CZK			
	1st year	2nd year	3rd year
Revenues	1,116,000	1,339,200	1,785,600
Costs	-937,740	-1,144,560	-1,501,308
EBT	178,260	194,640	284,292
EAT	151,521 CZK	165,444 CZK	241,648 CZK

In this variant, at the end of the first year, the net profit is **151,521 CZK**, then rises to **165,444 CZK** and **241,648 CZK** at the end of the third year. Mňamky.cz would not experience a loss at the end of the first year, but it would take more time for the business to pay off.

Table 17: Income statement for the realistic scenario (own creation)

Income statement for the realistic scenario in CZK			
	1st year	2nd year	3rd year
Revenues	2,232,000	2,678,400	3,546,400
Costs	-1,628,940	-1,908,960	-2,538,408
EBT	603,060	769,440	1,007,992
EAT	512,601 CZK	654,024 CZK	856,793 CZK

The last table shows the realistic variant that should generate **512,601 CZK** at the end of the first year, **654,024 CZK** at the end of the second **856,793 CZK** at the end of the third year.

4.7.5 Cash Flow

The cash flow statement shows how much money flows in and out of the company. Cash flow for the first year of Mňamky.cz was created using the direct method. All the expenses are to be paid and marked using a minus sign. The initial deposit and the estimated revenues for the first year are written using a plus sign. For cash flow purposes, a realistic scenario was used. The total cash flow is **761,304 CZK** which is very good considering it is the first year of the company operating in the business.

Table 18: Cash flow of Mňamky.cz in the first year (own creation)

Cash flow of Mňamky.cz in the first year in CZK	
Initial deposit	+500,000
Initial costs	- 185,540
Rent	- 180,000
Insurance	-5,000
Internet	-18,000
E-shop maintenance	-21,060
Accountant (external employee)	-60,000
Promotion costs	-236,880
Printer ink	-30,000
Printer paper	-12,000
Part-time cook	-76,800
Photographer (external employee)	-7,000
Part-time driver	-115,200
Supplies of ingredients	-780,000
Packaging	-129,600
Fuel	-48,000
Total revenues	+2,232,000
Health insurance for a self-employed person	-31,524
Social insurance for a self-employed person	-34,092
Total	761,304 CZK

4.7.6 Return on Investment

Return on investment – ROI represents how the business is beneficial and how long it takes to pay off in percentage. ROI is a significant number that must be considered before establishing the business. The table below shows ROI for Mňamky.cz for the first year using all three variants – pessimistic, optimistic, and realistic. ROI for the realistic variant is **98%** which shows that the investment will pay off and generate more than initially invested.

Table 19: ROI of Mňamky.cz in the first year (own creation)

ROI= Net Profit/ Total Investment * 100	
Optimistic variant	$2,130,983/500,000 * 100 = 426\%$
Pessimistic variant	$151,521/500,000 * 100 = 26\%$
Realistic variant	$512,601/500,000 * 100 = 98\%$

4.7.7 Start-up Balance Sheet

The table below shows the start-up balance sheet of Mňamky.cz. The registered capital is **500,000 CZK**, and the owner decided not to apply for a loan from a bank but to use her own savings, family savings, and a loan from a friend.

Table 20: Start-up balance sheet of Mňamky.cz (own creation)

Assets		Liabilities	
Current assets	390,420 CZK	Current liabilities	0 CZK
Bank account			
Long-term assets	109,580 CZK	Equity	500,000 CZK
Equipment		Registered capital	
Other assets	0 CZK	Other liabilities	0 CZK
Total assets	500,000 CZK	Total liabilities	500,000 CZK

CONCLUSION

The purpose of this Bachelor's thesis was to create a business plan for an e-shop selling pet food and evaluate whether the plan is feasible. The thesis was divided into two parts, theoretical and analytical. The financial plan was created using the primary financial statements. The optimistic, realistic, and pessimistic scenario of ROI estimated revenues and income statement was calculated. In the realistic variant, the estimated net profit at the end of the first year is 151,521 CZK. All the calculations and numbers of orders are only estimated numbers, and many unexpected events discussed in this business plan might influence the business. Considering the realistic version, the company would generate a return in the first year. Based on these calculations, it can be said that the business is viable.

Mňamky.cz might be considered a company with a relatively new product, and therefore it will be crucial to acquire a loyal base of customers from the beginning. This will be done mainly through the promotion strategy based on the PEST analysis and Porter's five forces analysis.

If the company is successful, there is also an opportunity to expand the offering with the treats category, gain more new customers, and open a physical store. With new trends coming, it will be necessary to adjust the marketing strategy. The market will be analysed continuously so the company can react to the potential competitors.

BIBLIOGRAPHY

- Abrams, Rhonda. 2019. *Successful Business Plan*. 7th ed. Palo Alto, CA: The Planning Shop
- Act no. 455/1991 Sb. Zákon o živnostenském podnikání (Živnostenský zákon). In: Sbíрка zákonů. Czech Republic. <https://www.zakonyprolidi.cz/cs/1991-455?text=%C5%BEivnostensk%C3%BD+z%C3%A1kon>
- Act no. 586/1992 Sb. Zákon České národní rady o daních z příjmů. In: Sbíрка zákonů. Czech Republic. <https://www.zakonyprolidi.cz/cs/1992-586>
- Act no. 89/2012 Sb. Občanský zákoník. In: Sbíрка zákonů. Czech Republic. <https://www.zakonyprolidi.cz/cs/2012-89>
- Act no. 90/2012 Sb. *Zákon o obchodních společnostech a družstvech (Zákon o obchodních korporacích)*. In: Sbíрка zákonů. Czech Republic. <https://www.zakonyprolidi.cz/cs/2012-90#cast1>
- Annex no. 2 to Act no. 455/1991 Sb. Zákon o živnostenském podnikání (Živnostenský zákon). In: Sbíрка zákonů. Czech Republic. https://www.mpo.cz/assets/en/business/licensed-trades/legislation/2021/6/Trade-Licensing-Act_annexes_2021.pdf
- Annex no. 3 to Act no. 455/1991 Sb. Zákon o živnostenském podnikání (Živnostenský zákon). In: Sbíрка zákonů. Czech Republic. https://www.mpo.cz/assets/en/business/licensed-trades/legislation/2021/6/Trade-Licensing-Act_annexes_2021.pdf
- Annex no. 4 to Act no. 455/1991 Sb. Zákon o živnostenském podnikání (Živnostenský zákon). In: Sbíрка zákonů. Czech Republic. https://www.mpo.cz/assets/en/business/licensed-trades/legislation/2021/6/Trade-Licensing-Act_annexes_2021.pdf
- Blackwell, Edward. 2017. *How to Prepare a Business Plan: Your Guide to Creating an Excellent Strategy, Forecasting Your Finances and Producing a Persuasive Plan*. 6th ed. London: Kogan Page.
- Bolander, Jarie. 2011. *Business Basics for Entrepreneurs*. Place of Publication: The Daily MBA, https://www.thedailymba.com/wp-content/uploads/2011/01/business_basics_for_entrepreneurs.pdf
- Červený, Radim. 2014. *Business plán: Krok za krokem*. Prague: C. H. Beck.

Český statistický úřad. “Aktuální informace.” Accessed February 8, 2022.

<https://www.czso.cz/csu/czso/aktualniinformace>

Český statistický úřad. “Krajská správa ČSU ve Zlíně.” Accessed February 8, 2022.

Dostupné z: <https://www.czso.cz/csu/xz>

Český statistický úřad. “Využívání informačních a komunikačních technologií v domácnostech a mezi osobami.” Accessed February 9, 2022.

https://www.czso.cz/csu/xz/vyberove_setreni_o_informacnich_a_komunikacnich_tech_nologiich_vsit

Český statistický úřad. “Mzdy, náklady práce.” Accessed April 22, 2022.

<https://www.czso.cz/csu/xz/mzdy-xz>

Český statistický úřad. “V nakupování potravin online jsme nad průměrem EU.” Accessed April 22, 2021. <https://www.czso.cz/csu/czso/v-nakupovani-potravin-online-jsme-nad-prumerem-eu>

Česká obchodní inspekce. “Reklamace zboží a služeb.” Accessed April 22, 2022.

<https://www.coi.cz/pro-podnikatele/informace-pro-prodejce-zbozi-a-sluzeb/reklamace-zbozi-a-sluzeb/>

GFK. 2016. “Press Template.” Accessed April 22, 2021.

https://cdn2.hubspot.net/hubfs/2405078/cms-pdfs/fileadmin/user_upload/country_one_pager/cz/documents/2016/160525_global_pr_study_petownership_czfin.pdf

Hartwig, Dallas; Hartwig, Melisa. 2014. *Jídlo na prvním místě: Vyzkoušejte Whole30 a změňte svůj život k nepoznání*. Brno: Jan Melvil Publishing.

<https://www.bookport.cz/e-kniha/jidlo-na-prvnim-miste-2-754551/>

Kotler, Philip; Keller, L. Kevin. 2014. *Marketing management*. Prague: Grada.

<https://www.bookport.cz/e-kniha/marketing-management-859468/>

Ministerstvo financí. “Tiskové zprávy” Accessed February 8, 2022.

<https://www.mfcr.cz/cs/aktualne/tiskove-zpravy/2022/ekonomika-letos-poroste-o-31--prumerna-i-46160>

Ministerstvo práce a sociálních věcí. “Pojištění.” Accessed March 19, 2022.

<https://www.mpsv.cz/socialni-pojisteni>

Ministerstvo zemědělství. “Výroba průmyslových krmiv v roce 2020.” Accessed February 9, 2022. <https://eagri.cz/public/web/mze/ministerstvo-zemedelstvi/statistika/zemedelstvi/krmiva/vyroba-prumyslovych-krmiv-v-roce-2020.html>

- Pavelková, Drahomíra, prof., doc., Ing.; Knápková, Adriana, doc., Ing., Ph.D. et al. 2017, *Finanční analýza, kompletní průvodce s příklady*. Prague: Grada
- Popelářová, Renata. 2011. *Domácí zvěrolékař pro majitele a chovatele psů a koček*. Prague: Grada. <https://www.bookport.cz/e-kniha/domaci-zverolekar-754609/>
- Šafrová Drážilová, Alena, Ing., Bc., Ph.D. 2019. *Základy úspěšného podnikání: Průvodce začínajícího podnikatele*. Prague: Grada. <https://www.bookport.cz/kniha/zaklady-uspesneho-podnikani-6066/>
- Shelton, Hal. 2017. *The Secrets to Writing a Successful Business Plan: A Pro Shares a Step-By-Step Guide to Creating a Plan That Gets Results*. 2nd ed. Rockville, MD: Summit Valley Press.
- Srpová, Jitka, Doc. Ing., CSc. et.al. 2011. *Podnikatelský plán a strategie*. Prague: Grada. <https://www.bookport.cz/e-kniha/podnikatelsky-plan-a-strategie-655585/>
- Státní veterinární správa ČR, Article no. 24, regulation no. 1069/2009. *Krmiva pro zvířata v zájmovém chovu*. <https://www.svscr.cz/krmiva-vzp-asanace/krmiva-pro-zajmova-zvirata/>
- Veber, Jaromír, prof., Ing., CSc.; Srpová, Jitka doc., CSc. Et.al. 2012. *Podnikání male a střední firmy: 3. aktualizované a doplněné vydání*. Prague: Grada. ISBN 978-80-247-4520-6 <https://www.bookport.cz/e-kniha/podnikani-male-a-stredni-firmy-686633/>
- Vochozka, Marek, Ing., MBA, Ph.D.; Petr Mulač, Ing. et al. 2012. *Podniková ekonomika. Finanční řízení*. Prague: Grada. <https://www.bookport.cz/kniha/podnikova-ekonomika-927/>

LIST OF ABBREVIATIONS

CZK	Czech Crown
ROI	Return on Investment
EUR	Euro
SEO	Search Engine Optimization
SEM	Search Engine Marketing
GDP	Gross Domestic Product
VAT	Value Added tax

LIST OF FIGURES

<i>Figure 1: Company's logo (own creation)</i>	<i>31</i>
<i>Figure 2: Average gross wage in the Zlín region in CZK (own creation)</i>	<i>35</i>

LIST OF TABLES

<i>Table 1: SWOT Analysis (own creation)</i>	40
<i>Table 2: Package sizes (own creation)</i>	42
<i>Table 3: Approximate prices of Mňamky.cz (Own creation)</i>	43
<i>Table 4: The delivery costs (Own creation)</i>	44
<i>Table 5: Approximate costs of promotion (Own creation)</i>	45
<i>Table 6: Initial costs of Mňamky.cz (Own creation)</i>	46
<i>Table 7: Operating costs of Mňamky.cz at the end of the first year (own creation)</i> ..	48
<i>Table 8: Operating costs of Mňamky.cz at the end of the second year (own creation)</i>	49
<i>Table 9: Operating costs of Mňamky.cz at the end of the third year (own creation)</i>	51
<i>Table 10: Estimated revenues for the optimistic scenario (own creation)</i>	53
<i>Table 11: Estimated revenues for the pessimistic scenario (own creation)</i>	53
<i>Table 12: Estimated revenues for the realistic scenario (own creation)</i>	54
<i>Table 13: Income statement for the optimistic scenario (own creation)</i>	54
<i>Table 14: Income statement for the pessimistic scenario (own creation)</i>	55
<i>Table 15: Income statement for the realistic scenario (own creation)</i>	55
<i>Table 16: Cash flow of Mňamky.cz in the first year (own creation)</i>	56
<i>Table 17: ROI of Mňamky.cz in the first year (own creation)</i>	57
<i>Table 18: Start-up balance sheet of Mňamky.cz (own creation)</i>	57