

A Business Plan for a Fitness Centre

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ABSTRAKT

Tato práce má za cíl vytvořit podnikatelský plán pro fitness centrum se sportovními skupinovými lekcemi ve Zlíně. Prvně je popsána teoretická část ve strukturovaném formátu, zabývající se podnikáním, právními formami a klíčovými částmi podnikatelského plánu. Následně praktická část odráží strukturu teoretické části a zabývá se popisem podniku, analýzou trhu, marketingovým či finančním plánem a rizikovou analýzou. Hlavním cílem je zjistit proveditelnost plánu a shrnout klíčové poznatky v závěru.

Klíčová slova: podnikatelský plán, podnikání, právní formy, finanční plán, fitness, skupinové lekce

ABSTRACT

This work aims to create a business plan for a fitness centre with group sports classes in Zlín. Firstly, is described the theoretical part which follows a structured format covering entrepreneurship, legal forms, and key components of a business plan. Afterwards, the practical section mirrors the theoretical part's structure, examining company description, market analysis, marketing plan, financial projections, and risk analysis. The main goal is to determine the feasibility of the plan and summarize key findings in the conclusion.

Keywords: business plan, entrepreneurship, legal forms, financial plan, fitness, group classes

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

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INTRODUCTION

This bachelor's thesis concentrates on developing a business plan within the fitness industry. The author's decision to delve into this field stems from her personal involvement in the industry for several years. With the global trend towards healthier lifestyles gaining momentum, the fitness industry has experienced significant growth in recent years. (Chekhovska 2017, 19) The common presence of workout tips and meal prep content on social media further underscores the industry's flourishing nature. According to Chekhovska, the fitness industry is getting more successful and because of its high rates of growth, the sector exhibits a great appeal for investment. (2017, 19)

This thesis aims to create a feasible plan for starting a business by opening a fitness centre in Zlín. As there is a high concentration of such centres in Zlín, the company Lift&Spin Fitness Centre will provide a unique setting for its customers. The centre will encompass a workout section together with rooms for sports group classes. Besides providing services to a wide age range, the enterprise will put great emphasis on capturing the attention of the younger generation. The most likely way to achieve this is to focus on the group classes such as spinning because it serves as a sport activity and a party at once. The proximity of the fitness centre to certain faculties of Tomas Bata University will definitely play its part in attracting the students and in the long run perhaps it will become well known as a student-friendly fitness centre. The increased importance of sport and regular exercise among the young is likely to bring about an inflow of people interested in group sports and fitness in general.

The theoretical section provides an overview of key business concepts, including entrepreneurship and various legal forms of business. The concluding segment of this section delves into the specifics of a business plan, touching upon aspects such as financial planning, target market analysis, competition assessment, and marketing strategies. The practical part then delves into the essential components necessary for establishing a business, encompassing aspects like the marketing plan, legal considerations, company description, financial projections including cash flow, and income statement.

1 ENTREPRENEURSHIP

The process of starting a business always involves certain risks and effort to overcome the initial concern stemming from creation of something new. (Hisrich, Peters, and Shepherd 2017, 8) Hisrich et al. believe, that when one wants to start an enterprise, then must take into consideration that it should bring something different and attractive to the market, as well as an added value. (2017, 8) Hisrich and Peters assert that despite challenges such as recession, inflation, high-interest rates, economic uncertainty, and a significant likelihood of failure, millions of new businesses are still being initiated worldwide. (Hisrich and Peters 2002, 11)

Entrepreneurship has remained a timeless aspect of human pursuit, reflecting humanity's quest for economic security and self-reliance. Across generations, people have continually sought innovative ways to secure their livelihoods, for example by being landowners who would lease their land to farmers, who would sell products resulting from activities produced on this very soil. (Grebel 2004, 5)

In recent years, advancements in technology, particularly the widespread adoption of the internet, have revolutionized the entrepreneurial landscape, making it more accessible than ever before. (Rathee and Rajain 2017, 53)

1.1.1 Entrepreneurship according to the Commercial Code

In the Commercial Code, entrepreneurship is defined as “a continuous activity carried out independently by an entrepreneur in his own name and on his own responsibility for the purpose of achieving a profit”. (zakonyprolidi.cz) According to Srpová, great emphasis must be placed on the following terms:

Continuity – The activity must be repetitive and regular.

Independence – When talking about the natural person, he or she acts personally. If we take into consideration legal person, they act through statutory authority.

Own name – In the case of a natural person under his/her own name and surname, a legal person under the name of the company.

Own responsibility – The entrepreneur takes the whole responsibility for his own actions and the actions of his company. (Srpová and Řehoř 2010, 20)

1.1.2 Stakeholders

Stakeholder can be a group or an individual who can in a certain sense affect or be affected by the company. (Friedman and Miles 2006, 1) They are divided into two groups: internal stakeholders directly engage in economic transactions with the company, whereas external

stakeholders do not, but still are influenced or can influence the business. (Gaur 2013, 2) In the following section will be briefly explained, what certain stakeholders desire.

Internal (primary) stakeholders:

Shareholders – Gaur believes that the major aspects a shareholder expects from its company are increased dividends, an increase in facilities, and higher market value per share.

Employees – This group of stakeholders expects to receive increased wages and bonuses, security, employment, and at the same time they want to be respected.

Managers – The desires of managers are increased rates on returns, as well as increased profits, reduced costs, and inventory.

External (secondary) stakeholders:

Customers – These external stakeholders expect to receive desired products, delivery on time, and no increasing or volatile prices.

Government – Expect increased revenues, higher employment, preferably to locals, or even higher foreign exchange. (2013, 2-4)

1.2 Entrepreneur

According to Hisrich and Peters, the interpretation of an entrepreneur has been evolving over time, more precisely from the Middle Ages. Throughout the centuries, these people were perceived as the ones who are in charge of important projects, or so-called risk takers and innovators, and the ones who devote their time and effort to receive monetary and personal satisfaction. (2002, 7) According to Sutton, every successful entrepreneur should have personal traits like vision, courage, creativity, and ability to withstand criticism. (2012, 3) Every businessperson also starts a venture with the intention of gaining some profit and the most essential way of reaching it, is by meeting the needs of the customers. (Pavláková 2017, 9)

1.2.1 Entrepreneur according to Commercial Code

In the Commercial Code, an entrepreneur is described as “a person registered in the commercial register, who does business based on a trade license or a license other than a trade license according to special regulations”. (zakonyprolidi.cz) An entrepreneur can also be a person running agricultural production and is registered in accordance with a special regulation. (zakonyprolidi.cz)

1.2.2 Types of Entrepreneurs

Entrepreneurs can be either natural or legal person. Another type of entrepreneur is the so-called rentier who keeps the business only because of the financial rent or other purposes. (Srpková 2010, 30)

1.3 Enterprise

When establishing an enterprise, it is important to consider the following aspects: specification of the market the company is entering, special advantages that the given product or service can bring to the market, what differentiates it from the competition, long-term goals, and financing of the company, etc. (Strouhal 2012, 21)

1.3.1 Enterprise Functions

According to Pavláková, a business must fulfil many functions, however, the most important one is to transform inputs into outputs and maximize the profit of the company. At the same time, the enterprise is responsible for ensuring suitable working conditions for the employees and the smooth running of the company. (2017, 13) Strouhal states, that any properly functioning business should fulfill these following functions:

- Supply activity - acquisition, transport, and storage of stocks and their subsequent transfer to production.
- Production – this part includes the production of products. If it's a non-manufacturing enterprise, then this type of function is called an operating function.
- Sales activity.
- HR (Human Resources) – an essential part of a business includes a quality selection of highly qualified personnel.
- Investment activity – a company should be able to gain long-term assets necessary for the proper functioning of a business.
- Financial activity – this aspect will be described in detail in section 3.7.
- Science and research – this function is about implementing new technologies and being innovative.
- Administration and management – these functions include management, accounting, legal department, etc. (2012, 20)

1.3.2 Sizes of Enterprise

According to Srpová, enterprises are divided into certain types of groups according to the number of employees, amount of assets, and independence, however, the major distinction of businesses is following: small, medium and large companies. (2010, 36)

Small and Medium-Sized Enterprises (SME)

According to Srpová, in small-sized companies, the number of employees is up to fifty, however, in medium-sized ones, the number is up to 250. (2010, 36) According to Veber et al., small, and medium-sized companies form the overwhelming majority in the structure of all companies, in the Czech Republic it is more precisely 99,8 %. SMEs are constantly pushed out of the market by monopolies, however, they still find new places in which they are able to develop. They can engage in marginal areas of the market that are not of interest to large firms and can comply with the local market by satisfying individual wishes. What is also appreciated is the flexibility of SMEs, because they can comprehend with changing facts. There are also certain limits that these businesses meet, such as difficult access to capital, not being able to employ highly qualified researchers, managers or even traders. (2012, 19-21)

2 LEGAL FORMS

Srpová states, that before starting a business, the entrepreneur must know, if it is going to be just his business or if he wants to have a companion, or even if it is going to be a family business, that will be inherited from one generation to another. From these aspects, the entrepreneur deduces how financially demanding it will be. What must not be neglected is the choice of legal standards according to the size of the company. In the Czech Republic, there are two main groups of legal standards, which are further divided into certain subgroups. The main ones are: Natural and legal person. (2010, 48)

2.1 Natural Person (Sole Trader)

A sole trader is a business owned only by one person who is self-employed or employs other people. (Worthington and Britton 2009, 238) According to Worthington and Britton, the entrepreneur will have to do all the accountable things himself, such as owning all the assets, but at the same time being responsible for all actions of the business. When the company proves success, all profits go to the owner, however, in most cases, the entrepreneur tends to reinvest the money back into the business or repays past borrowings. The owner has unlimited personal liability and thus carries responsibility for paying debts of the business. (2009, 238)

This type of ownership is a common entry into the business, mainly by start-ups in most countries and typically perform jobs such as electricians, hairdressers, consultants, plumbers, etc. (Needle and Burns 2019, 217) Sole proprietorship is divided into two groups: Notifiable and permitted trade.

2.1.1 Notifiable Trade

Pavláková states, that when starting a business, based on a notifiable trade, one must write a notification to the Trade Licensing Office. There are three types of notifiable trades:

- *Free trades* – To be able to start a business in this sphere, one must be self-righteous and impeccable. Types of professions are translation, accommodation, marketing services, textile manufacturing, etc.
- *Vocational trades* – In this field is needed to achieve a certain type of education, as well as professional experience, needed for the area we want to do business in. Such professions are butchery, hairdresser, and bakery.
- *Professional trades* – From the potential businessman is required a special qualification. Types of professions: driving school, providing physical education, optician. (2017, 23)

2.1.2 Permitted Trade

According to Pavláková, the trades need to be first permitted from the Trade Licensing Office, in order to start the business. Another principle, that must be followed, is to undergo a special expertise. The main reason, why so many obligations must be done, is that enterprises want to do business in fields, that might put customers in danger. Such businesses are the ones who offer activities related to explosives, weapons, guns, road transport, etc. (2017, 23)

2.2 Legal Person

According to Synek et al., in the Czech Republic, are distinguished personal (General commercial partnership, Limited partnership) and capital companies (Limited liability company, Joint-stock company). (2010, 77-78),

2.2.1 General Commercial Partnership

Strouhal states, that when establishing a general commercial partnership, the minimum number of partners must be at least two. Every companion is liable for the company's obligations fully on his behalf. There is no need for registered capital and the distribution of profit takes place equally, if not stated differently in the contract. (2012, 14)

2.2.2 Limited Partnership

According to Veber et al., the minimum number of companions in this type of company is one limited partner and one general partner. A limited partner is liable for obligations of a company only until repayment. However, the general partner is liable fully. Both guarantee fully for the debts of the company. For the limited partner, the deposit obligation in this case is mandatory, more precisely CZK 5,000. The profit of limited partners is divided according to their deposit, nevertheless, the profit of general partners is divided equally. (2012, 73)

2.2.3 Limited Liability Company

Veber et al., suggest that initiating a limited liability company requires at least one individual to take responsibility initially, with a maximum potential of fifty companions. Partner's liability for the company's obligations extends only until the repayment of their deposit is recorded. The minimum required registered capital is CZK 1. The company's governance structure includes statutory and other authorities such as executives, the general meeting, or a supervisory board. Profit distribution is determined based on the percentage of each executive's deposit. (2012, 74)

2.2.4 Joint-stock company

According to Strouhal, the minimum number of partners required in a joint-stock company is the same as that in a limited liability company, namely one individual. However, there's a noticeable disparity in the required registered capital, which stands at CZK 2,000,000 or EUR 80,000. Partners bear no liability for the company's obligations. Governance is overseen by the board of directors, the general meeting, and the supervisory board. Profit distribution mirrors the model seen in limited liability companies, based on the deposits of each executive. (2012, 16)

3 BUSINESS PLAN

When contemplating the launch of a business, it's essential to evaluate whether the proposed product or service will resonate with and be sought after by potential customers. To avoid certain hassles, a business plan is created. Every business should concentrate on these elements: something new, better, underserved, or a new market. (Abrams 2019, 5) If the company is not outstanding in either of these elements, then the entrepreneur should consider, its necessity of establishment.

Abrams believes that the most important part responsible for the success of a company is management. When choosing the composition of the management, one must be very careful, because its responsibility is to hold the team together and make the company financially attractive for investors and venture capital firms. (2019, 9)

Every business is established with the purpose of achieving some goals and to meet them, the company should follow certain strategies. According to Červený, strategic goals in the strategy of the company should be outlined according to the SMART method.

S (stimulation) – the goals must stimulate to achieve the desired results.

M (measurable) – the way of achieving the goals should be measurable.

A (acceptable) – the goals must be acceptable for all participants of the process.

R (relevant) – all the goals must be relevant.

T (timed) – certain deadline must be determined.

Part of the process is also the core of the business plan (business strategy), which contains of a marketing mix “7P” symbolizing product, price, place, promotion, people, process, and physical evidence. (2014, 16) Each of the aspects will be described in detail in section 3.6.

3.1 Title Page

At the very beginning of a business plan should be a title page including the company's logo, name, owner, contact information, year, and month of establishment, and even a website address can be mentioned. (Nunn and McGuire 2010, 97)

3.2 Executive Summary

Abrams states, that in this section, one must confidently state the position and goals of the business because this part decides whether the reader will be interested to continue reading or not. To achieve this success, the reader should find in this section that the business concept is feasible, it is well-planned, attractive for investors, etc. (2019, 55) According to Nunn and

McGuire, the “rule of thumb” is the shorter the better, however, the ideal length should be two pages at most. (2010, 97)

3.3 Company Description

This section aims to describe processes like choosing a company name, legal form, mission statement, leadership, business location, milestones achieved to date, etc. (Abrams 2019, 68) These are essential responsibilities one must fulfil in order to start a business.

3.3.1 Company Name

To select a great company name is an inevitable thing to do because it differentiates the company from its competitors. (Barrow, Barrow, and Brown 2005, 43) According to Barrow et al., the owner should protect the company name by trademarks to overcome any hassle. The owner can name the company using his/her initials, or the whole name including first name and surname. Another situation is, when the company decides to trade under a name other than that of their owner, then in this case there must be stated who owns the business and needed information provided to contact the person. (2005, 43)

3.3.2 Location

Gattis believes that in this section should be mentioned where exactly is the business located and its characteristics. What can also be added is a street or regional map highlighting the exact position of the business as well as other important geographical points in relation to the company. (2010, 29)

3.3.3 Legal Form

According to Gattis, it is needed to describe and explain what legal form the business will hold and why the owner decided to choose this exact one. (2010, 30)

3.3.4 Mission Statement

Abrams states, that through a mission statement, the company outlines its goals, values, and what it can offer to the market and customers. All aspects that should be mentioned in the statement are the nature of products or services, quality, price, relationship with customers, employees, and industry, work environment, what new they can offer, profitability goals, etc. (2019, 70) Nunn and McGuire state, that everything must be stated clearly in order to sufficiently explain the readers what the mission is. (2010, 97)

3.4 Market Analysis

The market analysis should outline the author's understanding of the market he/she plans to operate in. (Gattis 2010, 33) According to Gattis, it is highly essential to realize what percentage of the industry's total volume will the exact company represent. (2010, 33) Sutton states, that when identifying a target market, demographics (age, sex, income, occupation, etc.) and industrial demographics can not be neglected. (2012, 99) According to Galai, market analysis can be done with a PEST analysis, symbolizing political, economic, social, and technological factors influencing functioning of the company in certain industries. (2016, 61)

PEST Analysis

- Economic Factors – Galai states, that economic trends tend to change quickly and unexpectedly. There may be a period of recession followed by growth, or one might feel that the industry is now stable and out of nowhere can become unstable due to certain events, such as inflation, financial crisis, etc.
- Political factors – Political stability is a very important factor influencing businesses in various countries. The political regime weighs heavily in planning a marketing strategy in each country. Before starting the business, entrepreneurs should research tax rates and breaks concerning the exact industry they are willing to operate in.
- Social factors – When doing business in a certain country, one must be aware of the different effects of social factors like ethnic differences, local and national attitudes, employment concerns, etc. (2016, 61-64)
- Technological factors - These factors include technological incentives, activities, and changes within a certain industry. (Kim-Keung Ho 2014, 6479)

3.5 Customers and Competition

Abrams states, that in order to attract customers, one must know their wants and needs, and the success of a company will then rely on its competence to meet them. To be able to define appropriate customers for a certain company, one should try to meet these four criteria:

- Definable – identifying common traits among customers.
- Meaningful – the characteristics must matter for purchasing essential items.
- Sizable - more customers mean a greater source of coverage and financial prosperity of a company.
- Reachable – it must prove feasibility, so the company will be able to reach the wants and needs of the customers. (2019, 107)

According to Gattis, every company has competition, and everyone should avoid trying to claim otherwise. Each competitor should be identified by name and location, with a detailed overview of their products and services as a minimum requirement. (2010, 38) Galai states, that other aspects concerning research of competitors might be the level of innovation and technological advantages, efficiency in logistics, quality level, marketing skills, etc. What can also be considered is collaboration with competitors, however, it is essential to stay open-minded and to evaluate which ones could be the ideal allies. (2016, 48-49)

3.6 Marketing Plan

According to Abrams, the purpose of a marketing plan is to outline how a company intends to raise awareness of its product or service among customers and what key aspects it wants to highlight about them. (2019, 164) In marketing mix are outlined seven elements enhancing customers to buy certain products and services called “the 7 Ps”:

- **Product** – In this sphere, the company is concentrating on the details of the product: its packaging, price, production process, etc. (Tariq 2014, 99) What must be taken into consideration when a company wants to present great packaging of its products are colours, memorability or even an unboxing experience.
- **Place** is where the product is produced and from where it is distributed into the warehouse. (Pavláková 2017, 13)
- **Promotion** is according to Tariq defined as advertising, personal selling, and public relations. It gives necessary information, convinces customers to buy, and nudges them to act when needed. (2014, 101)
- **Pricing** is about finding out, what is the adequate value, expressed in monetary terms, of the product or service. (Pavláková 2017, 13) Tariq states, a few pricing strategies such as cost-based, competition, and customer-value based pricing. Cost-based pricing sets the price by adding markup to the cost of the product. Competition-based pricing establishes prices based on the pricing strategies of competitors within the industry and the customer-value pricing strategy is set according to perceived value of the product. (2014, 100)
- **People** – This aspect according to Tariq pertains to the personnel responsible for producing and delivering the service. (2014, 104)
- **Process** – Muala and Querneh state, that the process is typically described as the execution of actions and functions aimed at enhancing product value with low cost and

high customer advantage, and it holds greater significance for services compared to goods. (2012, 4)

- **Physical Evidence** – According to Muala and Querneh, it was disclosed that this factor pertains to the setting in which the service is provided, along with any physical goods that aid in the execution and communication of the service. (2012, 4)

According to Abrams, one must include in a business plan a marketing strategy, which outlines ways how to reach customers through certain marketing vehicles. Every marketing tool costs money, so one must be wise in which ones it is useful to invest. When choosing them, the entrepreneurs must make sure that it fits the image of the company and that they will reach the target customers. They can be reached through brochures, company websites, social media, direct mail, public relations, and networking. (2019, 169-170)

Offline Marketing

This type of marketing refers to any promotional activities or strategies that are typically conducted through traditional media channels such as print, television, leaflets, face-to-face sales presentations, etc. Kotler states, that one of the techniques is direct-mail marketing involving sending an item such as a letter, catalogue, or sample to a person at their address. It has proved to be a successful marketing tool in promoting many kinds of products, according to Kotler. Another tactic is kiosk marketing, which is spreading more and more during past years in schools, shopping centres or airports. Kiosks can demonstrate products and services to customers or even gather customer feedback about certain products or the service of the company's employees. (2018, 528-531)

Online Marketing

According to Kotler, online marketing operates through the internet by utilizing company websites, online promotions, email marketing, and blogs. What is also included is social media mobile marketing. When most companies start with online marketing, usually their first step is creating a website. Ideally, it should boast user-friendly navigation and visually captivating design. Every effective website includes useful information and interactive tools helping the visitors of the website to navigate through it smoothly. (Kotler, Armstrong and Opresnik 2021, 499)

According to Abrams, a highly useful marketing tool is search engine optimization (SEO) and search engine marketing (SEM). With SEM the company buys keywords, and the advertisers are charged only when the potential customer clicks on their ads. (2019, 175)

Kotler states, that email marketing continues to be a crucial component of marketing strategies. In the present day, emails have evolved to encompass various formats,

characterized by vibrant, inviting, and interactive designs. An inconvenience connected with email marketing is spam which produces frustration to many consumers. Many companies adopt permission-based email marketing, which allows businesses to send emails exclusively to customers who have voluntarily subscribed or "opted in." (2021, 501)

Baines believes, that in contemporary times, social media significantly influences marketing, with many asserting that it has fundamentally transformed marketing practices. Social media empowers consumers to share their experiences with each other as they see fit, facilitating widespread evaluation of service and product quality. Consequently, this dynamic shift power from marketers to consumers. The evolution of social media marketing not only affects where managers allocate their budgets but also poses challenges in terms of how they communicate, share information, interact, and develop offerings. (2019, 462-464)

SWOT Analysis

Baines suggests that SWOT analysis helps companies match their internal strengths and weaknesses with external opportunities and threats, ensuring their strategies fit well. Strength refers to an aspect in which an organization excels or possesses specific credibility and competitive advantage within the market, on the other hand, a weakness is an area where an organization lacks proficiency or performs less effectively compared to others. The external factor known as an opportunity represents the chance to propel the organization forward by tapping into and meeting an unmet need within the market, whereas a threat is a factor that could potentially disrupt or diminish the future performance of the company. (2019, 176)

3.7 Financial Plan

A business plan shows if the whole concept is feasible or not through financial plan. It holds a certain structure including start-up costs, balance sheet, income statement, and return on investment which will be described in this section.

3.7.1 Start-up Costs

As per Abrams, the start-up expenses for a company should encompass various elements such as initial rent, building acquisition, equipment like furniture and telephones, materials, fees, and other related costs. (2019, 220)

3.7.2 Balance Sheet

According to Sutton, a balance sheet consists of assets and liabilities, while assets represent anything of monetary value owned by the business, and liabilities stand for the company's

debts. Net worth, or capital, signifies the value of your ownership stake, when combined with liabilities, it contributes to the total assets of the company. Assets are divided into four parts, current, long-term, fixed, and other, whereas liabilities fall into two parts, current and long-term. (2012, 152-153)

3.7.3 Income Statement

Brigham states, that an income statement is a document that provides a summary of a company's revenues, expenses, and profits over a specific reporting period, typically a quarter or a year. (2021, 75)

3.7.4 Return on Investment (ROI)

This method aims to find out whether the investment is feasible or not. ROI should be always greater than zero and mark the investment as profitable. (Machek 2020, 38) According to Machek, if it is not greater than zero, then the realization of the business should be rejected for its non-profitability. The correct approach to measuring ROI is $ROI = (Benefits - Expenses) / Benefits$. (2020, 38)

3.8 Risk Analysis

When starting a business, the entrepreneur must consider what to do if the business eventually fails. In order to prevent that, one has to come up with potential risks that might occur. Stating potential risks in the business plan might seem as showing one's fear and uncertainty, but on the contrary, this might show the investors that the entrepreneur is conscious of those risks and is willing to act. (Abrams 2019, 154) Abrams states, many types of existing risks, such as:

- Market risk – this situation might arise if the market won't be yet ready for some type of product or service, or even there will be no need for this supply at all.
- Competitive risk – the competitors might be better, promote the supply more appealingly, etc.
- Technology risk – this risk might arise if the technology won't work as expected or won't be that attractive to customers.
- Capitalization risk – the entrepreneur underestimated costs or overestimated income and is not capable of holding it financially together. The solution is to budget realistically and to get enough funding. (2019, 155)

I. ANALYSIS

4 TITLE PAGE



Figure 1: Logo (own creation)

Company name: Lift&Spin Fitness Centre

Founder: Kateřina Popelková

Legal form: Sole Proprietorship

Location: Šedesátá, 760 01 Zlín 1

Contact information:

- Email: liftspin@email.cz
- Telephone: +420 606 456 789
- Website: liftspin.cz

5 EXECUTIVE SUMMARY

The company Lift&Spin Fitness Centre is owned by a sole trader Kateřina Popelková, who is planning to employ nine employees who will help her with running all the important activities in the business. The enterprise will be in Zlín, more precisely on the street Šedesátá, which is located closely to the city centre. Concerning there are many Tomas Bata University campuses throughout Zlín, the company's owner aims to focus on the student population, enticing them with modern group fitness classes. As many students enjoy partying, the ones that excite about sports as well might join some of the classes, because the spinning one might feel like a party and sporting experience at once. While acknowledging the presence of competitors offering similar services, the owner is committed to providing a modern and enhanced experience tailored to appeal to the younger generation.

The business will serve as a fitness facility offering a splendid variety of equipment suitable for all parts of the body. Another offer will include group lessons, yoga, jumping, spinning, and circuit training guided by the owner herself or the certified instructors. Beyond workouts, the reception area offers a selection of energy-boosting supplements to support the client's overall wellness objectives. The opening hours during the week range from 7 AM to 9 PM and during the weekend from 8 AM to 8 PM offering clients a splendid time for their visit.

The company aims to promote itself through online and direct marketing via Facebook, Instagram, Google Maps and ads, website, and directly through leaflets in cafés near the company and faculties of Tomas Bata University.

The owner will fund the business with CZK 200,000 and the rest, more precisely CZK 916,147 will be funded by her family who owns a business and is willing to invest in this project.

The income statement shows a prosperous net income in the optimistic version, with yearly earnings reaching CZK 1,506,661. In contrast, the realistic version portrays more cautious estimates, with a yearly net income of CZK 614,078, respectively. Conversely, the pessimistic version reflects mostly negative figures, suggesting potential challenges and limitations that could affect the company's operations under certain conditions.

Both the optimistic and realistic versions demonstrate positive returns on investment, with the optimistic scenario showing a return of 41% and the realistic scenario indicating a return of 25%. These figures underscore the favourable investment outcomes expected in both scenarios, although with varying degrees of risk and profitability.

6 DESCRIPTION OF THE COMPANY

The company is called Lift&Spin Fitness Centre for two main reasons, it is going to serve as a gym facility but at the same time, there is going to be an opportunity to book spinning classes. Apart from that will be offered yoga, jumping, and circuit training. The gym itself is going to be equipped with exercise machines focusing on all parts of the body (such as weight bench, dumbbells, bench press, a multifunctional machine with 4 independent stations for exercise: counter-directional pulleys, seated rowing, upper pulldown, pull-up bar, etc.) The fitness will also include one fitness instructor, the owner, who will have her own clients.

The gym will be equipped with a blackboard on which the employees will mark the successes of the clients. This could create a friendly and motivational atmosphere. Every week the best scores in different categories would be announced and the winners would get a reward in the form of an appropriate assortment or a 5% discount. What the company will also offer to its registered clients is an opportunity to receive a free freshly made smoothie for their birthday.

The fitness assortment offered by the reception will be:

- Different flavours of protein.
- Drinks like Carnitine, water (still or sparkling), freshly made smoothies from vegetables or fruits.
- Creatine.
- Pre-workout booster.

All these products will be supplied by the company Fitness4u.

6.1 Location of the Lift&Spin Fitness

The company will be centred in Zlín, more precisely on the street Šedesátá. The location of the company is vital because it is only a few minutes from the very centre on foot and there is also an opportunity to park the car right in front of the building. Other free or paid parking lots are nearby. Close to the company are many other businesses, like cafés or restaurants where the potential customers can have some food or snacks before or after the training. The rented space is situated on the first floor out of five and its size is adequate for all the needed equipment including fitness machines, group classes, reception, and bathrooms with locker rooms for men and women. The total active area is 646 m².

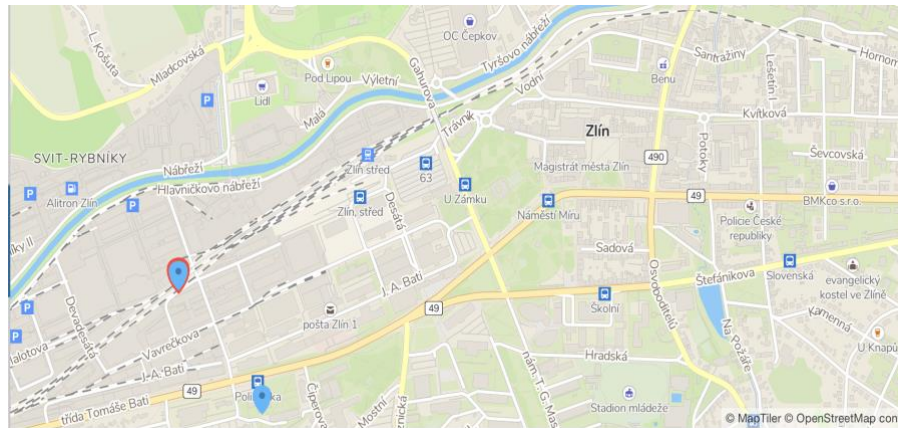


Figure 2: Location of Lift&Spin Fitness Centre (source: reality.idnes.cz)

6.2 Opening Hours

The Lift&Spin Fitness will be open from Monday to Sunday. Throughout the week, opening hours will be set from 7 AM until 9 PM. Throughout the weekend it will be slightly different, more precisely from 8 AM until 8 PM. Due to the lectures Lift&Spin Fitness offers, it will be opened throughout the week even earlier, however just for the opportunity to attend the exact lecture.

Table 1: Opening hours (own creation)

OPENING HOURS	
Monday	7:00-21:00
Tuesday	7:00-21:00
Wednesday	7:00-21:00
Thursday	7:00-21:00
Friday	7:00-21:00
Saturday	8:00-20:00
Sunday	8:00-20:00

6.3 Legal Form

The enterprise will operate as a sole proprietorship, with Kateřina Popelková as the founder. The type of trades will be an unqualified and professional trade, primarily because the company will offer group lectures and personal training services, requiring certified instructors. The specific unqualified and professional trade categories under which the company will operate are “Operation of Physical Education and Sports Facilities and Organization of Sports Activities” (Pespropodnikatele.cz) and “Provision of Physical

Education and Sports Services in the Field of Yoga, Spinning, Jumping, Circuit Training.”
(BusinessInfo.cz 2019)

6.4 Mission Statement

The Lift&Spin Fitness Centre aims to help each person achieve their health and wellness goals, no matter their level of fitness. From their quality fitness equipment to special classes like spinning, yoga, jumping, and circuit training, all led by certified trainers, the company ensures that limits of their clients will be pushed and cheered upon to bring out their inner athlete and everywhere they want to be in fitness and life. Their goal is to provide a modern and unique workout space that is tailored into what the members want and need. With the company’s simple layout and unique equipment, custom workouts, and meal plans, as well as supplements offered at the reception desk, the enterprise intends to provide their members an unbeatable experience. Through their online platforms as well as smart marketing moves, the company will be able to stay in touch with its members and build a supportive fitness environment. In the foreground with the owner, Kateřina Popelková, the team plans to create a supportive and friendly environment for each member to be pushed and supported to reach their fitness goal in no time. A long-term goal is to develop and gain profitability and more satisfied customers.

7 MARKET ANALYSIS

In this part, the market in which the company does business in will be analysed through PEST and SWOT analysis. These two progresses will show what factors might influence the run of the company. What will be analysed as well are certain types of target customers.

7.1 PEST Analysis

This type of analysis is needed to be done to realise, what aspects within different fields might influence the company. The analysis is focused on four parts, social, economic, political, and technological, each of them will be analysed in this section.

7.1.1 Social Factors

The company is located in Zlín Region, more precisely in Zlín. The Region has at the moment 580,744 inhabitants (Czech Statistical Office 2024), the city currently reads 74,191 inhabitants. (Obyvateleceska.cz) The number is positively evolving throughout the years which is a pleasant aspect for the company. The more inhabitants, the higher opportunity the business has to gain great employees and customers. The average gross wage in Zlín Region reads CZK 39,160 (Czech Statistical Office 2024), which corresponds with the ideal wage of the company's customer. The person has an accurate amount of capital to pay for his/her fixed costs and still can afford to spend money for leisure time activities such as a visit of the Lift&Spin Fitness. According to Figure 3, the evolvement of the average gross monthly wage per employee rises, which indicates for company's higher expenditures for labour costs.

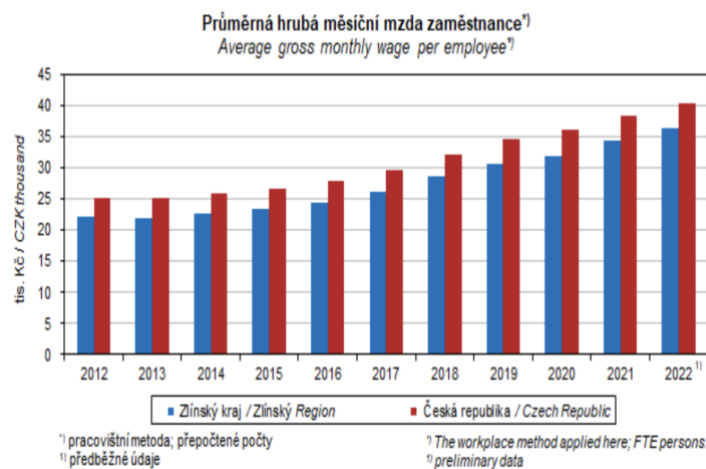


Figure 3: Average gross monthly wage per employee (source: Czech Statistical Office)

The unemployment rate reaches up to 3.06 %, and according to previous years indicates as the lowest amount. (Czech Statistical Office 2024) For the company, this can be perceived as a positive aspect, meaning there will be a splendid workforce on the market.

7.1.2 Economic Factors

Figure 4 provides data on the development of Gross Domestic Product (GDP) per capita in the years from 2013 to 2022. Despite fluctuations in GDP growth rates, the total GDP was continuously increasing throughout the years, indicating overall economic expansion. According to Figure 4, in 2020 is visible a significant decrease in GDP growth, and the reason might be the COVID-19 pandemic, which impacted the worldwide economy. In the following years 2021 and 2022, resilience and effort to get back on track is taken by the economy. All in all, this figure indicates that the GDP in the Czech Republic is expanding and this benefits businesses by increasing consumer spending, providing opportunities for expansion and access to capital, creating favourable market conditions, boosting business confidence, and opening international opportunities.

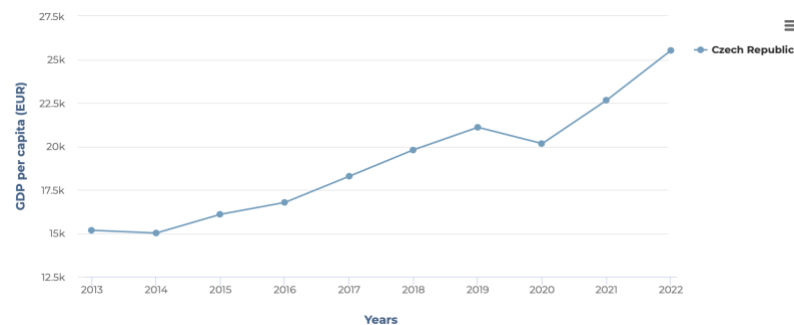


Figure 4: GDP per capita (source: focus-economics.com)

In Figure 5 can be seen the exchange rate of CZK per EUR at the end of each year from 2014 to 2023. Over the years the rate is falling, which can signify positive and negative aspects. The positive ones might include export competitiveness or foreign investment. The falling exchange rate can make exports cheaper for foreign buyers due to goods and services priced in CZK become quite cheaper for customers using other currencies. When the CZK is weaker, domestic consumers might spend less when travelling abroad or purchasing imported goods or services. This serves as a negative aspect and in the end can affect the overall economic activity.



Figure 5: Exchange rate (source: focus-economics.com)

One of the biggest factors influencing the economy over the last few years is inflation. Throughout the last four years, the inflation rate was continuously changing. In 2020, the average inflation rate was 3.2%, in 2021 3.8%, in 2022 15.1%, and in 2023 10.7%. (Czech Statistical Office 2024) According to the data provided, the enormous change occurred in 2022 and beyond. The reasons might be the COVID-19 pandemic and the war in Ukraine. This huge amount of inflation rate reached its highest value since 1993. This resulted in significantly higher prices for consumers and businesses and due to that, many businesses bankrupted or faced enormous economic challenges. Another factor influencing the smooth run of the economy was energy prices which in 2022 reached record values. This influenced the whole economy and mainly businesses very negatively, due to higher costs. In 2023 the government decided to implement an amendment to the Energy Act that enabled a ceiling on energy prices. Due to that, the state budget deficit has risen. The Ministry predicts for the public finance deficit to deepen which does not signal anything good for the Czech economy and businesses. (Epravo.cz 2023)

7.1.3 Political Factors

After the general elections, the current administration, led by Prime Minister Fiala from the Civic Democrats (ODS), took office on December 17, 2021. This government forms a coalition with four other parties: TOP09, Christian Democrats, Mayors, and Independents (STAN), and the Pirates, all of whom were formerly in opposition. The government prioritizes fiscal responsibility to decelerate the increase in public debt initiated by the previous administration. While the absolute level of public debt is not deemed alarming, the emphasis lies on its growth rate. Additionally, the government supports free trade and maintains a pro-EU stance. (Gov.uk 2023)

The government's aim to manage spending and reduce debt could mean changes in taxes or support programs, directly affecting SMEs.

7.1.4 Technological factors

These factors might have an important impact on fitness centres, influencing their operations, services, and customer satisfaction. As this industry is highly dependent on technology and fitness machines, their development can result in competitive differences among the companies. As some of the exact technological factors can be perceived virtual fitness classes, mobile apps, and online platforms, etc.

Virtual Fitness Classes

This innovation enables people to enjoy any kind of movement from their homes, with the trainer they choose while saving an enormous amount of time by not having to travel anywhere. This can serve as another type of service the company can offer to its customers.

Mobile Apps and Online Platforms

Some fitness centres develop their online platforms through which they offer booking or scheduling classes, might also provide access to workout plans or nutrition guides. This also enables continuous communication and support between trainers and their clients. Some fitness influencers develop apps through which they publish meal prep inspiration, recipes, workout schedules, tips on how to do exercises correctly, etc.

7.2 SWOT Analysis

According to the Lift&Spin Fitness Centre, the SWOT analysis is following:

Table 2: SWOT analysis (own creation)

Strengths	Weaknesses
<ul style="list-style-type: none"> • Modern Equipment • Convenient location • Specialization in group lectures • Certified instructors • Student-friendly prices 	<ul style="list-style-type: none"> • Dependence on instructors and receptionists • Limited budget
Opportunities	Threats
<ul style="list-style-type: none"> • Corporate partnerships • Community engagement • Implementing new group lessons 	<ul style="list-style-type: none"> • Economic crisis • Black Swan events • Changing consumer preferences

Strengths

As mentioned in the description of the company, the fitness centre will be equipped with modern and quality equipment, enabling customers to train any part of the body, effectively and safely. The location of the Lift&Spin Fitness Centre is also favourable. It is still quiet in the centre of Zlín and near interesting businesses, like café *Jedním Tahem*, *Vita Sana*, etc. One of the strengths is also group lectures, like circuit training, spinning, jumping, and yoga. What is also offered are training with a personal trainer and meal plans. All instructors employed in Lift&Spin Fitness Centre will be certified within the field of their work. Customers will have the opportunity to pay for a single entry or they can buy a fitness membership for a whole month. When buying a fitness membership, customers will visit the company more frequently. One of the key principles the company prides itself on is providing affordable prices for students. If they feel satisfied with the service they receive, then they can continuously extend its validity and thus become permanent customers. The fitness itself will also offer many motivators for the customers, so they would be interested to come back (such as the blackboard of successes mentioned in section 6).

Weaknesses

The main weakness is dependence on the instructors. As the company offers lectures that are guided by certain types of certified trainers, then there must be an accurate amount of them hired. In the beginning, the company won't be able to hire too many of them, because it would mean a further increase in the costs of possible training and wages. One trainer will be hired for each of the courses, which would mean, that in case of illness, the classes would be cancelled due to no employee replacement options. In conjunction with the reception area, the owner intends to hire six part-time employees with planned shifts within a salary range capped at CZK 10,000. This ensures that social and health insurance contributions do not exceed the predetermined threshold. All these aspects signal that the company has a limited budget.

Opportunities

The company Lift&Spin Fitness Centre might establish corporate partnerships with other businesses to attract new clients. As the company won't offer coffee, meals, snacks, etc., establishing a partnership with cafés near the company might be essential. Another option might be offering to visit wellness in *Vita Sana*, however, there might be a risk that the clients would start visiting fitness as well. That might also serve as a motivation to be able to attract customers through lower prices, better service, etc. than *Vita Sana*. Over time, new fitness techniques and group classes continue to emerge, and the company needs to adapt

quickly to these changes. By staying up to date on the latest trends, the company can attract new clients and impress existing ones with innovative offerings.

Threats

Certain factors that are hard to predict or even affect are Black Swan events or economic crisis in general. Black Swan events such as COVID-19, the 9/11 attack, etc. might cause huge damage to the economy, influencing the function of markets and investments. When the economy is not in a good position, many people start saving and limit activities that are not vital to them, which might include less or no attendance at fitness centres. Another factor might be consumers and changes in their preferences. As time goes by, new techniques, courses are invented and people might lose interest in what the company offers and might start searching for something more appealing, somewhere else. What should every company do, is to adapt to these trends and satisfy the needs of most customers.

7.3 Competition Analysis

Vita Sana Club

Vita Sana Club is more than just a fitness centre, it is an inclusive complex that includes a bistro, wellness facilities, apartments, SPA, medical centre, kids club, and various activities such as BOSU, STEP, PUMP, TRX, spinning, yoga, and Pilates. They offer the option to book a personal trainer from a selection of fourteen professionals, each detailed on their website. With five certified lecturers focusing on specific activities, the company provides a wide range of classes. The wellness part includes a relaxation zone, a whirlpool, two saunas, a cooling pool, massages, and physiotherapy. The bistro emphasizes quality and healthy food, including a monthly menu delivery option. Vita Sana Club is also available for conferences or banquets. Their Kids Club Bimbi Belli offers activities for children aged six months to fifteen years, including Kids GYM, Fit ballet, Fun dance, and baby exercises. The club hosts workshops and seminars and maintains a website, though pricing information for activities is not available. (Vitasana.cz)

Sport Centrum Maty

Sport Centrum Maty focuses on three main sections, sports centre, badminton, and tennis. The sports centre includes lectures like Full Body, Pump Fit, Fit Box, Fly Yoga, Jumping, Circuit training, etc. The company employs 21 instructors, each of them focusing on certain sports activities. Prices of the lectures are from CZK 90 to CZK 150. Prices for Badminton vary by season, the price range is from CZK 240 to CZK 320. In the case of tennis, the price range is from CZK 150 to CZK 520, depending on the season and whether the customers

want to play on an outdoor court or in the hall. For all the activities the company has its website through which the customers must book the desired activity. The website is quite backward and confusing, however all-important information is included. (Sportcentrum-maty.cz)

Infitness

Infitness is a type of fitness centre that offers great service for lower prices and is also student-friendly. There are seven branches of Infitness in the Czech Republic. The price for a single entry is CZK 100, for students CZK 90, monthly pass costs CZK 900, and for students CZK 750. Infitness in Zlín is relatively large and includes a lot of equipment. Variety of the equipment is splendid and suitable for everyone, from beginners to advanced. The biggest advantage is its location. It is situated in the very centre of Zlín, more precisely on Bartošova 4393, which is on the main square, náměstí Míru. Changing rooms are accordingly big and suitable for many clients. However, what is unpleasant are showers. The design is subtle and modern, what seems to be the problem is the odour and dirt, for which removal should be responsible the staff. (Infitness.cz)

7.4 Competition Summary

In Zlín, there are approximately thirty fitness centres ranging from small businesses to larger establishments. These centres vary in their offerings, with some primarily catering to individuals working out independently, others focusing on group classes, and some combining both aspects along with additional amenities such as wellness facilities and apartments. Lift&Spin Fitness stands out by providing gym space and group classes, while also offering a diverse range of fitness options, freshly made drinks, and a welcoming environment.

7.5 Customers of Lift&Spin Fitness

The age of potential customers will range from fifteen to sixty years old. As the company is divided into two parts, the gym, and the group classes, there will be many types of potential customers:

- **Fitness Enthusiasts:** This type of potential customer would enjoy modern, quality equipment and the environment of the company. What might satisfy these people is also a splendid assortment like supplements, proteins, motivational blackboard, etc.
- **Group Class Enthusiasts:** The enterprise offers a variety of group classes such as circuit training, spinning, jumping, and yoga, each with multiple variations tailored to different

music genres, intensity levels, and more. Each room will be respectively equipped to create the ideal atmosphere for every lesson.

- **Healthy Lifestyle Individuals:** These potential customers would be carried away by the splendid variety of products, offered by the reception. What will also be included are sugar-free products and products respecting people with allergies or intolerances. What might these customers appreciate are freshly made drinks from fruits and vegetables. They also might be combined with protein, milk, etc. to meet the desires of everyone.
- **Students:** Due to certain discounts, such as for single entry, monthly passes and certain assortment, this place might be appealing for students. As most of the students don't possess higher capital, discounts and low-cost things are found appealing to them.
- **Community and Motivation-Seeking Individuals:** The company will be based on a pleasant and friendly atmosphere, for everyone to feel safe and included. The already mentioned motivational factors will serve as a good tool for customers to enhance their motivation, and vision and to even find a new community they feel good in and like returning to.

8 MARKETING PLAN

The main function of a marketing plan is to describe essential parts of the business through a marketing mix, more precisely 7Ps including product, price, place, promotion, people, processes, and physical evidence.

8.1 Product

The company operates as a gym, a place for group lessons such as circuit training, spinning and as a shop with a fitness assortment, more precisely protein, drinks, etc. The gym will include equipment focused on all necessary parts of the body, bought from the company StrongGear.

Spinning Class

The spinning class will include ten Epsilon Max spinning bikes from In-SPORTline. While nine bikes will be used by the clients, one stationary bike will be reserved for the instructor. This bike shall be stationary throughout the session where the instructor will stress the spinning techniques. The spinning studio will be designed in a way to match the right atmosphere of each class. During the practice, the window screens will block the daylight from outside. This will make the interior almost dark thus ensuring that the attention is focused on the class. The colourful lights will power the studio in a rhythmic way that is harmonious with the intensity of the music and the mood in the room. Conversely, quality JBL speakers will also emphasize rhythmic music that uplifts the motivation level. Each spinning class will be thoughtfully structured to provide a comprehensive workout within 60 minutes.

Every class will have its topic evolving from the music genre (R&B, hip-hop, retro, mindful meditation ride, Latin beats, etc.). Another type of class will include interval or Tabata challenges and a combination of spinning with strength exercises.

The company's experienced spinning instructors will be guiding clients through an interesting workout experience. They will provide personalized guidance on proper form, intensity, and technique, ensuring a safe and effective workout for everyone.

From Monday to Friday will be held two classes a day, however, on Saturday only one and Sunday will be dedicated to rest.

Circuit Training Classes

Circuit training is a group workout where people exercise different body parts, one minute at a time. Afterwards, they move to the next station in ten to fifteen seconds. This is repeated at least three times. The instructor shows how to do each exercise and offers easier options

if needed. They also look after the clients if they have the correct technique to prevent injuries. The instructor motivates with words and dynamic music. At the beginning and the end, there is a five to ten minutes warm up and cool down.

Classes will be held weekly, mirroring the frequency of spinning classes.

Jumping Classes

At Lift&Spin Fitness Centre, jumping classes will be dynamic and energetic sessions designed to provide a comprehensive workout using mini trampolines.

Each jumping class will typically last for 60 minutes. The class structure will include a warm-up, main workout part, and cool-down period. Certified instructors will provide guidance on proper form and technique, as well as offer modifications to accommodate participants of all fitness levels. The jumping class will accommodate nine clients.

The frequency of classes throughout the week remains consistent with that of the two preceding ones.

Yoga Classes

At Lift&Spin Fitness Centre, the yoga classes will be designed to provide a mindful experience that complements the high-intensity workouts offered at the facility. The class duration is typically 60 minutes, allowing participants to immerse themselves fully in the practice. The yoga class will accommodate fifteen clients.

Each yoga class at Lift&Spin Fitness will follow a structured format that includes elements of breath work, yoga postures, and relaxation techniques. What will also be offered are yoga classes devoted only to pregnant women.

Lift&Spin Fitness won't provide yoga mats and will note in the reservations that the clients must bring their own, extra mats in case someone forgets will be available. Props such as blocks or straps to support participants during their practice will be provided. These props help enhance alignment, deepen stretches, and make yoga accessible to practitioners of all levels.

In this case, there comes a difference in the frequency of classes per week, as there will be two classes each day, from Monday to Sunday. The timetables of the lessons can change in the future due to their occupancy or customer interest.

8.2 Price

The company will be focusing on many types of activities from which it could generate revenues. Prices of the spinning, circuit, jumping and yoga lectures will be set at CZK 150, for students CZK 120. Entrance into the gym will cost CZK 120, for students CZK 100. The

price for booking a one-time training with a personal trainer will be CZK 750, for students CZK 700, then the prices will vary if the clients would desire to buy a package of a certain number of trainings beforehand or if they would like to include drawing up a nutrition plan. The initial consultation about the client's goals and options will be for free. As stated before, the company aims to be also student-friendly so when the customers prove their ISIC or any other proof of them studying, automatically they will receive a discount. The prices are influenced by the pricing of the competition and include compensation for the lecturer's preparation and time.

8.3 Place

The interior of the company will be described in this section, building upon the location details provided in section 6.1. The company occupies a space of 646 m², which will accommodate two changing rooms - one for men and another for women. Each changing room will feature two showers, one toilet, and a total of 150 lockers. Additionally, the reception area will include the previously mentioned assortment and electronic locker cards for customers.

There will be dedicated one room for specific classes, spinning and jumping classes, the circuit training and yoga classes will take part in another room. The rooms will be carefully designed to create the right atmosphere for each class.

8.4 Promotion

Promotion is crucial in the marketing mix as it's how companies attract and get customers. The company Lift&Spin Fitness Centre will focus more on online marketing, more precisely on Instagram, Facebook, Google Maps and ads and their website. The direct marketing will include leaflets which will be displayed at different faculties of Tomas Bata University and certain cafés.

8.4.1 Online Marketing

Nowadays, there are plenty of opportunities how companies can use online marketing, some of them are also more or less for free. As an example of the ones for free can serve Facebook, Instagram, TikTok, etc. The company will only use Instagram and Facebook because through that they can gain attention from a lot of people of varied ages. Nowadays on Facebook, there are mostly middle-aged people, teenagers or millennials would be hard to find there. To target the younger group, Instagram is going to serve as a great tool.

Instagram and Facebook

The company will use this social media as a platform where they will post photos, information, and news about the business. Other types of posts will be workout tips, class highlights, success stories, and promotions to attract and retain new followers. The company could be found there as “Lift&Spin_FitnessCentre”. Instagram offers an opportunity to share the same post also on other platforms, such as Facebook, so when the company would like to do so, they do not have to do it twice. The company will also post reels to communicate interesting information and news. In the description of the company will be mentioned opening hours, place, and link to their website. The company will invest into advertising on both platforms to target specific demographics and promote memberships or class offers. Facebook will similarly work for the company as Instagram, just without the option to post reels. The company intends to invest in advertising on Instagram, specifically targeting the stories section.

Website

Developing a website is essential because when people want to find any kind of information about the company, most of them start by searching on this platform. To get attention to our website, it is necessary to optimize website content with relevant keywords related to fitness, group classes, gym memberships, and location-specific terms to improve search engine visibility. The company should be showcasing there at least the gym facilities, class schedules, instructor profiles, and membership options. As it is a fitness centre with group lessons, people must reserve their place in a certain way. Because of that, the company will ensure a basic version of a special software, CLUBSPIRE. This will enable the company to have less hassle with administration. (Clubspire.cz) This package includes a reservation and entry system, warehouse management and cash register system. (Clubspire.cz) Developing this kind of website would cost the company some money, which is why the owner decided to cooperate with her friend, who has a lot of experience in creating quality websites. He will do it for the company for free. The company will also make the website mobile-friendly, so the customers can access it everywhere, easily, and clearly.

Google Maps

It is a great tool for people to find the company quickly and effectively. For the business, it is an essential tool enhancing their online presence, improving accessibility, and attracting more customers through increased visibility, accurate information such as the opening hours or the current load, link to the company’s website, contact information, photos, videos, and reviews. One can do so on the internet or through the app.

8.4.2 Direct marketing

Direct marketing will be represented by three aspects and that will be leaflets together with the blackboard and free smoothies mentioned in section 6. The reason is that it is not as financially demanding as billboards, advertising in radio or magazines, yet it is still effective.

Leaflets

The company will use this marketing tool to inform new potential customers about its existence, what it offers, where it is, for whom it is convenient etc. Leaflets also offer flexibility in design, which allows companies to experiment with different designs and formats to create eye-catching and visually appealing leaflets that stand out to recipients. As the company adjusts prices acceptable for students, they would like to display its leaflets at different faculties of Tomas Bata University. Another way of displaying the leaflets could be to establish cooperation with surrounding cafés who would promote the company through leaflets and vice versa.

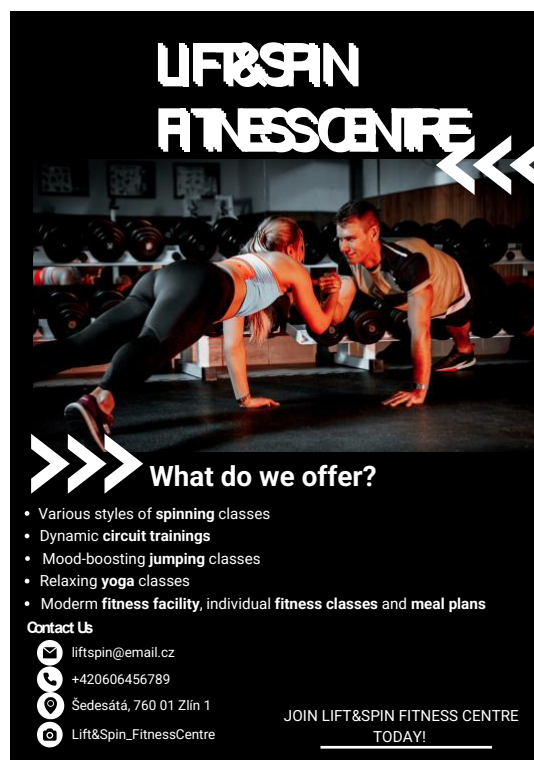


Figure 6: Leaflet (own creation)

8.5 People

Personnel will play a crucial role at Lift&Spin Fitness Centre as they are the key individuals responsible for delivering the company's services. The owner will hire receptionists and instructors for group lessons, with a strong emphasis on their energy, enthusiasm, and proficiency during the job interview process. Instructors are tasked with enhancing client

motivation, happiness, and satisfaction while making sure any injuries happen. Receptionists are expected to be friendly, welcoming, and well-organized as they serve as the initial point of contact for clients upon entering the company.

8.6 Processes

For gym operations, the process will be streamlined: a receptionist will efficiently handle customer check-ins and purchases, including locker assignments, by inputting information into the system. Regarding group lessons, the company will ensure seamless class reservations through their reservation system, “Clubspire”. The possibility of an online or personal payment will be offered. As the owner will guide two of the four group lessons, she will be present most of the time and ready to help her employees if any problem occurs and her solution is needed.

8.7 Physical Evidence

The company sets a goal to be a modern facility with quality equipment and design. When the customers enter the place, at first, they will see reception with the assortment and behind that will be a black wall lightened up with the logo of the company. The owner wants to leave the walls white as they already are, however, the floor will have to be changed to a rubber one, due to the safety and proper functioning of the gym. Overall, the space will radiate simplicity yet maintain a modern aesthetic. Two bathrooms, one for men and one for women will be provided as well with the lockers. The gym will include twenty pieces of equipment and as the company will grow, the owner will expand it. Then there will be a single room only for the spinning and jumping classes, another one only for circuit training and yoga classes. For each type of lesson, the room will be prepared to evoke the right atmosphere for the current lesson.

9 FINANCIAL PLAN

This section will explain the profitability goals of the entire business plan by listing the start-up expenses, initial balance sheet, fixed and variable costs, labour expenses, anticipated revenues, income statement, and ultimately, the return on investment.

9.1 Start-up costs

The company will function as both a fitness centre and a venue for group lectures, both of which require enormous financial investment. All fitness equipment will be sourced from StrongGear, a brand known for its top-notch quality and stylish design. This choice represents a balanced approach, as StrongGear has consistently delivered satisfaction to numerous customers, making it an ideal option for the Lift&Spin Fitness Centre's needs. In the beginning, the company will be equipped with the equipment listed in Table 3. As the company grows and accumulates sufficient capital, it plans to expand its offerings by incorporating additional fitness machines to further enhance customer satisfaction.

Walls will need to be installed and painted to ensure that group lessons do not disrupt customers using the fitness centre.

Given the nature of a fitness centre and the expectation of customers sweating during workouts, the company recognizes the importance of maintaining a clean environment. To meet this expectation, two locker rooms equipped with showers and toilets will be provided, one for men and another for women. Each locker room will feature 75 lockers, operated by electronic cards. Furthermore, both the company's employees and the owner herself are committed to maintaining a clean environment within the fitness centre and during group classes. This dedication involves sanitizing all equipment used after each class and for the fitness centre conducting a thorough cleaning at the end of each day.

The company's marketing strategy will primarily focus on online platforms such as Instagram, Facebook, Google ads and Google Maps with an initial investment of CZK 3,000. Additionally, the owner will design and print leaflets with the assistance of her family, minimizing costs.

Lastly, initial inventory costs include purchasing cleaning products necessary to maintain the required hygiene standards of the company as well as things for maintenance and smooth run of the company.

Table 3: Start-up costs (own creation)

INITIAL EXPENSES (In CZK)	
Item	Expense
Trade license	1,000
Equipment	665,568
Adjustable Bench (4 pieces)	19,520
Horizontal Bench (2 pieces)	27,760
Dumbbell Rack	5,780
Fitness Tower	8,880
Pro Squat Stand	7,680
Multi-Functional Counter-Direction Pulleys	64,880
Black Bumper Discs	33,888
Axe Strong 2.0 (2 pieces)	9,380
Rubber Biceps Dumbbells + Stand	31,980
Dumbbells 2,5 – 50kg	119,880
Multifunctional Trapeze	2,490
Treadmill (2 pieces)	71,488
Spinning bike InSPORTline Epsilon Max (10 pieces)	164,900
Trampolines (10 pieces)	65,000
Pro Foam Roller (15 pieces)	4,320
Yoga Block (15 pieces)	1,470
Mini Power Bands	138
Fitness Mat (10 pieces)	1,990
Booty Band	99
JBL Party box 110 (2 pieces)	14,382
Led Stripes (20 metres)	173
Cash desk with payment terminal	9,490
Reconstruction	95,000
Rubber floor	70,000
Walls	20,000

Painting	5,000
Furniture	346,779
Lockers (150 pieces)	230,040
Electronic cards for lockers (150 pieces)	40,800
Shower (4 pieces)	16,968
Toilet (2 pieces)	3,149
Sink (2 pieces)	13,197
Toilet paper dispenser (2 pieces)	1,046
Paper towel dispenser (2 pieces)	998
Reception desk	27,755
Mirrors	11,476
Neon lights	850
Blackboard	500
Initial inventory	7,800
Cleaning products	4,800
Complementary products	3,000
Total	1,116,147

9.2 Initial Balance Sheet

In this section will be described a simplified version of the company's balance sheet. The owner herself will contribute CZK 200,000 to the business, while the remaining CZK 916,147 will be provided by her family, who owns a family business and are willing to fund this project.

Table 4: Initial balance sheet (own creation)

Initial Balance Sheet (In CZK)			
Assets		Liabilities	
Long-term assets	1,107,347	Equity	1,116,147
Equipment	665,568	Registered capital	1,116,147
Furniture	346,779		
Reconstruction	95,000		
Current assets	0	Current liabilities	0
Other assets	8,800	Other liabilities	0

Trade license	1,000		
Initial inventory	7,800		
Total	1,116,147	Total	1,116,147

9.3 Fixed Costs

Fixed costs of fitness centres usually involve items like rent, utilities (water, heating, electricity etc.), labour costs, internet, insurance, taxes, reservation system software, and professional fees (for an accountant in the case of the company Lift&Spin Fitness Centre). In this case, the company does not have to pay for the internet as it is already covered in the rent.

Table 5: Fixed costs (own creation)

Fixed Costs (In CZK)		
Cost	Monthly	Annually
Rent	51,065	612,780
Labour	104,968	1,259,616
Insurance	5,000	60,000
Reservation system software	990	11,880
Professional fees	5,700	68,400
Marketing	3,000	36,000
Energy and water consumption	15,000	180,000
Total	185,723	2,228,676

9.4 Variable Costs

The assortment offered by the company is listed in Table 6, along with its prices and costs. As a part of the variable costs also serve cleaning products that the company will restore each month.

Table 6: Variable costs (own creation)

Variable Costs (In CZK)		
Assortment	Price	Cost
Protein Power Smoothie (500ml)	125	50
Chia Seed Berry Smoothie (500ml)	130	55

Green Energizer Juice (500ml)	110	40
Aloe Vera Refresher (500ml)	120	45
Carnitine (750ml)	60	30
Creatine (the whole package, 1,000g)	800	420
Pre-workout (the whole package, 450g)	850	428
Pre-workout (500ml)	55	26
Protein (2,350g)	1350	710
Protein (500ml)	65	33
Cleaning products	-	1,200

Three cost scenarios have been developed for the assortment and cleaning products, each outlining the variables that will fluctuate on a monthly or yearly basis depending on the expected number of units sold.

Table 7: Expected variable costs in three scenarios (own creation)

Expected Variable Costs in Three Scenarios (in CZK)		
	First month	First year
Optimistic	90,189	1,082,268
Realistic	44,987	539,844
Pessimistic	23,719	284,622

9.5 Labour Costs

The company aims to recruit 6 part-time employees, who will take care of the reception and three instructors, specializing in yoga, jumping, and spinning classes, respectively. All personnel at the reception will be employed under the DPČ framework, with an initial hourly rate set at CZK 120. This rate may be subject to upward adjustment based on accrued experience and skill development. Most part-time employees are expected to work approximately 20 hours per week. The owner decided to exclusively hire part-time employees to avoid exceeding the threshold of CZK 10,000, thus eliminating the requirement to cover social and health insurance costs. Drawing from her own experiences visiting similar enterprises, she often observed that reception staff are typically part-time

employees who rotate shifts throughout the week. However, as the company accumulates more capital, there is a plan to hire a full-time employee along with a lower number of part-time employees.

Lectors will earn CZK 250 per hour. For yoga classes, there will be a minimum requirement of 5 clients, and for spinning and jumping, a minimum of 4. If the class exceeds these minimum client numbers, the instructor will receive an additional CZK 10 per client. This system is designed to incentivize instructors to improve and attract new customers. The expected extra pay is described as bonuses.

In case of the circuit classes, they will be led by the owner who will gradually complete the courses needed to operate this activity. Specifically, she will complete a fitness instructor course, followed by a nutrition consultant course.

Table 8: Labour costs (own creation)

Labour Costs (in CZK)				
	Gross monthly wage	Insurance (33,8%)	Total monthly wage	Annual wage
Part-time employee	-	-	9,360	112,320
Part-time employee (2)	-	-	9,120	109,440
Part-time employee (2)	-	-	7,680	92,160
Part-time employee	-	-	3,840	46,080
Jumping instructor	11,000	3,718	14,718	176,616
Yoga instructor	14,000	4,732	18,732	224,784
Spinning instructor	11,000	3,718	14,718	176,616
Bonuses	-	-	10,000	120,000
Total	25,000	8,450	104,968	1,259,616

9.6 Expected Revenues

The company offers two distinct services, each with its occupancy expectations. Group lessons, encompassing circuit training, yoga, spinning, and jumping classes, accommodate a maximum of 48 clients collectively. Specifically, circuit training and yoga classes cater to 15 clients each, while spinning and jumping classes accommodate 9 clients each. The fitness centre, designed around equipment capacity, can host up to 20 clients. On average, each

client spends approximately 1.5 hour in the fitness centre, while group lessons have a duration of 1 hour.

Regarding group lessons, variable costs are negligible, limited to energy consumption and equipment usage, already encompassed within fixed costs. Weekly, the company schedules 14 yoga classes, 11 circuit training, 11 spinning, and 11 jumping classes, totalling 47 classes or approximately 7 classes per day. The average daily attendance for group lessons stands at 84 clients.

Conversely, the fitness centre sees an average daily attendance of 173 clients. Therefore, the overall average daily attendance across the company amounts to 129 clients. The average amount one customer spends for fitness entry is CZK 110, for a group lesson CZK 135, and for the assortment CZK 123, which makes up to CZK 123 as an average daily spending per customer.

This section also encompasses tables detailing the supplementary revenues derived from meal plans and individual training sessions offered for one month, all personally conducted by the owner. Priced at CZK 2,000, this package includes two comprehensive services. The owner will lead circuit training sessions and additionally provide personalized training plans for clients, while also overseeing the entire facility.

This section will be divided into three parts: pessimistic, optimistic, and realistic revenues, which will enable the company to realise if it will be profitable in any kind of situation.

Optimistic Version

In this case, the company expects 90% occupancy a day, which is more precisely 116 clients. The average spending of a customer per day would be CZK 123, which was counted from the average price of group lessons, fitness entrance and assortment. Additional revenues are calculated based on the assumption that every 100th customer will purchase the service. With a monthly total of 3,480 customers in this scenario, it can be inferred that approximately 35 customers per month will opt for the meal and training plan.

Table 9: Expected revenues - optimistic version, in CZK (own creation)

Expected Revenues in CZK	
Average number of customers daily	116
Average spending of a customer	123
Revenues daily	14,268
Revenues monthly	399,504

Revenues annually	4,794,048
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Table 10: Expected additional revenues - optimistic version, in CZK (own creation)

Expected Additional Revenues in CZK	
Average spending of a customer monthly	35
Spending of a customer	2,000
Revenues monthly	69,600
Revenues annually	835,200

Realistic Version

In this case, the overall occupation during the day would be 60%, which means that if an average daily attendance reads up to 173 clients, in this case, it is 77. Concerning the additional revenues, the company expects that every 110th customer will purchase this service, which in this scenario indicates 21 customers per month.

Table 11: Expected revenues - realistic version, in CZK (own creation)

Expected Revenues in CZK	
Average number of customers daily	77
Average spending of a customer	123
Revenues daily	9,467
Revenues monthly	265,068
Revenues annually	3,180,819

Table 12: Expected additional revenues - realistic version, in CZK (own creation)

Expected Additional Revenues in CZK	
Average spending of a customer monthly	21
Spending of a customer	2,000
Revenues monthly	42,000
Revenues annually	504,000

Pessimistic Version

In this version, the occupancy of the company would be 30%, which makes up to 39 clients a day. In the case of the additional revenues is expected that every 120th customer will purchase this service, which indicates 10 customers per month.

Table 13: Expected revenues - pessimistic version, in CZK (own creation)

Expected Revenues in CZK	
Average number of customers daily	39
Average spending of a customer	123
Revenues daily	4,797
Revenues monthly	134,316
Revenues annually	1,611,792

Table 14: Expected additional revenues - pessimistic version, in CZK (own creation)

Expected Additional Revenues in CZK	
Average number of customers monthly	10
Spending of a customer	2,000
Revenues monthly	19,500
Revenues annually	234,000

9.7 Income Statement

This section presents three tables illustrating different versions of income statements: optimistic, realistic, and pessimistic, covering the 1st year. TTable 15 includes a personal income tax of 15%, with an additional health and social insurance tax (13,5% and 29,2%) which must be paid by most entrepreneurs and self-employed individuals (OSVČ). (Penize.cz) What is included as well is a taxpayer discount, which is available to all, without exception, irrespective of the income level. (BusinessInfo.cz 2023)

Both the optimistic and realistic versions of the income statements demonstrate the profitability of the company, with no negative figures posing a threat to its feasibility. This indicates that under both scenarios, the business is projected to generate sufficient revenue to cover its expenses and generate positive net income, ensuring its financial viability and sustainability.

Conversely, the pessimistic version paints a bleak picture where the company's financial feasibility is in question. The company operates at a loss, signalling an unsustainable situation that would likely lead to its closure.

Table 15: Income statement of the 1st year in three scenarios (own creation)

	Optimistic	Realistic	Pessimistic
Revenues	5,629,248	3,684,819	1,845,792
Variable costs	1,082,268	539,844	284,622
Fixed costs	2,228,676	2,228,676	2,228,676
Total costs	3,310,944	2,768,520	2,513,298
EBITDA	2,318,304	916,299	- 667,506
Depreciation	-	-	-
EBIT	2,318,304	916,299	- 667,506
Net Interest Expense	-	-	-
EBT	2,318,304	916,299	- 667,506
Tax (15%)	347,524	137,430	-
Health Insurance (13,5%)	156,486	61,851	-
Social Insurance (29,2%)	338,473	133,780	-
Taxpayer discount	30,840	30,840	-
Net income	1,506,661	614,078	- 667,506

9.8 ROI (Return on Investment)

In this section, the author evaluates the Return on Investment (ROI) for two scenarios: the optimistic and realistic. The pessimistic scenario, characterized by negative figures, is excluded from the analysis due to its financial unsustainability.

The optimistic version yields ROI of 41%, calculated by subtracting costs from revenues, dividing by revenues, and finally multiplied by 100. This scenario portrays a favourable outcome, providing a result greater than zero, thus eligible for realisation of this business plan.

In the realistic version, the ROI stands at 25%, calculated in the same way as the optimistic scenario. While not as high as the previous scenario, this ROI reflects a respectable return on investment considering the operational realities.

Optimistic version: $\text{ROI} = \{(5,629,248 - 3,310,944) / 5,629,248\} * 100 = 41\%$

Realistic version: $\text{ROI} = \{(3,648,819 - 2,768,520) / 3,648,819\} * 100 = 25\%$

10 RISK ANALYSIS

Physical Risks

In the fitness industry, every company is at risk of physical harm. Because of that, the company needs to put first the quality and trustworthiness of its equipment to cut down on the chance of breakdowns. Since clients will be doing physical work and might visit the bathroom afterwards, there's a big chance of finding wet floors. To drop this risk and keep clients safe, staff must always work hard to keep places clean and take care of any wet or slick spots right away. Also, because exercise means hard work, having fresh air around is very important to stop clients from feeling uncomfortable or getting sick.

Operational Risks

Before any of the employees will start to perform at their position, full training would have to be provided to make sure they help customers correctly. Since the company mostly represents itself through its personnel, giving exceptional help is important to keep customers coming back and keeping the business going. The company leans a lot on its IT setup, which includes key parts like cash machines, booking systems, and electronic lockers. If the system breaks down, the company could face big work issues, possibly leading to trouble in serving customers and making them dissatisfied.

Financial Risks

What impacts revenue is mainly the number of memberships, which in the fitness industry tends to be volatile. This should enhance the company to always expand its services in a better way to attract more customers. However, unexpected expenses such as equipment maintenance or facility repairs pose significant financial risks that must be carefully managed.

Market Risks

Lift&Spin Fitness Centre as a company is dedicated to creating an environment where individuals can work out. As the fitness industry keeps changing, consumer preferences also do. This can drastically influence the demand for the company's services. Another aspect every company face is a competitive pressure.

CONCLUSION

This bachelor's thesis sets out to create a business plan for Lift&Spin Fitness Centre, examining its financial feasibility, marketing strategy, and competitive analysis. It consists of two sections: theoretical and practical. The theoretical one provides a template for the business plan, while the practical part implements it.

In the second part, the document begins with a title page featuring the company's logo, founder's name, legal form, location, and contact information. Following is an executive summary that captures the company's core offerings, including jumping, spinning, yoga, and circuit training, alongside with its fitness centre and product assortment, marketing strategy, and critical financial insights.

A market analysis follows, conducted through PEST analysis and SWOT analysis. In conclusion, the PEST analysis of demographic, economic, and political factors present a promising landscape for Lift&Spin Fitness Centre's business endeavour. With a growing population and an average gross wage aligned with the target customer's spending capacity, there's high opportunity for the company to thrive. Despite economic fluctuations, the overall trend shows continuous GDP growth, influenced by challenges such as the impact of the COVID-19 pandemic and volatile exchange rates. All in all, Lift&Spin Fitness Centre can position itself for success in Zlín Region's dynamic market.

Another section outlines a comprehensive marketing strategy encompassing product, pricing, location, promotion, personnel, processes, and physical evidence to establish a successful fitness business. The pricing structure is designed to attract customers while considering competition and lecturer compensation. The physical location offers big space, comfort, and a dedicated environment for various fitness activities. Promotion efforts focus on online marketing through social media platforms, direct marketing via leaflets, and maximizing visibility on Google Maps and ads. Personnel hiring emphasizes energy, enthusiasm, and proficiency to deliver quality service. Processes are streamlined through efficient reception and reservation systems, ensuring smooth operations. The physical evidence reflects a modern, well-equipped facility with attention to safety. With these elements in place, Lift&Spin Fitness Centre is poised for success in the competitive fitness industry.

As the penultimate and most important section serves the financial plan, through which the company needs to realise whether the plan is feasible or not. It starts with mentioning the start-up costs showing the total amount of CZK 1,116,147 and is followed by an initial

balance sheet. Another major part is the income statement in three versions, optimistic, realistic, and pessimistic. Overall, the optimistic version paints a picture of strong growth potential and higher profitability, while the realistic version provides a more cautious and conservative outlook based on likely market conditions and operational constraints. Both versions demonstrate positive net income, highlighting the viability of the Lift&Spin Fitness Centre as a profitable business venture. However, the pessimistic scenario indicated the company's inability to operate successfully.

Overall, according to the realistic plan, the company is deemed feasible and poised for growth and development in the future. With increasing capital, the company plans to invest in more advanced equipment for both fitness and group lessons, expand its assortment offerings, and enhance marketing efforts to attract a broader customer base.

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LIST OF ABBREVIATIONS

Et al.	Et alia
Etc.	Et cetera
SME	Small and Medium-Sized Enterprises
CZK	Czech Crown
EUR	Euro
PEST	Political, Economic, Social, Technological Analysis
SEO	Search Engine Optimization
SEM	Search Engine Marketing
ROI	Return on Investment
GDP	Gross Domestic Product
EU	European Union
IoT	Internet of Things
QR	Quick Response
ISIC	International Student Identity Card
DPC	Dohoda o pracovní činnosti
IT	Information Technology
SWOT	Strengths, Weaknesses, Opportunities, Threats
EBITDA	Earnings Before Interests, Taxes, Depreciation and Amortization
EBIT	Earnings Before Interests and Taxes
EBT	Earnings Before Taxes
OSVČ	Osoba Samostatně Výdělečně Činná
Per capita	By heads

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