

A Business Plan for a Coffeeshop and a Bookshop

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Bachelor's Thesis
2024



Tomas Bata University in Zlín
Faculty of Humanities

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

Akademický rok: 2023/2024

ZADÁNÍ BAKALÁŘSKÉ PRÁCE

(projektu, uměleckého díla, uměleckého výkonu)

Jméno a příjmení: Simona Vránová
Osobní číslo: H20812
Studijní program: B0231P090005 Anglický jazyk pro manažerskou praxi
Forma studia: Prezenční
Téma práce: Podnikatelský plán pro kavárnu a knihkupectví

Zásady pro vypracování

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

alářské práce: tištěná/elektronická
Angličtina

Seznam doporučené literatury:

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Vedoucí bakalářské práce: **Mgr. Petr Dujka**
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Datum zadání bakalářské práce: **1. února 2024**
Termín odevzdání bakalářské práce: **6. května 2024**

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ABSTRAKT

Tato bakalářská práce je zaměřena na vytvoření podnikatelského plánu pro kavárnu a knihkupectví se zaměřením na prodej anglických knih a nabídkou vynikající kávy a občerstvení. Tato práce se skládá ze dvou částí a to teoretické a praktické. V teoretické části jsou definovány klíčové pojmy jako podnikatel a podnikání, také stanovuje podmínky podnikání v České republice, a popisuje jednotlivé části podnikatelského plánu. V praktické části je samotné sestavení podnikatelského plánu pro kavárnu a knihkupectví Bookwarm. Hlavním cílem praktické části je zhodnotit a zjistit jestli je tento podnikatelský plán realizovatelný a jestli má nebo nemá potenciál pro výdělečnost.

Klíčová slova: podnikatelský plán, podnik, obchod, kavárna, knihkupectví, angličtina, káva, anglické knihy

ABSTRACT

This bachelor's thesis deals with creating a business plan for a coffee shop and bookshop that sells English books and serves delicious coffee and refreshments. This thesis consists of two parts: theoretical and practical. In the theoretical part are described individual parts of a business plan. The practical part includes the creation of the business plan itself for a coffee shop and bookshop, Bookwarm. The main objective of the practical part is to evaluate and determine if this business plan is feasible and whether it has a potential for profitability.

Keywords: business plan, business, shop, coffeeshop, bookshop, English, coffee, English books

ACKNOWLEDGEMENTS

Most of all, I would like to express my deepest gratitude to my supervisor, Mgr. Petr Dujka, whose expertise and insightful guidance, comments, and constructive criticism were invaluable, as well as his patience throughout the writing process of this thesis. Lastly, I would like to thank my family and friends for supporting me, believing in me, and their constant support and love, without which I would not be able to be where I am today.

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

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INTRODUCTION

The aim of this Bachelor's thesis is to develop a business plan for a unique establishment that combines a coffee shop and a bookstore. The primary activities of this business will include selling coffee and books and renting space for workshops and other events.

As a passionate book lover and enthusiastic coffee drinker, the author has identified a personal desire for such a venue. Noting the absence of a similar establishment in close proximity to Olomouc, with the nearest one located in Brno, the author was motivated to explore whether this dream could be transformed into a realistic, sustainable, and profitable venture.

This thesis is structured into two main parts: the theoretical framework and the practical application. Initially, the theoretical part will outline the legal forms of entrepreneurship in the Czech Republic and describe the structure of a business plan. Subsequently, the practical part will unveil a logo and executive summary. This section will also include a Market Analysis, focusing specifically on PESTE and SWOT analyses. Within the marketing plan, the Marketing Mix will be employed to formulate a clear and achievable strategy for the business. Finally, the thesis will assess the venture's profitability through a Financial Plan.

I. THEORY

1 ENTREPRENEURSHIP

Entrepreneurship, according to Bolander, is an organization of one or more people providing goods or services for the benefit of customers and the community. In this definition, he does not mention profit, but he mentions that most businesses do provide these services and goods for profit, excluding government, education, and non-profits (2011,5).

Another important definition to fully understand what a business is can be found in the Trade Licensing Act. “A trade is a systematic activity carried out independently under a person’s own name and liability in order to make a profit and under the conditions laid down by this Act.” (MPO.cz 2023)

To expand this definition further, it is crucial to further explain the terms from the definition above:

- By “systematic activity”, we mean that it needs to be done regularly and repeatedly.
- By “under person’s own name and liability” we mean that you bear full responsibility for your business.

1.1 Entrepreneur

An entrepreneur is a person that, as stated above, according to the Trade Licensing Act, “carries out trade independently under their own name and liability in order to make a profit and under the conditions laid down by this Act.” (MPO.cz 2023)

According to the Commercial Code, an entrepreneur is a person who:

- is registered in the business register,
- does business according to trade license,
- does not do business according to trade license but according to special regulations,
- does agricultural production and is registered in the register according to special regulations (Act no. 586/1992).

1.2 Enterprise

The two main types of businesses in the Czech Republic, according to Novotný (2012, 38) are:

- A natural person is an entrepreneur, as above.
- Legal persons are in the form of an unlimited partnership, a limited partnership, a limited-liability company, or a joint-stock company (Novotný 2012, 38).

The primary purpose of business, according to Novotný, is to have a profit. (2012, 34).

According to Srpová and Řehoř (2010, 34), every company accepts a concept of social responsibility and takes into account „3P, “, which means profit, people, and planet. It also applies principles that are beyond the scope of its legal obligations. The three elementary fields:

- **economic domain, the domain of administration and management** – applies to principles of good management, transparency, refusing corruption,
- **social domain** – is mainly focused on the company's care of employees and working conditions (work-life balance, compliance with labor standards, equal opportunities),
- **environmental domain** – the responsibility of the company in this domain is necessary to apply within the company itself, but also to the outside world (company's ecological policy, reducing the impact on the environment and protecting resources) (2010, 29).

Vochozka and Mulač (2012, 37–38) state that enterprises can be divided into several categories on the basis of these criteria:

Moreover, Vochozka and Mulač (2012, 37–38) state that enterprises can be divided into several categories using certain criteria:

By the scope of activity

- Local – operates only in the city or village.
- Regional – operates in the territory of one.
- National – operates throughout a nation.
- International – operates in several states.
- State-owned – is owned by the state.

By the form of ownership

- Private ownership – the property is owned by one private person.
- Partner ownership – the property is created by the deposit (association) of several persons doing business under the name they share.

By their size

- Micro-enterprise – with less than 10 employees and an annual turnover of up to 2 million EUR.
- Small enterprise – with less than 50 employees and an annual turnover of up to 10 million EUR.
- Medium enterprise – with less than 250 employees and an annual turnover of up to 50 million EUR.

- Large enterprise – with more than 250 employees and an annual turnover of more than 50 million EUR.

The enterprises can be further divided by output, CZ-NACE classification, and their legal form (Vochozka and Mulač 2012, 37–38).

2 ESTABLISHING BUSINESS

One of the most important steps before starting a business is to research the legal forms of companies and decide which suits the business in question the best. (Srpková and Řehoř 2010, 54) In the Czech Republic, there are quite a few legal forms to choose from. The main subcategorization is the entrepreneurship of a natural person or a legal entity. (Srpková and Řehoř 2010, 67–68) A detailed description of each of these will be provided in the subchapters below.

2.1 Natural Persons

Natural persons are individuals who do business as individuals, with full responsibility, and under their own name. In the Czech Republic, we often call them by the abbreviation OSVČ, in full *Osoba samostatně výdělečně činná*. In English, it may be compared with a freelancer or self-employed person. Typical examples of this legal form are hairdressers, accountants, artists, family doctors or lawyers, etc. (Srpková and Řehoř 2010, 67).

If an individual wants to start a business as a natural person, there are several rules and guidelines that need to be met depending on their specific field of business.

There are two kinds of natural persons, and those are Permitted trades and Notifiable trades.

In order to become a natural person, you need to meet these basic requirements:

- To be of age, that is, over 18 years (or be emancipated by the court),
- to have a clean criminal record (in a field that you want to do business in),
- to have a legal capacity.

For some trades, you need to have a qualification or a license. (Mulačová and Mulač 2013, 30)

According to Mulačová a Mulač, Notifiable trades are divided accordingly:

- Vocational trades – In order to qualify for this legal form, you need to obtain or possess a license or certificate and work experience in the field (e.g., clockmaking, goldsmiths, etc.)
- Professional trades – Each has a specific set of rules and conditions listed in the Annex of the Trade Licensing Act. These are regulated trades, such as instructor in driving school and real estate appraisal.
- Unrestricted trades – These are all the other trades that do not fall under any of the other categories, and to qualify for these trades, you must meet the basic requirements; a few examples of this category are translation, graphic design, photography, etc.

Permitted trades are allowed based on specific permission by the law. It is essential to have certain education and other conditions. If those are met, you will get a permission license to practice the trade. Most commonly into this category fall, for example, trades like distilling, transportation services, funeral services, etc. (Mulačová and Mulač 2013, 30).

The advantages of being a business as one person are that there is little or no need for initial capital, and also, the administrative side of being a natural person is quite simple. On the other hand, a disadvantage is that a natural person has unlimited liability. (Mulačová and Mulač 2013, 30)

2.2 Legal Entity

Another way how to have a business is as a legal entity, that is becoming a so-called Legal Entity. In the Czech Republic, different types of legal entities are possible. Each one has its own merit. All the companies are to be found in the public register.

Unlimited Partnership

This company, an unlimited company, is created by two people jointly. Therefore, they are jointly liable for this partnership as well. They are executing business under the same name, with the same aims, which have the adage “veřejná obchodní společnost” or the abbreviation “v.o.s.”. This type of company requires a partnership agreement to establish its existence. If the company's name carries the name of one of the partners, it is necessary to add an abbreviation “a spol.”. All partners within this company share liabilities with all of their assets. (Srpková and Řehoř 2010, 70)

Limited Partnership

Another type of partnership is a limited partnership. This partnership also has to have at least two participants, and two natural persons, one of which has to be a partner with limited privileges called a limited partner, in Czech “komanditista” The other has to be a general partner, in Czech “komplementář”. The limited partner is only liable up to his initial investment into the company, while the general partner's liability is unlimited. The general partner is also a statutory body within the company (Portál POHODA 2024).

Every partner is given a share reflected by their financial contribution to the company or as stated in the partnership agreement. The name of this company must be with the adage “komanditní společnost” or the abbreviation “k.s” (Portál POHODA 2024).

Limited Liability Company

The most popular form of legal entity in the Czech Republic is a limited liability company. This type of company can be established by one or more persons and also by a legal entity. This form of company is administrative and not as demanding. With the name of the company there needs to be the adage “společnost s ručením omezeným” or the abbreviation “s.r.o.”.

The partners are liable for their outstanding contributions to the company. The minimal size of the initial capital is 1 CZK. Each partner’s share is determined by the initial amount of their contribution or as stated in the partnership agreement (Portál POHODA 2024).

Joint-stock Company

A joint-stock company can be established by partners or by one legal entity. The initial capital is divided into a particular number of shares with a particular nominal value. The minimal value of the initial capital is at least 2 million CZK or 80,000 EUR. The administration for this type of company is more demanding, but its most significant advantage is that the partners do not carry any liability for the company (Portál POHODA 2024).

Cooperative

A Cooperative has to be established by a minimum of three persons, either by legal entities or natural persons. A Cooperative is created with the purpose of supporting its members and feasibly making a profit (Portál POHODA 2024).

3 A BUSINESS PLAN STRUCTURE

According to Abrams, the structure of a business plan should look like this:

- Executive summary,
- Company description,
- Description of the products or services,
- Market analysis,
- Marketing Plan,
- Human Resources,
- Financials,
- Appendix.

3.1 Executive Summary

The executive summary is said to be one of the most essential parts of a business plan. The summary should be brief, short, and interesting (Abrams 2019).

The executive summary should have a short introduction of the idea, the company itself, a short description of the product or service, its key advantages, the company's key goals, information about competition, and marketing (Shelton 2017, 71).

3.2 Company Description

This part of a business plan should have essential details about the company. It has to state the name of the company, legal form, company registration number (in Czech "DIČ" or "IČ"), line of business, contact information, list of partners, company base, tax identification number, name of domain, brief introduction of the products or services. Additionally, it should include the company's vision, goals, prospects, and possible history (Abrams 2019, 68–71).

3.3 Description of the products and services

The third part of a business plan is focused on the products and services the given company wants to contribute to society and, of course, to earn profits. It should describe them and their function, but most importantly, according to Shelton, what makes this particular product or service different from its competitors. Customers should pick this product or service rather than any other on the market if there is one. Uniqueness or differentiation from

similar products or services is also vital in keeping customers and gaining. (Shelton 2017, 83)

3.4 Market Analysis

According to Abrams, it is important to narrow down your target market in order to create a purposeful marketing plan. Some helpful steps to assist with this are:

- perceptible,
- consequential,
- substantial,
- obtainable.

Abrams (2019, 107) also states that “Once you have defined your market, you should then assess its size and trends, evaluate your competitors for that particular market, and probe the market for strategic opportunities.” Another aspect that can greatly assist in proper market analysis is to imagine your potential customer’s week to depict their needs in contemplation of marketing transit and access. (Abrams 2019, 110)

3.4.1 PESTE Analysis

PESTE Analysis is a tool mainly for business owners and managers to create and summarize possible factors that may have an influence on a given business and should provide an overview of possible threats. By using this tool, the business is able to come up with alternative scenarios and potential strategies for eliminating this potentiality or avoiding it from the start. This analysis consists of political factors, economic factors, social factors, technical and technological factors, and ecological factors. (PESTLEANALYSIS.COM 2024)

The objective of this analysis is to assist businesses in preventing and avoiding possible risks as well as to notice any possible advantages. (Veber and Srpová 2012, 299)

Each aspect will be described below:

- Political Factors (tax policies, regulations, etc),
- Economical Factors (inflation, interest rates, unemployment rate, etc.),
- Social Factors (trends, age, education, mood and needs of society, etc.),
- Technical and Technological Factors (cybersecurity, new technologies, e-commerce etc.),

- Ecological Factors (sustainability, regulations concerning the environment, etc.). (PESTLEANALYSIS.COM 2024)

3.5 Marketing Plan

A marketing plan should focus on attaining the company's strategic goals with the use of marketing strategies, mainly to attract and keep customers. (Abrams 2019, 164)

According to Kotler and Armstrong, it is a way for companies to retain customers, develop significant relationships, and produce value for themselves and their customers. Since the modern age is overflowing with a consistent array of advertisements at every step, it is quite challenging to entice potential customers to try new products or services. (Kotler and Armstrong 2018, 29)

A marketing plan influences the way a business prospers and its potential growth in the future. Its creation gives credibility within a business plan to readers and potential investors that the company has a legitimate plan and will potentially prosper. (Srpová et al. 2011, 22)

3.5.1 SWOT Analysis

One of the most used and coveted marketing analyses is the SWOT analysis. It is an analysis that identifies and looks for certain key factors that determine the strategic position of a given company in a given market. (Srpová and Řehoř 2010, 132) The SWOT analysis has four factors that are divided into two sections: internal and external factors.

- Internal factors are strengths and weaknesses.
- External factors are opportunities and threats.

Strength is a feature that gives value or uniqueness to the product or service. A weakness is not having the capacity for the product or service; it is portrayed as a negative attribute. An opportunity is a situation or opening for action with a possible beneficial outcome. A threat is a situation or an obstacle that might hinder or stop an action with a possible beneficial outcome. (Srpová and Řehoř 2010, 132)

When conducting a SWOT analysis, it is desirable to abide by these points:

- It should focus on essential facts, such as long-term issues within the company, which should be included, not short-term problems.
- The conclusion of the SWOT analysis should be relevant to the set goals.
- It should contain only verified facts.
- It should be objective; this can be done in a number of ways, such as by group discussion, research, and consultation with experts. (Červený 2014, 136)

3.5.2 Marketing Mix

One of the most used tools for Marketing is Marketing mix. It helps companies to create specific actions and steps to suit their needs to target their customer well. The most used version of this tool is the so-called 4Ps: product, price, place, and promotion. In recent years, this version has been extended by other 3 points, creating 7Ps, which additionally include people, processes, and physical evidence.

Product

This aspect of marketing is fundamental as it is an essential part of any business. It tries to satisfy the needs and wants of the customer and, therefore, needs to understand what their needs and wants are. The product itself is not the only thing that is important. It also consists of product characteristics, such as quality, the lifecycle of a product, brand, uniqueness, etc. (Srpková et al. 2011, 23–24)

Price

For most customers, price is the number one priority when evaluating which product to choose. In the elemental aspect, the price represents the value of each given product, and by setting the price, the business can influence the targeted group of customers. The most common method of price setting is cost- or competition-based. For this thesis, both methods were taken into account. Price also has a direct influence on the profitability of a given business as it decides the scale of revenues. It is also dictated by the company's price policy and the type of product offered. (Srpková and Řehoř 2010, 205–207)

Place

Place means the way the product will get to the customer, where it will be offered, and how it will influence the customer's experience. When choosing a direct route to a customer, we omit the so-called middleman and are in control of the delivery process to the customer. When a direct route is not offered, then each business has to find a way of distribution by delivering the product with the help of a third party. (Srpková and Řehoř 2010, 213–217)

Promotion

Promotion is the most known part of the Marketing mix and, by the majority, seen as one of the more important ones. It is also the one which we can see everywhere these days. There are several ways in which promotion can be done. First of all, it can be done through sales

promotion, which includes giveaways, limited offers, loyalty points, etc. Secondly, by advertising, such as commercials, leaflets, posters, billboards, etc. Another way is direct marketing, which includes direct email selling. Lastly, but just as importantly, there is personal selling, which includes door-to-door selling, retail sales, trade fairs, etc. (Srpková and Řehoř 2010, 218–224)

People

A part of the customer experience is service, which consists of interaction between staff and customers. This interaction is going to have the biggest influence on customer perception of a business, either positive or negative. The interaction can be the deciding point of companies success or failure (Muala and Qurneh, 2012).

Process

According to Muala and Qurneh, processes are actions that create additional value for customers; the process is of low cost but creates or gives customer satisfaction. This is more applicable to services rather than products. (2012)

Physical evidence

The physical evidence consists of the so-called “service cape,” which is the atmosphere, music, layout, smell, seating quality, overall appearance, and so on. This all creates expectations for customers and influences customers' complex experiences at the premises (Muala and Qurneh, 2012).

3.6 Human Resources

As Abrams (2019, 236) said, “People are the heart of every business.” It is essential to pick your employees carefully because, in the long run, an employee’s abilities, expertise, and character will have a greater influence on your business than the products or services. (Abrams 2019, 236)

Moreover, establishing a management style that inspires employees can give you a legitimate competitive advantage. Even employees with the potential to excel will only do so in an environment that recognizes, propels, and awards accomplishment. (Abrams 2019, 236)

According to Shelton, it is important to describe all aspects concerning human resources, such as salary policy and its costs, employee benefits offered, the number of employees,

qualifications, and staff requirements. It should also be decided beforehand if the business is full-staffed at the beginning or not. As Shelton states, it is an “expensive luxury” to be fully staffed from the beginning. (2017, 120-121)

3.7 Financial Plan

A financial plan should provide real numbers and whether a business plan is feasible or not. It should move theoretical parts of a business plan to real numbers. (Srpková 2011, 28)

It should contain information about how a business will be financed and how it will be used as initial capital. Included should be initial costs, e.g., equipment, furniture, vehicle, promotion, etc. It is also necessary to calculate fixed and variable costs, positive, realistic, and negative expected revenue (Červený et al. 2014, 152–153).

Initial Balance sheet

A balance sheet gives an overview of a company's assets, equity, and liabilities at one specific time; as Shelton says, it is a “snapshot.” It consists of two main parts: assets and liabilities. Current assets are made of cash, inventory, and products. Fixed assets are more long-term, such as properties, machinery, vehicles, and so on. On the other hand, liabilities are divided into current and long-term. Current assets and current liabilities are with a timeframe that is under 12 months. Some examples of current liabilities are payroll and money owed that is due within 12 months. Long-term liabilities are loans that last more than 12 months. When both sides, assets and liabilities, are equal, the accounting is correct (Shelton 2017, 151).

Cashflow statement

It is important to have a cash flow statement in order to know the company's income and expenditure and if the company is able to finance itself (Srpková 2011, 82-89).

The cash flow is calculated as income minus expenditure, and if the outcome is in red numbers, the company needs more finances to cover its costs (Svobodová and Andera 2017, 96).

Income statement

An income statement, also known as a profit and loss statement, shows if the company is profitable or not. This statement summarizes a certain period of time. It consists of revenues,

variable costs, fixed costs, and income taxes and finishes with either net income or loss, depending on the numbers (Shelton 2017, 141-144).

3.8 Appendix

The appendix is the final part of a business plan that should be kept brief and should serve only as support to the business plan, and it is not essential. All essential information is in the business plan itself. Things that can be included in an appendix are letters of intent, photos, a map of the location, a CV of the owner, opening hours, blueprints, leaflets, a logo, and others. (Abrams 2019, 334-335)

II. ANALYSIS

4 BUSINESS PLAN FOR BOOKWARM

4.1 Title Page

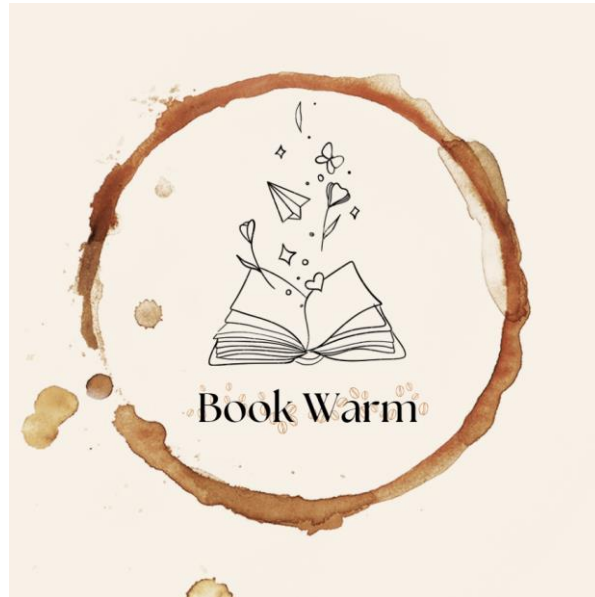


Figure 1 – The logo of the company (own creation)

Name of the company: Bookwarm

Legal form: Natural person – sole proprietor

Location: tř. Kosmonautů 981, Hodolany, 779 00 Olomouc

Date of establishment: 1 January 2025

Founder: Simona Vránová

Telephone: +420 111 111 111

E-mail address: info@bookwarm.cz

Website: www.bookwarm.cz

4.2 Executive Summary

Bookwarm will be a coffee shop and bookstore in one, founded by a natural person, Simona Vránová. The coffee shop and bookstore will be styled with warm tones that should be associated with coffee, and coffee beans will be painted on the walls of this establishment. This place will be serving coffee, beverages, an assortment of homemade desserts, and savory snacks in one part of the shop, and in the second part of the shop, customers will be able to select books and purchase them along with some other items, such as bookmarks, mugs, and other things.

This place will be targeted mainly at students and book lovers who enjoy coffee and books. The shop's atmosphere will be enhanced by no music in the background, not being bombarded by all kinds of senses, and enjoying a little piece of quiet with the smell of coffee and new books. The guests will be able to enjoy time alone reading a book or spending time with their friends.

Books will be supplied from different sources, such as publishers themselves and from different shops. This establishment will strive for reasonable prices and a great atmosphere. Other items will also be purchased online or handmade by local companies. In later years, the shop's aim is to utilize local potential to offer only local products, apart from books.

The desserts will be made by the owner's two friends, who are bakers, so all desserts will be homemade and made with ingredients of the highest quality.

Bookwarm will have an active presence mainly on Instagram and Facebook, informing customers about the current dessert offerings, which will be changing seasonally, and other events happening at the shop. The shop will host a number of events, such as quiz night, workshops, book club, and other events.

4.3 Company Overview

This company will be run by the owner, Simona Vránová. Bookwarm will be located in Olomouc near the centre of town. The location was picked based on its proximity to two faculties of the local university and its accessibility to the town centre. The location is also easily accessible by car, tram, or by foot.

The primary purpose of this company is to bring a more extensive selection of English books as well as coffee, which is a popular combination of types of businesses in the USA. The main reason for this specifically is because this is something the owner wishes would be present in Olomouc. With the rising need for a good command of the English language, as more programs and world communication are being done in English, it can also be an excellent place for people to buy books to expand their knowledge and, while doing so, enjoy a nice cup of coffee. Similar companies are only in Prague and Brno, as far as the owner knows.

Customers can pick from a selection of popular English books and a limited selection of Czech books, as well as accessories. The coffee shop will offer four types of desserts at the beginning: cake, cookies, panna cotta, and one typical Czech dessert. The selection of desserts will change and will also include one seasonal dessert. In autumn, it will be pumpkin

spiced cake; in winter, gingerbread cookies; in spring, lemon cheesecake, and in summer, strawberry cake.

The main advantage of this company is its uniqueness, as there is no other similar business in Olomouc. The disadvantage is that customers can buy most of the products in different separate shops. Our prerogative is to offer the biggest selection of English books, which all the other bookshops in Olomouc have a limited supply of.

The owner will invest an initial amount of money, which will be 400,000 CZK; this amount consists of the owner's own money, the building savings, and the selling of some assets. The rest will be loaned from the owner's family and friends, which will be an additional 200,000 CZK. The initial capital will then come up to 600,000 CZK.

4.3.1 Mission Statement

The main prerogative of this establishment is to create a space where book lovers can enjoy shopping for English books and meet their friends or spend a nice time in the shop. We want to provide our customers with a great selection of English books they can purchase. We also want to provide an excellent space for people to meet and have fun.

The future plan is also to organize fun events and give something back to the community.

4.3.2 Legal Form

The owner can operate without any specific qualification based on the Czech Trade Licencing Act No. 455/1991. The owner of Bookwarm has decided to operate this establishment as a natural person due to its simplicity and low costs. As a natural person, the owner will pay a tax of 15% if the EBITA is under 1,582,812 CZK. If it is more, then the tax is 23%.

4.3.3 Location

Bookwarm will be located in Olomouc, at tř. Kosmonautů 981. This location is currently being offered as a rental, so only minor adjustments will be made. The location will be newly fully furnished and decorated in chosen style by the owner. This location is a restaurant, so the kitchen and other facilities are approved by the authorities. The food will be prepared in the kitchen every day in the morning to be of the highest quality possible.

4.3.4 Opening Hours

The opening hours of this establishment will be 12 hours a day, six days a week. The reason for this is that we would like to offer our customers the opportunity to purchase coffee before school and work. We will be open from 7 am to 7 pm to allow for people to come after work and enjoy our establishment. The opening hours might change in the future based on popular times and data gathered by the owner within the first year of running. The opening hours might be prolonged on nights with special events.

Table 1 – Opening hours (the author’s own creation)

Opening hours	
Monday	7-19
Tuesday	7-19
Wednesday	7-19
Thursday	7-19
Friday	7-19
Saturday	7-19
Sunday	Closed

4.3.5 Product Description

Bookwarm

The interior of Bookwarm will be made of earth tones accompanied by wood. The atmosphere will be created by silence to relax the customer with a gentle scent of books and coffee. On the wall will be painted books and coffee beans, as well as the labels of places, such as where to find newly published books, bestsellers, romance books, fantasy books, etc. Other decor of the place will be seasonal. In autumn, there will be pumpkins and fallen leaves. In winter, there will be Christmas decorations, for example, a Christmas tree is assembled of books. In spring, there will be flowers and hints of green, and in summer, tropical items. It would be expensive and impractical to supply the shop with fresh flowers, so the idea is to decorate it with some Lego flowers.

Coffee

Bookwarm will offer a classic selection of coffee beverages. The customers will be able to choose from a wide assortment of locally roasted Coffee from the shop Zdravá výživa Pro Sebe based in Uničov. The brewed hot coffee will include Espresso, Lungo, Americano, Doppio, Latte, Cappuccino and Flat white. Bookwarm will also offer a selection of cold coffees, such as Iced Latte, Frappuccino, and Cold Brew. All coffees may be enhanced by flavoured syrups that can be added to the coffee. It is also important to make sure that all our customers can have coffee, so within our offer, there will be a possibility of picking a type of milk that meets all the needs of our customers, such as lactose-free milk, oat milk, soy milk etc.

Tea

For all those who do not drink coffee but would like a hot beverage, there will be a wide selection of teas. The main offer of teas will be bagged tea from the brand Ahmed. Each season, there will be a special offer of loose-leaf tea that will be picked to accompany the current season.

Other beverages

Among other beverages offered within this shop will be classic soft drinks, such as Coke, Sprite, and Fanta. Another beverage will be a homemade lemonade with different flavours, for example, elderflower, citrus, forest fruit, yuzu, and blackcurrant. Bookwarm will also offer a selection of juices as well as a beverage locally known as “bazén,” which is juice of your choice mixed with water. All types of water will be included in the menu as well. This establishment will not have any alcoholic beverages on the menu.

Desserts

All desserts offered at Bookwarm will be homemade by the owner or the owner’s friends. The owner will bake pumpkin bread, banana bread, and chocolate sponge, which will be served with sour cream and fruit or by itself. This will be done on the premises, and all other sweet products will be outsourced.

The owner’s friends will make the cake of the day, for example, chocolate cake with raspberries or lemon cake, and also cookies and muffins. In the menu will be offered one typical Czech dessert, each week a different one. The typical Czech dessert will be from a local sweet shop that is run by the owner’s family friend. The typical Czech dessert will

mainly include mini versions of věneček, větrník, indiánek, trubička, and different types of cakes known in Czech as řez.

Snacks

For those customers who do not want to eat anything sweet, there will be a number of savory items. All the products will be made at the premises, including cheese toasts, cheese, and ham toasts, croissants with mozzarella and tomatoes, croissants with ham and cheese, croissants with egg omelet and bacon, tortillass with ham, cheese, and baby spinach. There will also be a gluten-free item: a sandwich with ham, cheese, and tomatoes. All these snacks will be offered cold with the option to be warmed up if the customer wishes.

Events

The main event at the shop will be a quiz night, which will happen every Wednesday. Every week, there will be a different theme according to last week's voting done by customers on Instagram and in the shop. The Quiz will consist of 3 rounds: true or false, questions, and name the most of something. Each team will have to have four members and contribute a given amount to enter. The amount of money will be made into vouchers for the shop, gift bags, or books.

The shop will be available for rent to host workshops and lectures with service. Another event happening at the shop will be a book club. The book club will be held once a month, the first Friday of the month. To be part of this book club, all customers will have to do is to sign up at the shop each month to participate. This will be limited to 15 members, so if a member does not participate two times without reason, they will get a 3-month ban to make sure all participants are fully invested. The selection of the book of the month will be done through Kahoot, which is included as a last question in a fun quiz focusing on the given book. As already mentioned, Kahoot, a discussion, and a fun game will be included in this session. The game will consist of different activities each time, such as Code Names, Charades, Guess Who or Guess Up, and others.

Another event hosted at the shop will be a Board Game Night every Monday. This will be a free-style night where customers can bring their board games or use the ones available at the shop to play with their friends or strangers. This will be an excellent opportunity to meet new people and make new friends.

All events will be organized and conducted by the owner with the occasional help of her friends. During these events, the owner is able to change the opening hours depending on the demand.

Books

There will be a wide variety of English books. The main idea behind this part is to promote learning English by reading and to make it more accessible for people who want to read books in English and miss the book-shopping experience. The main genres offered will be fiction, romance, fantasy, sci-fi, manga, non-fiction, thrillers, horrors, children's books, and textbooks. There will be sections designated for bestsellers, recommended by staff and new arrivals.

There will be a small section dedicated to some books in other foreign languages, such as Spanish, French, German, and Portuguese.

Other items

In addition to offering books, there will be a small section of other goods that could be of interest to our customers. Every reader needs a bookmark, so there will be a selection of bookmarks. Some of the bookmarks will be done by the owner in Canva, and others will be outsourced. Among other items in this section, our customers can buy mugs, coffee, notebooks, pens, and other items.

5 MARKET ANALYSIS

5.1 PESTE Analysis

Political Factors

The shop might be influenced by a number of government-issued regulations or laws. The most recent change influencing books happened at the beginning of the year 2024, with a change in VAT for books from 10% to 0%. This change was positive for the field, but not all changes might be optimistic. If there is another change in the other direction in the future, it could be quite a problem.

Another familiar factor to think about is issuing and enforcing a state of emergency, as we could have seen in Covid time. If a similar scenario happened again, all shops and establishments with food would have to be closed, which could mean its end.

One of the last factors possible is the consideration of changes concerning food and food handling by the Czech government or the EU. The hygienic standards and regulations can become stricter.

As the owner is a natural person, one aspect of the political factor is obligated by law to pay health insurance and social insurance. The current payment for the first category is 7,498 CZK, which is an amount for natural persons whose revenue is under 1 million CZK, which the owner should be in the first three years. The law was changed for the year 2024, and the amount increased by 1,290 CZK. (Czech Social Security Administration 2024)

It is possible that the government will increase the payments in the future, and this would not have a significant influence on this establishment, but it would increase the costs.

Economic Factors

The economic situation in the Olomouc region GDP has improved in the year 2022 by 1,4% in comparison to the previous year. (Czech Statistical Office 2024)

The Minimum wage in the Czech Republic for the year 2024 is 18,900 CZK. The average wage for the Olomouc region in 2023 is 38,488 CZK, which is lower than the national average of 42,658 CZK. (Czech Statistical Office 2024) The average salary offer for a waiter in the Olomouc region is 24,100 CZK. This does not include tips that the server can receive. (Pracomat.cz 2024)

All these are factors to be considered which will influence the way this business is run. Especially when it comes to wages, it is important to set it keeping in mind the minimum and average wage. Another factor to be considered is the unemployment rate. The current

unemployment is below 4%; this is considered to be within the norm. (Skořepa 2023) This means that the market for finding employees is not so big. This could be an issue when looking for new employees, which is another reason why the wage will have to be a little higher to lure potential workers.

One of the most important economic factors to consider is the inflation rate. This influences the price of everything within a market. Inflation for the year 2023 was 10,7%. (Czech Statistical Office 2024) The ideal inflation rate is under 3%. (Karlin.mff.cuni.cz 2024) The current inflation is higher than the ideal rate, which means that the price of goods is increasing. If the inflation rate starts increasing, this could potentially create problems when it comes to the prices of goods and services. Which would mean either lower revenues or an increase in prices for customers, none of which are ideal.

Social Factors

Sustainability has been a big trend in recent years. Customers are more and more interested in the ethical side of the products they buy and use. That is why the shop will try to offer products from the local area. As part of this trend, there is a higher demand for second-hand products to decrease the amount of waste and massive production of goods. This is one of the reasons why this shop would like to include second-hand books after establishing itself on the market.

Olomouc has almost 102,000 citizens, and it should supply the shop with quite a number of customers. Especially since it is near the city center, under 3 kilometers, and near the local university, the closest faculty is 850 meters from the shop. The local university should be a primary source of the shop's customers as the shop specializes in selling English books and coffee. The number of graduates has been decreasing since 2012, which was its peak year with over 94,000 graduates. The latest statistic shows that in the year 2022, the number of graduates was near 59,000, which is a decrease of 38% from its peak time a decade ago. Another disturbing fact is that the number of new students at universities has started to decrease in 2022. If these trends continue, it could mean a smaller number of customers for this shop. (Czech Statistical Office 2024)

On the positive side of the statistics, there was an increase in the number of international students at Czech universities by 3% annually for the last decade. Since the shop sells English books, this is a perfect sign that the number of potential customers is increasing. If the trend continues as it has until now the shop would benefit from this fact. (Czech Statistical Office 2024)

In the year 2022, UPOL had 22,716 students, out of which 3,283 were international students. This number is above the citizens of Olomouc as many of them will have a permanent address in a different place. (UPOL 2023)

Technical and Technological Factors

Bookwarm, as a coffee shop, will need a coffee maker and other kitchen appliances to serve food and beverages to its customers. Crucial factors to consider here are the initial price, energy consumption, maintenance, service, and potential repairs or replacement of these machines. With the quick advancement of today's technologies, it is also very likely that in a few years, it will be severely outdated and not serve its purpose to its fullest. The purpose of each of these appliances is to ease, exacerbate, and utilize all resources to deliver the best possible product to the customers.

The price of electricity started to increase in the year 2020, but this increase has been slight and not worth mentioning. Since then, the price has skyrocketed in 2021 and dropped again. The peak arrived in the summer of 2022 and dropped again. (Kurzy 2024)

The odds of this happening are quite significant, and this could cause a catastrophic scenario for a new business. It is essential to discuss with a financial advisor how to prepare for these situations and how the owner of Bookwarm can prevent or anticipate all these possible scenarios.

Ecological Factors

Global warming is going to affect agriculture increasingly, as well as the food, the quality of the food, the amount of food, and the price of food.

It will be necessary to adjust the type of food we plant and sequentially consume. According to Thornton, it will be imperative to plant crops that can tolerate the increasingly warmer weather and, with that, the unpredictability of weather and perhaps lack of water in certain periods. Based on what Thorntop says, this will eventually mean an adjustment in terms of what we eat and perhaps the amount we eat as the population grows. (Throntop 2012)

As already mentioned in the social factors, the priorities of customers have changed; today, more and more customers are interested in the origin of the product, its sustainability, and its impact on our environment. These are the reasons why this shop would like to make this a priority after the first 2 to 3 years, as was already mentioned, mainly by expanding the bookshop with second-hand books.

5.2 Competitors

Competition in Olomouc is relatively high in both ways. There is a significant number of coffee shops and enough bookshops. There is no hybrid shop similar to Bookwarm in Olomouc. However, when we look at the offer of English books there is no competitor in Olomouc. The only shops that sell English books have a small section dedicated to English books. All the competitors will be analysed here.

When evaluating competitors, the following factors are measured: location, price, atmosphere, originality, and service. All the competitors will be rated on a scale of 1 to 5, with one being the best. This will be shown in the following table. The ratings are based on the owner's and her friend's opinion and experience in each place and, therefore, subjective.

Table 2 – Competition evaluation (the author's own creation)

Competitor	Location	Price	Atmosphere	Originality	Service	Final rating
Coffee Library	1	1	3	4	2	2,2
Café Lyrata	2	1	3	4	2	2,4
Café 87	2	1	2	4	2	2,2
Megabooks	2	2	4	3	2	2,6
Dobrovský	2	3	3	3	1	2,4
Luxor	3	3	2	3	3	2,8

Coffee Library

This coffee shop is right next to the Library of the local university (160 meters), which gives it a great advantage and influx of customers. This location is close to the city center and close to university faculties. Their main offer is coffee, delicious desserts, snacks, and refreshments for students and staff. Their coffee price range is 45 to 80 CZK, but they offer a discount to students with ISIC. Within the coffee shop are a few older books for customers to read. The acoustics of this place are not very nice, which made it quite noisy inside.

Café Lyrata

The location of this coffee shop is close to where Bookwarm (900 meters away) would be, with the exception that it is tight next to two faculties: one is 250 meters away and the other 280 meters, and closer to the city centre. They offer a standard array of coffees and snacks with average prices for the area. This coffee shop is relatively new and not well known in Olomouc.

Café 87

This coffee shop is located close to Coffee Library and, therefore, is close to the local university and the city centre, (about 450 meters). They offer all the standard items of a coffee shop, and additionally, they make breakfasts and brunches. They are located s right next to the tram stop and close to the Olomouc Library. The prices for beverages are average in this area; their prices for breakfast range from 75 to 165 CZK. Most breakfast items are cheaper than that of their competition. Full English Breakfast in Café 87 is 165 CZK, and one of their competitor's English breakfast costs 269 CZK.

Bookshop Megabooks

In Olomouc, this is the only shop that sells English books. The main focus of this bookseller is to sell textbooks and books for English learning, which is quite different from the idea of Bookwarm, to sell mainly fiction, non-fiction, and other popular genres. Megabooks is a small shop in the very centre of town with a great location and accessibility by tram. The prices are standard on the market, but more expensive. The great advantage of Megabooks is that they have an e-shop and are well-established company with other branches in other towns.

Knihy Dobrovský

There are four branches in Olomouc of Knihy Dobrovský, one in the city center and the other three in different shopping malls in Olomouc. The best and biggest one is in the shopping mall Šantovka, where there is a high frequency of customers all year round, especially having its peak before Christmas time. Their selection of English books has improved in the last few years, and now they offer a decent number of book titles in English. They mainly offer trending books and bestsellers, and if the customers are looking for something new or different, they will not find it there. The prices in this bookshop are on the cheaper side compared to the market average. There is a significant discount if the customers order books from their e-shop.

Knihkupectví Luxor

Luxor only has one branch in Olomouc in a smaller shopping mall in the centre of town next to the Saint Moritz Church. This branch is not that big, but their selection of English books is much better than Knihy Dobrovský, but their prices are higher. This bookshop is on the last floor of the shopping mall and, therefore, is not as frequent as the other bookshops in the main shopping mall in Olomouc. The ground floor of this shopping mall is busy most days, but the upper floors are usually quite empty.

Megaknihy.cz

This online bookshop has a wide variety of books for a great price. They also have a few brick-and-mortar stores in some towns, the closest being Brno. They also sell different kinds of products, such as medication, electronics, food, perfumes, toys, and others. A significant disadvantage of this bookshop is the price of transport which goes from 29 (in-store pickup) to 79 CZK. Another con is that with each order, you have to pay for the packaging, which is 39 CZK. A big problem with this online bookseller is the complaint process, which takes a long time. As a customer of this bookseller, it has happened to me and my friend's numerous times that the book was damaged or even had missing pages which is quite annoying to deal with. By being between the customer and the bookshop Bookwarm would be a much nicer experience for its customers.

Reknihy.cz

Another online competitor is Reknihy.cz. They offer second-hand books and the option to buy out your old books. This is something Bookwarm would like to focus on in the future but will not be provided at this stage. The selection of English books in this e-shop is quite limited and quite often more expensive than purchasing a new book. One example of this is second-hand book on Reknihy.cz costs 249 CZK, while the same new book costs 179 CZK on Megaknihy.cz.

5.3 Suppliers

The process of obtaining the right supplier has many aspects, including price, quality, logistics, and others. As these factors change as time progresses, it is essential to pay attention to price increases, drops in quality, and obstacles with transport. The price increase

of electricity, ingredients, and books directly influences revenues and, in the long run, the future of this shop. Therefore, since these aspects have changed, it is essential to do an analysis and compare it with past data periodically. The owner aims to do this every six months.

There will be a fridge and storage room on the premises, so it is not necessary to shop every day for most of the ingredients as they are not so perishable. The desserts and food that are not made on the premises will be delivered daily either by the owner, using her own car, or, most likely, by the supplier.

The owner has decided on these suppliers based on price, quality, and convenience. The table below shows what each company is supplying the shop with.

Table 3 – List of Suppliers (own creation)

Item	Supplier
Ingredients	Makro, JIP, Globus, Kaufland
Desserts	Cakes by Anye, Globus
Coffee	Kafe pro sebe
Books	Megaknihy, Amazon
Appliances	Alza, Dasgastro, Dokonalá káva
Furniture, Decoration	Ikea, Lego
Marketing	Kam Zajít Olomouc, letakypromoc.cz
Services (Accounting, Internet, Phone company, etc.)	Contlife.cz, T-mobile, Shoptet.cz

The books will be checked every Sunday by the owner to see what needs to be restocked and ordered, along with new releases.

6 MARKETING PLAN

The marketing plan for Bookwarm is SWOT Analysis and Marketing mix: product, price, place, promotion, people, process, and physical evidence that will be described below.

6.1 SWOT Analysis

Table 4 – SWOT Analysis (the author's own creation)

Strengths	Weaknesses
<ul style="list-style-type: none"> ● Unique combination of services in the area ● Location at a frequented place ● Thematic nights ● Run by one person (no disputes about decision-making) ● Smaller market (not many competitors with this specialization) 	<ul style="list-style-type: none"> ● High initial costs ● Run by one person (sickness, unavailability) ● Inexperienced owner ● Smaller market (smaller potential number of customers)
Opportunities	Threats
<ul style="list-style-type: none"> ● Possibility to cooperate with Language schools and Universities (Hosting events) ● Higher demand for learning English as a globally used language ● Possibility of creating Franchise 	<ul style="list-style-type: none"> ● High number of competitors (coffee shops and bookshops) ● High price of food and energy ● Cancelling of lease ● Not enough generated interest ● Rise of Artificial intelligence

The biggest opportunity is to cooperate with language schools, specifically with the one the owner works with, as she knows quite a number of people there as well as other teachers who can tell their students about this shop. Another opportunity the owner would be

interested in exploring is cooperation with the local university, more specifically with the Erasmus program. This could be done in the form of a discount for their students.

6.2 Marketing Mix

The Marketing Mix is an elemental tool to help understand, think, and improve the strategy of any product or company. It comprises the term often used 4Ps, which means product, price, place, and promotion. The application of this tool for Bookwarm will be below.

Product

The main product of Bookwarm will be English books, as stated above in Chapter 5. The main focus will be on popular books, new releases, classics, and books for learning the English language. The main genres will be what you can see in any other bookshop, with the difference that these will be in English. The owner has decided to include a few other small sections, such as popular Czech books, bookish items, and local products.

As for the coffee shop, there will be a standard selection of coffee with everyday rotation of coffee. There will be four types of rotation: Brazil, Fuerte, El Salvador, and Peru. The coffee will be from a local coffee-roasting plant called Kafe pro sebe, which is located in Uničov but has a branch in Olomouc.

Desserts will be changing seasonally, but few will be staples. Snacks will have a set menu, but with time, there might be additions, and some items might be removed if they are not popular. We want to offer something for all of our customers, so when creating the menu, the aim was to satisfy everyone by having a wide selection of items.

Price

The prices for the books and related products will be set according to the cost of each book with a margin of 15-20% so the final price for our customer is similar to other bookshops and e-shops to compete. The aim is to keep the price reasonable so customers can afford to visit this establishment and shop here. Since we aim for students to be the main part of our customer base, this might change in the future depending on data collected in the first six months of the business opening.

The price of coffee, beverages, and food will be set with two factors in mind. The first will be the price of variable costs such as ingredients, bought desserts, and fixed costs such as rent, utilities, wages, insurance, and others. The second factor that will be considered is the

prices set by competition. The prices will not be extremely cheaper or more expensive than that of competitors to maintain healthy competition and to grow and expand sustainably. Customers will be able to pay with cash or card (credit, debit, benefit). The prices of the main menu are as stated below.

Table 5 – Price list (the author’s own creation)

Price list			
Beverages		Food	
Espresso	45 CZK	Piece of cake	80 CZK
Lungo	48 CZK	Muffin	45 CZK
Doppio	60 CZK	Swiss roll	45 CZK
Cappuccino	55 CZK	Cookie	30 CZK
Latte	65 CZK	Czech dessert(rotation)	35 - 50 CZK
Flat white	75 CZK	Cheese toast	35 CZK
Iced coffee	75 CZK	Cheese and ham toast	45 CZK
Cold brew	70 CZK	Croissant with mozzarella and tomato	65 CZK
Tea	45 CZK	Croissant with ham and cheese	55 CZK
Water still/sparkling	30 CZK	Croissant with egg omelet and bacon	75 CZK
Homemade lemonade	55 CZK	Tortilla with cheese, ham, and baby spinach	70 CZK
Juice	45 CZK		

Place

The address of this shop will be in Olomouc at 21 tř. Kosmonautů. The location of this coffee shop is located near the main train station with good accessibility to public transport and the

city center. The distance to the city center is approximately under 3 kilometers. The city of Olomouc is easily walkable, and this location has a nice connection to the cycle path that goes just in front of the shop. Currently, this is the only suitable place available. In the future, the plan is to move closer to the city center in the next five years. This place would need a little reconstruction and redesign but no significant adjustments are necessary as the place is in a nice shape.

Promotion

Bookwarm will be promoted approximately one month before opening. There are several ways this will be conducted. Considering the popularity of specific media in Olomouc, apart from promotion online and in public transport, this will be discussed in detail below. Another way of promotion will be special sales, for example, on Cheap Monday once a month, where there will be a discount of 5% for all the shopping over 500 CZK. For now, the last way to promote Bookwarm will be giveaways on our Instagram. Each week, there will be a giveaway with a book or coffee and dessert to lure customers.

- **Instagram** – The name of the account will be “Bookwarm,” as is the name of the establishment. The set budget for promotion on Instagram is 7,000 CZK for the first six months. After this budget is drained, the owner will evaluate if it had a positive impact on what the next budget will be and if there are any adjustments necessary to utilize this platform.

The owner will run the Instagram account for this establishment. The owner will post interesting facts, newly released books, little quizzes, giveaways, and others. The Instagram account will be in operation one month before opening to draw attention and lure potential customers.

- **Facebook** – The same name would be used for the Facebook account as for Instagram to keep it simple. Instagram account and Facebook account will be connected to most of what will be posted on Instagram, which will also be on Facebook. The budget for promotion on Facebook will be 5,000 CZK for the first six months with the same objective as for Instagram; after this budget is spent, there will be an evaluation, and then we will decide how to move forward.
- **Website** – The name of the domain will be boowarm.cz, and it will be created and operated from Shoptet.cz. The price for the basic package is 340 CZK, and the cost per year is 4,080 CZK. The owner will operate this website for the time being. The

website will include all the vital information for customers, such as opening hours, location, updates, about us, contacts, and links to Facebook and Instagram.

- **Public transport** – Most students and working people commute in Olomouc by trams and buses. The price for two leaflets in trams and one leaflet in a bus for six months is 39,000 CZK, and an additional 2,500 CZK for the installation and removal of the leaflets. The leaflets will be put in 2 weeks before opening. The price is relatively high for starting a business, but since it is one of the most frequented spaces in Olomouc, it might make customers aware of the shop and attract them.
- **Posters** – The posters are created by the owner in Canva and will be printed for 2,832 CZK, including VAT. The price per leaflet in the A4 format is 7.80 CZK, and the first print order will be 300 posters. They will be put in public transport, post offices, universities, language schools, government offices, and other places. The leaflet will be delivered all around Olomouc by the owner with the help of her family and friends.
- **Kam zajít Olomouc** – This is a very popular Instagram focusing on good places to visit in Olomouc. They provide marketing on Instagram and also on their website. Their Instagram account has around 28,400 followers. The price for one post and stories on Instagram is 1,500 CZK. They also offer a giveaway through their platform, which costs 2,000 CZK. Bookwarm would like to use both forms of promotion. The posts before opening and giveaway two months after opening. According to data from the owner of Kam zajít Olomouc, each post reaches around 10,000 people.

People

The experience every customer of this establishment will be a one of the priorities. Each customer will be greeted by staff, and offered assistance.

The tables will not be served, each customer will have to come to the counter and purchase what they want. The staff will regularly tidy the shop to keep it in order.

Staff will be wearing a uniform of beige shirt, black pants, and black shoes and will be instructed on their part in representing the shop with their behaviour and appearance.

Process

At the entrance to the shop there will be two types of baskets. One will be black, which will signal to staff that customer wants to peruse without interruption. Green basket will mean they want assistance.

Bookshelf nearest to the entrance will have a staff recommendation and bestsellers to help customers to find inspiration. There will also be a small display with wrapped books with

only basic information on the wrapping. This has been a trend the owner noticed in recent years. The book customer picks is unknown so they will have a “blind date” with a book.

Physical Evidence

The atmosphere of this place will calm, quiet to give customer a break from the busy life outside. This is another reason why the shop will not play music. Another aspect of physical evidence will be comfortable seating, enough space between tables to not overwhelm customers. The smell of coffee and books will give a pleasant experience to customers.

7 HUMAN RESOURCE PLAN

This is a small business that will initially rely mainly on the owner. The owner will do all organizational operations, such as supplying the shop, ordering wages, preparing documents for accounting, shifts, marketing, providing excellent customer care, and managing social accounts.

Along with the owner, there will be two full-time employees and three part-time employees. These employees will have a number of jobs, including handling customers, preparing drinks and food, cleaning and maintaining a clean space, restocking and stocking the shelves. Since the job consists partially of handling food, all employees will have to obtain or provide the employer with their food hygiene permit/certificate.

Each day the shop will be open for 12 hours. The morning shift will start at 6 am to prepare everything for the opening. The owner will be primarily present in the morning to help the employee on the morning shift. Then, at 11, the other full-time employee will arrive for the evening shift. During the busiest times at the shop, a part-timer will help and assist the full-time employees. In case of illness, the owner will step in instead of the employees.

The employees will have rotating schedules, which means that one week, Employee 1 has the morning shift, and next week evening shift, as shown below in Table 4. This schedule would be on a try-out basis for the first six months, and after six months, there will be a meeting with the owner to evaluate this schedule, such as employee satisfaction, possible ideas, rush hour, etc.

Table 6 – Employee working hours (the author's own creation)

Employee working hours		
Post	Monday - Friday	Hours worked
Employee 1	06:00 – 14:30	8 hours
Employee 2	14:00 – 19:30	5,5 hours
Part-time employee 1	14:00 – 19:00	5 hours
Post	Saturday	Hours worked
Employee 2	06:00 – 14:30	8 hours
Part-time employee 2	13:00 – 18:00	5 hours
Part-time employee 3	14:30 – 19:30	5 hours

Employees' wages are set based on minimal wage and the average wage in the Czech Republic and the Olomouc region; this has been mentioned in detail in Chapter 6.2 PESTE Analysis. The monthly wage for employees will be 30,000 CZK, with the possibility of an increase in the future. Employees will have a number of benefits on top of their wages, such as a 10% discount on all goods, contribution to “DIP”, free coffee, teambuilding, and meal vouchers.

Part-time employees will have a wage of 130 CZK per hour. They will also have some benefits, such as a 5% discount on goods and free coffee.

The owner will have to pay obligatory social and health insurance set by the government for the first category in the amount of 7,498 CZK. Taxes will be calculated at the beginning of a new year according to revenues by an accountant.

8 FINANCIAL PLAN

This financial plan aims to prove if this business plan is realistic, sustainable, and profitable. The financial plan will consist of the initial balance sheet, initial costs, fixed costs, variable costs, labor costs, and possible revenue calculations.

The owner has decided to use her own savings and small part will be donated from her family.

8.1 Initial Balance Sheet

Table 7 – Initial balance sheet (the author's own creation)

Assets		Liabilities	
Long-term assets	437,639 CZK	Equity capital	600,000 CZK
Shop Equipment	237,649 CZK	Registered capital	600,000 CZK
Coffee Maker	164,999 CZK		
Laptop	35,000 CZK		
Current assets	162,361 CZK	Current liabilities	0 CZK
Uniforms	10,000 CZK		
Kitchen Equipment	28,000 CZK		
Bank account	94,361 CZK		
Cash	30,000 CZK		
Total assets	600,000 CZK	Total liabilities	600,000 CZK

8.2 Initial Costs

Table 8 – Initial costs (the author's own creation)

Initial costs	CZK
Trade license	1,000

Reconstruction	25,000
Furniture	
- Bookcases	20,370
- Chairs	73,200
- Tables	36,900
- other	2,796
Decorations	10,000
Cash desk	28,380
Laptop	35,000
Loudspeaker	13,956
Coffee Maker	164,999
Coffee accessories	28,833
Fridge	12,990
Cooling display	20,224
Kitchenware	20,000
Other kitchen gadgets (bowls, trays, tongs, etc.)	8,000
Uniforms for employees	10,000
Promotion	63,912
Total	575,560

8.3 Fixed Costs

Table 9 – Fixed costs (the author's own creation)

Costs	Per month	Annually
Rent	39,900 CZK	478,800 CZK
Internet	500 CZK	6,000 CZK
Accounting	2,500 CZK	30,000 CZK
Phone bill	500 CZK	6,000 CZK

Insurance	5,000 CZK	60,000 CZK
Utilities	15,000 CZK	15,000 CZK
Wages total	98,480 CZK	1,181,760 CZK
Total	161,880 CZK	1,777,560 CZK

8.4 Variable Costs

Table 10 – Variable costs of food and drinks (the author's own creation)

Type of product	Variable cost	Selling price	Sales Margin
Espresso	5 CZK	45 CZK	40 CZK
Lungo	6 CZK	48 CZK	42 CZK
Doppio	10 CZK	60 CZK	50 CZK
Cappuccino	7 CZK	55 CZK	48 CZK
Latte	9 CZK	65 CZK	56 CZK
Flat white	10 CZK	75 CZK	65 CZK
Iced coffee	12 CZK	75 CZK	63 CZK
Cold brew	12 CZK	70 CZK	58 CZK
Tea	8 CZK	45 CZK	37 CZK
Water still/sparkling	5 CZK	30 CZK	25 CZK
Homemade lemonade	14 CZK	55 CZK	41 CZK
Juice	12 CZK	45 CZK	33 CZK
Piece of cake	62 CZK	80 CZK	18 CZK
Muffin	20 CZK	45 CZK	25 CZK
Swiss roll	23 CZK	45 CZK	22 CZK
Cookie	15 CZK	30 CZK	15 CZK
Czech dessert(rotation)	15 CZK	35 CZK	20 CZK
Cheese toast	11 CZK	35 CZK	25 CZK

Cheese and ham toast	14 CZK	45 CZK	31 CZK
Croissant with mozzarella and tomato	40 CZK	65 CZK	25 CZK
Croissant with ham and cheese	25 CZK	55 CZK	30 CZK
Croissant with egg omelet and bacon	29 CZK	75 CZK	46 CZK
Tortilla with cheese, ham, and baby spinach	25 CZK	70 CZK	45 CZK

Table 11 – Variable costs books (the author's own creation)

	Variable cost	Selling price	Sales margin (20%)
Books	280	350	70
Other items	15-200	40-300	N/A

The presumed average price of a book is 350 CZK. The set margin of the owner is 20% of the original price. On average, the sales margin per book should be 70 CZK. The full list of other items has not yet been determined, as this is not so important in the initial phase of this shop. The other items will be added gradually, and it is presumed that their number and eventual revenue will be quite insignificant. The owner has also decided to exclude the potential revenue of events from the financial plan for several reasons. The first is that after opening, the focus will be on running and perfecting the workflow, item lists, and others. The events are future plans that, at the moment, are not a priority.

8.5 Labor Costs

Table 12 – Labor costs (the author's own creation)

	Gross salary	Health insurance	Social insurance	Salary paid to	Total cost per	Annual cost
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	per month	per month (9%)	per month (25%)	employees	month	
Employee 1	30,000 CZK	2,700 CZK	7,440 CZK	24,590 CZK	40,140 CZK	481,680 CZK
Employee 2	30,000 CZK	2,700 CZK	7,440 CZK	24,590 CZK	40,140 CZK	481,680 CZK
Part-time workers	18,200 CZK	0 CZK	0 CZK	18,200 CZK	18,200 CZK	218,400 CZK
Total Cost	78,200 CZK	5,400 CZK	14,880 CZK	67,380 CZK	98,480 CZK	1,181,760 CZK

8.6 Possible Revenue Calculations

Table 13 – Possible margins calculations per day in the first year (the author's own creation)

	Optimistic margin per day	Realistic margin per day	Pessimistic margin per day
Beverages	7,812 CZK	5,580 CZK	3,348 CZK
Food	4,600 CZK	3286 CZK	1,971 CZK
Books	1,028 CZK	735 CZK	441 CZK
Total	13,440 CZK	9,600 CZK	5,760 CZK

The seating capacity of the shop is 30 customers at one time if we assume that one customer spends 1.5 hours in the coffee shop. The full capacity of customers per day is 240 customers. Each customer will presumably order one beverage and one food item. This is only a presumption; some customers might buy more and some less. If we take an average margin of beverage, it is 47 CZK. The average margin of food items is 27 CZK.

The full capacity of customers per day is calculated with the optimistic 70%, realistic 50%, and pessimistic 30%, respectively.

In Olomouc, there are approximately 30 bookshops, including Bookwarm. Olomouc has around 100,000 citizens. In the year 2021/2022, turnover in the book market in the Czech Republic was 8,6 billion CZK. (Svaz českých knihkupců a nakladatelů 2022)

Suppose we divide this number by the total number of citizens of the Czech Republic (10,7 million); statistically, every Czech citizen spends around 804 CZK per year. Suppose we take into account that number multiplied by 3,333 citizens, which is the potential statistical market share. We get a turnover of 2,680,000 CZK in Bookwarm. This number, divided by the average price for a book being 350 CZK and then multiplied by the average margin of 70 CZK, would give Bookwarm a yearly margin of 536,000 CZK. Creating a margin of 1,469 CZK per day. This is not a realistic share of the market, but only for the sake of this prediction. Some bookshops in Olomouc will have a more significant market share, and some will have less. As stated above in Chapter 6.2, there are also international students in Olomouc that could be potential customers. However, these are not taken into account here in this calculation as the number changes, and they are not part of the statistics used in this calculation. If this statistic were taken into account, it would mean having around 10 customers per day buying books. For this thesis, there will be calculated the three scenarios just like in the other categories.

Optimistic scenario

If we take 70% out of 240 potential customers, we will get 168 customers per day. Assuming each customer, on average, buys one food item and one beverage, it amounts to a margin of 74 CZK per customer. This number will be used in all scenarios. This should create a revenue of 12,432 CZK without the deducted fixed costs.

Realistic scenario

50% out of 240 potential customers would be 120 customers per day. The average margin made on each customer per day is 74 CZK. The total number of margins without the deducted fixed costs is 8,880 CZK.

Pessimistic scenario

Assuming in the pessimistic scenario that only 30% of the capacity is utilized, that would mean 72 customers per day. The total number of margins made per day is 5,328 CZK.

8.7 Cashflow statement for the first month

Table 14 – Realistic version of Cashflow statement in the first month (the author's own creation)

Cashflow statement for the first month	
Initial deposit	600,000 CZK
Initial costs	-575,560 CZK
Fixed costs	-161,880 CZK
Variable costs	-97,920 CZK
Total revenue	311,040 CZK
Ending Cash Balance	75,680 CZK

Table 15 – Optimistic version of Income statement in first three years (the author's own creation)

	First year	Second year	Third year
Revenue	5,225,427 CZK	5,748,019 CZK	6,322,821 CZK
Fixed costs	1,777,560 CZK	1,955,316 CZK	2,150,848 CZK
Variable costs	1,645,056 CZK	1,809,562 CZK	1,990,518 CZK
Initial costs	575,560 CZK	0 CZK	0 CZK
Depreciation	18,150 CZK	36,712 CZK	36,712 CZK
EBIT	1,784,706 CZK	1,946,429 CZK	2,144,743 CZK
Income tax	410,482 CZK	447,679 CZK	493,291 CZK
Net income	1,374,224 CZK	1,498,751 CZK	1,651,452 CZK

Table 16 – Realistic version of Income statement in first three years (the author's own creation)

	First year	Second year	Third year
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Revenue	3,732,480 CZK	4,105,728 CZK	4,516,301 CZK
Fixed costs	1,777,560 CZK	1,955,316 CZK	2,150,848 CZK
Variable costs	1,175,040 CZK	1,292,544 CZK	1,421,798 CZK
Initial costs	575,560 CZK	0 CZK	0 CZK
Depreciation	18,150 CZK	36,712 CZK	36,712 CZK
EBIT	761,730 CZK	821,156 CZK	906,943 CZK
Income tax	114,260 CZK	123,173 CZK	136,041 CZK
Net income	647,471 CZK	697,982 CZK	770,901 CZK

Table 17 – Pessimistic version of Income statement in first three years (the author's own creation)

	First-year	Second year	Third year
Revenue	2,239,488 CZK	2,463,437 CZK	2,709,780 CZK
Fixed costs	1,777,560 CZK	1,955,316 CZK	2,150,848 CZK
Variable costs	705,024 CZK	775,526 CZK	853,079 CZK
Initial costs	575,560 CZK	0 CZK	0 CZK
Depreciation	18,150 CZK	36,712 CZK	36,712 CZK
EBIT	-261,246 CZK	-304,118 CZK	-330,858 CZK
Income tax	0 CZK	0 CZK	0 CZK
Net income	-261,246 CZK	-304,118 CZK	-330,858 CZK

The owner has decided to calculate all scenarios of the Income statement to compare all possible outcomes; that being said, The author believes that the most likely to happen would be the realistic scenario. After the first year, the expectation is that the revenues should increase by 10% and by the same amount the next year as the shop will become well established in Olomouc.

CONCLUSION

The aim of this bachelor's thesis was to evaluate the realism, sustainability, and profitability of a proposed business plan. The business in question offers coffee, desserts, snacks, English books, and other items.

The author conducted and visualized comprehensive market research, which included a SWOT Analysis and PESTE Analysis. Given the shop's uniqueness in Olomouc, the competitive analysis encompassed both coffee shops and bookstores that closely align with this business concept, noting that the nearest competitor with a similar concept is located in Brno. The examination then shifted to an in-depth analysis of the marketing mix, with a particular focus on promotional strategies critical for business success. The financial plan concluded the practical section, considering all relevant factors except miscellaneous items and potential future events, which are currently not a priority but represent promising opportunities. The author opted to perform calculations based on a realistic scenario, deemed the most probable.

The findings from the practical part of this thesis affirm the business plan's realism, sustainability, and profitability. Key to this conclusion are two financial strategies: the owner's contribution of 400,000 CZK from personal savings and a donation of 200,000 CZK from family.

Realistic scenario projections indicate the shop will generate a profit of 647,471 CZK in its first year, funds that will partially be reinvested for improvements. In the following two years, net income is anticipated to be also around 700,000 CZK, sufficient to repay the rest of the loan and potentially fund expansion.

It is important to acknowledge that the calculations presented in this thesis are estimations derived from thorough research but may be subject to unforeseen variables. Nonetheless, based on the comprehensive analysis conducted, the author confidently concludes that the business plan outlined herein represents a realistic, sustainable, and profitable venture, aligning with the objectives set forth in the introduction.

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LIST OF ABBREVIATIONS

CZK	Czech crown
EBIT	Earnings before interest and taxes
EU	European Union
etc	et cetera – and so on
SWOT	Strengths, weaknesses, opportunities, and threats
PESTE	Political, economic, social, technological, and environmental factors
OSVČ	Osoba samostatně výdělečně činná
e.g.	Exempli gratia
v.o.s	Veřejná obchodní společnost
a. spol.	a společníci
k.s.	Komanditní společnost
s.r.o.	Společnost s ručením omezeným
EUR	Euro
DIČ	Daňové identifikační číslo
IČ	Identifikační číslo
DIP	Dlouhodobý Investiční Produkt
CV	Curriculum vitae
tř.	třída
USA	United States of America
pm	post meridiem
am	ante meridiem
VAT	Value Added Tax
GDP	Gross Domestic Product
UPOL	Univerzita Palackého v Olomouci
ISIC	International Student Identity Card
sci-fi	Science Fiction
et al.	Et alia (and others)

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