

A Business Plan for the Establishment of a Company Manufacturing Specialized Footwear

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Zásady pro vypracování:

Nastudujte potřebnou literaturu a zpracujte teoretické poznatky nutné k založení podniku.
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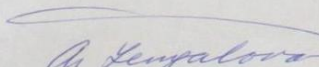
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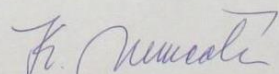
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ABSTRAKT

Cílem bakalářské práce je zpracování podnikatelského záměru založeném na reálných informacích a datech. Jsou zde popsány veškeré elementy týkající se podnikatelského plánu a podnikání – práce popisuje, jaké jsou předpoklady pro to, aby se člověk mohl stát podnikatelem, co je to podnik a podnikání, jsou zde specifikovány formy podnikání a v neposlední řadě je popsán účel podnikatelského plánu, jeho důležitost v podnikání a jeho podrobná struktura. Dále jsou veškeré teoretické informace přetransformovány do praxe, kdy veškeré informace, které byly poskytnuty společností, jsou použity k tomu, aby bylo možné zpracovat reálný podnikatelský záměr a jeho jednotlivé kroky, aby na závěr bylo možné tento záměr vyhodnotit a stanovit, zda je možné tento projekt uskutečnit.

Klíčová slova: podnik, podnikání, podnikatel, právní formy, fyzická osoba, právnická osoba, marketing, finanční plán

ABSTRACT

The main goal of this thesis is to make a proper business plan which is based on a real information and data. All the elements concerning the topic of the business plan and the business in general are included – thesis describes what makes someone an entrepreneur and how to become one, what business and entrepreneurship mean, all the forms of business activity are described and lastly there is determined the role of a business plan, its importance in future development of a company and its structure is outlined in detail. Then all the information from the theoretical part were transformed into practice, when all the data which were provided by the company were used for a proper preparation of a business plan and its individual steps in order to evaluate this attempt and make a final decision if the project is possible or not.

Keywords: business, business plan, entrepreneur, entrepreneurship, business entity, physical entity, legal entity, legal forms, marketing, financial plan

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INTRODUCTION

Generally making a proper business plan is the first assumption of a successful start of a new company. It is an important document when starting a new business because of two main reasons. Firstly it is used as a tool to get outside funding. The potential investors can decide if the project is worth putting money into according to the business plan. The second reason for creating a business plan is to establish a clear list of steps and strategies that should be followed in order to eliminate the possibility of a failure. It is a basic document which should be done by every entrepreneur when establishing a new business. It consists of several parts and all of the information connected to the business has to be truthful and taken into consideration.

This business plan is made as a tool to get a bank loan in order to establish a new company manufacturing specialized footwear which would fill the gap in the Czech market. All the information is based on the true facts and data. The market in the Czech Republic lacks a proper footwear for diabetics or people experiencing any kind of discomfort during everyday activities. Health industry has a very great potential these days because people are starting to understand the value of their lives and health and the company not only wants to make money but also to help people at the same time. The footwear is originally designed for diabetics and it is manufactured according to all the requirements that makes the shoes suitable for these people. The number of people with diabetes is around 800 thousand in the Czech Republic and it increases each day. These people are not only suffering with this disease, they are also suffering with a poor selection of shoes in the Czech market and that is why Special shoes, s. r. o wants to make a difference.

The aim of this thesis is to outline and evaluate the idea of establishing a new company manufacturing specialized footwear and has to take into consideration the overall situation in the Czech market including all the external and internal factors which influence the company either in positive or negative way.

I. THEORY

1 ENTREPRENEURSHIP

When creating a business plan knowing what a business – in other words entrepreneurship is about is essential. The term ‘doing business’ can be defined as a methodical, independent activity of a particular person in order to make profit from selling goods or services that will satisfy people’s needs. Those three activities are crucial for success of a company so they need to be explained in more detail. (Pride et al., 2009, 9)

Method: Doing business is a continuous and repetitious activity. Activities which are performed only once, have short-term lasting and are performed scarcely cannot be considered as doing business. But the condition of method is fulfilled even when the activity is performed only once a year but have a repetitious tendency (e. g. seasonal activities such as selling fruit on a market during the summer). (Madura, 2007, 3; Majdúchová et al., 2014, 19)

Independence: The entrepreneur is making all the decisions connected to a particular business such as what business activity is he/she going to do, which business entity is he/she going to choose, for what prices is he/she going to offer his/her products, etc. Nobody is able to make those decisions for him/her. (Madura, 2007, 3; Majdúchová et al., 2014, 19)

Making profit: Profit is the main motivation when it comes to starting a new business. All the successful businesses have something in common. They provide products or services which are wanted by their customers. (Režňáková, 2012, 9)

1.1 Entrepreneur

Entrepreneur is according to Robert D. Hisrich and Michael P. Peters (2002, 7) an “individual who takes risks and starts something new”. Basically it is someone with an idea for a new product or service and knows a way how to turn this idea into a success. This person needs to have some qualities in order to keep the business successful. The person needs to have qualities of a leader and be very responsible and patient. (Atkinson, 2014, 18)

1.2 Business entities

There are two main types of business entities in Czech Republic – physical and legal. It is up to the entrepreneur for which one he/she is going to decide. This is very important decision because it matters a lot when it comes to ownership, liabilities or accounting.

1.2.1 Physical entity

The establishment of a physical entity is very simple because it gains its rights the day when the person is born and loses them the day of the death. But when it comes to business aspect of physical entity it has to fulfil following conditions:

- Has to be at least 18 years old.
- Has to have a legal capacity which means that the physical entity has certain rights but also is obliged to follow certain rules such as state laws.
- Has to be criminally impeccable, cannot have a criminal record at least 3 months before establishing a business.

In some specialized business activities the entrepreneur has to fulfil some of the special conditions connected to that particular business activity but it depends on a type of activity. (Srpková et al., 2010, 67)

The advantage of this type of business entity is that the accountancy is easier than in a legal entity because usually the physical entity has less profit and the amount of assets than the legal entity. (Zákon o účetnictví, 1991, § 1)

The disadvantage of this form of business is liability. The entrepreneur who is a physical entity is liable with all his/her property for all the debts caused by doing the business. And another disadvantage can be that the physical entity – entrepreneur cannot employ for example a wife. (Zákoník práce, 2015, §318)

1.2.2 Legal entity

The establishment of a legal entity is more difficult than of a physical entity because it has to be founded. Legal entity gains its rights the day of the establishment and loses them the day of the end of the legal entity. Legal entities in other words business corporations are divided into two groups: companies and cooperatives. (Hurdík, 2009, 43)

Companies are divided into:

Co-partnership

This type of legal entity is the easiest one from the point of view of establishment. It requires at least two owners involved in the business, both are equally liable for all the debts. There is no minimal amount of capital needed in order to start the business. (Vochozka et al., 2012, 44)

Special Limited partnership

At least two owners – one limited partner who is liable for the debts only limitedly and one general partner who is fully liable for all the debts. This type of legal entity fits the best when establishing a small family business. (Černá et al., 2015, 275)

Limited Liability Company

At least one owner but no more than 50 of them, each of them are liable for the debts to the amount of the capital put into the company, minimal fixed capital for the establishment of this type of company is 1 CZK nowadays.

In Limited Liability Company the owner is liable for all the debts only up to the amount of the capital put into the company. But this person does not necessary has to perform any type of business activity connected to the company. The person who is responsible for the right functioning of the company is called executive director. The owner and the executive director does not have to be only one person but in the most cases the owner also is in the role of the executive director because everything which is performed by the executive director directly influences the company's image. (Koráb et al., 2005, 74-77)

Joint-Stock company

At least one owner, this type of company can have a lot of the owners it depends on how many stocks have been sold. There are two types of Joint-Stock company one needs 2 million CZK as a minimal fixed capital in order to establish this type of legal entity and the other one needs 20 million CZK and is able to sell public shares in the stock market. (Koráb et al., 2005, 78-79)

Cooperatives

At least three owners, the cooperatives are established for a purpose to support each of its members or third parties or for business purposes. (Koráb et al., 2005, 81)

2 A BUSINESS PLAN

2.1 Definition

A business plan can be characterized as a written document which describes all the important internal and external information connected to the purpose of the particular business made by an entrepreneur. (Srpová et al., 2011, 14; Koráb, 2007, 11)

“You can find easy answers only by asking tough questions.” Detailed information play crucial role in every business plan. Plan has to include all the information connected to the business. (Abrams, 2010, 17)

“The ultimate purpose of developing a business plan is to have a successful business.” A business plan is a very important step before creating a company. “Even if you have all the money you need, you still need a business plan.” When a business plan is successful it is a first assumption of a prosperous company but of course it is not the only condition. It defines all steps needed when establishing a new company. (Abrams, 2010, 3)

Before creating a business plan it is important to answer one major question ‘How to create a business?’ but before doing so it is inevitable to ask ourselves series of auxiliary questions that are creating the business plan itself. Those are questions such as who, what, when, why and where? When they are finally answered it is the right time to start writing the business plan. (Sutton, 2012, 11)

2.2 Purpose

“All businesses start from the same point: an idea. It is what happens to that idea that determines business success.” And a business plan is made to help those businesses to find a clear way how to use the idea to achieve a success. (Atkinson, 2014, 18)

The main purpose of a business plan is to have something concrete and written down when an entrepreneur needs to find a way how to get finances for a successful start-up. Most of the times the entrepreneur is finding investors who would like the idea of the particular business or needs to get a bank loan. But it does not always have to be only for the investors. “Writing a winning plan is necessary whether you need outside investors or not.” (Sutton, 2012, 5) It also sets goals of the business and describes all the steps leading to the success.

The purpose of a business plan can be divided into 2 units:

- The **internal** unit which is used by the owner as some kind of a plan of activities which should be followed in order to make the business successful.
- The **external** unit which is presented to the investors to get the capital which is needed.

But even though a business plan is not needed for the purpose of a loan (the lender does not need to see the business plan in order to give a loan) it is still very important for the starting business. It also shows how the entrepreneur should handle the finances. Only about half of all the new businesses survive nowadays and it is also caused by poor planning. This is strongly linked to the internal unit of a business plan because it shows the entrepreneur a clear way how to proceed in business. (Kiisel, 2016)

2.3 Types

There are several types of business plans and the division is made by several factors such as the activities of an organization, the purpose of doing the business plan, and many more.

2.3.1 According to the activities of the organization

Types of business plans can be divided into groups according to the types of activities of an organization. Those plans differ in a contents depending on various requirements for individual parts of a business plan. (Červený et al., 2014, 3-4)

- Logistics – orders, storage and distribution of products
- Manufacturing – making various types of products
- Distribution of finished products and services
- Provision of services

In logistics is very important to take into consideration various costs linked to storage, shipment, transportation or losses caused by spoilage of some fresh products (fruit, vegetables, etc.). Logistics and manufacturing have similar requirements in need for human resources and that has to be also included in a business plan. In manufacturing itself needs to be taken into consideration costs and types of materials needed in order to produce all the types of products. (Červený et al., 2014, 3-4)

When establishing a distributing company the costs for human resources are not that high but not always is possible to sell the products immediately after purchasing so there occur costs connected to storage, transport and possible shipment. When a company is providing services the costs may vary. The most important cost is to pay for the person who is going to perform that kind of service. (Červený et al., 2014, 3-4)

2.3.2 According to the purpose

There can be various purposes for making business plans. Important factors in this division are especially its function, motive or intention.

Business plan is made for existing company or new entrepreneurs. In this type of business plan the crucial role plays the fact, that a new company is being established so everything needs a detailed list of steps an entrepreneur needs to do in order to profit. The entrepreneur is the main user of this type of a business plan. (Červený et al., 2014, 8)

Business plan is made in order to make a new business partner. A typical example of this type of cooperation can be merge of two companies in order to make one stronger company. The main goal is to make a market position stronger, to gain more customers, creating access to new distributing channels or know-hows. The structure of this type of business plan would later depend on the type of a particular business partner who needs to be attracted to this idea. (Červený et al., 2014, 8)

Business plan is made for a purpose to gain finances. This type can be further divided into two groups and the division is made whether the financial institution specifically requires business plan or not.

When business plan is not required it is still important to make it because it will show the entrepreneur a clear way how to spend gained finances wisely. (Kiisel, 2016)

If the business plan is not required the financial institution usually have different requests in its structure. (Červený et al., 2014, 8)

2.4 Principles

When making a new business plan some principles should be followed because when it is presented to an external person it is very likely that they will have more plans to evaluate which are made for the same purpose of gaining finances. (Covello et al., 1995, 183)

Business plan should be innovative. It has to show that the new business is going to be somehow beneficial not only for customers but for society in general. It has to show that the new product or service is going to satisfy needs of customers better than until now. (Srpová et al., 2010, 60)

It should be understandable and deliberately concise. It should contain only relevant information written in simple sentences, sentences should not consist of too many thoughts, they should be logically and clearly divided. There is no need to overuse adjectives. All the necessary information have to be presented in a business plan. (Srpová et al., 2010, 60)

It should be well-arranged and logically structured. Thoughts and facts should logically follow each other, they should not stand oppose to one another and all the thoughts should have a truthful base. To make a business plan more readable it is possible to add tables and graphs. (Srpová et al., 2010, 60)

It should include real information and be written according to the truth. Under no circumstances there can be lies or fabricated information presented in a business plan. Everything needs to be supported with evidence. (Srповá et al., 2010, 60)

It has to consider all the possible risks. The business plan reflects the future. When risks are identified, considered and there is offered solution for prevention of all the risks the business plan gains more credibility. (Srповá et al., 2010, 60)

2.5 Structure

There is currently no binding structure of a business plan but various sources show its structure and it usually includes the same points. This structure is not obligatory, an entrepreneur can change it, but it shows all the important information and all the steps when creating a business plan.

2.5.1 The Title Page

The title page includes all the basic information such as name of the company, logo (if it already exists), name of the business plan, names of the authors, important persons, founders, the date of establishment, etc. Also it should include a brief description of a company, business character or form of financing and its structure. (DeThomas, et al., 2008, 4)

It is recommended to include statements such as: “Information included in this document are confidential and are subject to a business secret. No part of this document can be used, copied or multiplied in any way. No part of this document can be saved in neither printed, nor electronic form without a written consent of an author.” (Srповá et al., 2011, 15; Koráb et al., 2007, 36)

2.5.2 Contents

Even though this part is sometimes neglected in business plan, it is very important to include it in the document. Not only the searching is easier after putting it in but it can also annoy the readers when they need to find something really quickly in the document. It should not be too long (one – one and a half pages long at maximum). (Koráb et al., 2007, 36; DeThomas et al., 2008, 4)

2.5.3 Executive Summary

As Rhonda Abrams in her book at the beginning of this chapter foreshadows: “If they don’t get it at first, they won’t get it at all.” it is clear that this part of the business plan is the most important. (2010, 53) Also it is recommended to write this part at the end of creating a

business plan because all the facts, purposes and aims are known at the end and this method makes the work easier.

This part is very important especially when the company seeks means of financing. That is because the investors and loan officers are usually very busy so they read this part first so they can get to know the fundamentals of the company much faster. Sometimes investors do not even want to see other parts but only the executive summary at first. When the summary catches their interest, they ask for the rest of the document later. (Ochtel, 2009, 118)

But even though this part should be interesting and get the attention it still needs to be based only on true facts. The author needs not to make things up but only to highlight all the information which makes the company special and worthy. (Abrams et al, 2007, 17)

The executive summary should include the main intention of a business plan, strengths of a company, main expectations or an outlook for the future. The main purpose of an executive summary is to provoke curiosity in readers so they want to proceed in reading the whole document. (Koráb et al., 2007, 36)

It should answer all the questions the reader may ask:

- Does the concept of the business make sense?
- Was the business activity properly planned?
- Is the management capable enough?
- Is this company going to fill a gap in the market?
- What does this company have better than the competition?
- Are all the plans realistic?
- Is this business going to be successful and why?
- Is the investor going to get the money back?

If all the questions are answered it is a first sign of a successful business plan.

2.5.4 Description of a Company

It provides all the basic information about the company. The main purpose of this part is to provide all the important information about the activities that company performs and about its legal status. This part should not be very time consuming and unlike the executive summary its purpose is not to attract the attention. It only shows the basic information and important facts. (Abrams et al., 2007, 27, Fiore, 2005, 47)

This part should consist of name and location of a company, information about the owners and their legal status, possible history of a company, all the phases and important turning points, the description of a product or a service, the description of a market sector in

which the company is going to function, it should include all the information about future financing, etc. (Abrams et al., 2007, 27-40, Fiore, 2005, 47)

2.5.5 Industry Analysis

In a business plan is very important to show the knowledge about the company's environment, because of all the possible opportunities but also threads. There are two types of business environment and they are called micro and macro. To differentiate between those two types, a company is unable to influence the macro environment and able to influence micro environment. (Koráb et al., 2007, 80, 216)

As it was already mentioned macro environment cannot be influenced by a single company. One of the ways how to analyze a macro environment of a company is to do a PEST analysis which analyzes political, economic, social and technological environment of a company. (Fullen et al., 2006, 77-78)

A micro environment on the other hand can be influenced by a company itself. Its analysis is made in order to get to know the target market. The most important factors of a micro environment are customers, competitors and suppliers. (Srpková et al., 2010, 62-63)

When it comes to customers every starting business has to do an analysis of potential customers. The main purpose of making a customer analysis is to make a proper segmentation of customers to whom the company is going to sell the products or offer services. The segmentation of customers will really help in future advertising, selling and communication with the customers itself. (Abrams et al., 2007, 43-56)

Every company needs to know its competition. If the competition is too weak it is very easy to enter the market. But if the competition is very strong the company needs to figure out why is better than the other companies, why its products or services are better than the others' or why there is still not enough companies present in the market and needs to find evidence to put it inside the business plan to convince the reader that the company is still worth founding. (Fiore, 2005, 153)

The third factor of a micro environment mentioned above is suppliers. They are very important especially in manufacturing business or logistics. The entrepreneur has to do a thorough analysis of suppliers before buying any materials in order to find the best one. There are many determinants in a question of who might be the best supplier. Those questions involve price, shipping period, pay period, reliability, quality, etc. (Koráb et al., 2007, 81-82)

2.5.6 Strategic Position and Risk Assessment

At this part of a business plan an author needs to list all the possible risks that may affect the business but also needs to come up with strategic solutions how to prevent those risks from destroying the possible future of the company and that makes the business plan more reliable and trustworthy for the reader because not only the company realizes that there might be obstacles but also knows how to fight through them.

As Rhonda Abrams states “Strategy is destiny.” (2010, 133) it shows that the strategy is very important part of planning. It shows all the ways how to make the business different than others. In this part an entrepreneur has to put down all the advantages of the company and use them as a tool to make the company worthy.

2.5.7 Marketing and Sales Plan

It is very difficult to sell anything without a good marketing strategy even though the product or the service is the best in the whole market. Marketing and then sales are very influential in a future success of a company. That is because people would not even know about it. Every product or service needs proper marketing and sales plan in order to sell it and it is up to the entrepreneur which strategy is he or she going to use. If the marketing plan makes sense, it is a first sign that the product will succeed in the market. (McKeever, 2014, 178)

Marketing strategy deals with three types of decisions:

- The choice of a target market
- Determination of a product’s place at the market
- Decision of a marketing mix

The best way how to choose a target market is to do a market segmentation. It means that the company is going to establish the target group on which it is going to focus when advertising. The market segmentation will help the company in focusing on particular group of customers in order to choosing the right marketing strategy and the right marketing tools.

When the market segmentation is done it is the right time to determine the right place of a product at the market. It basically means that the company has to determine where to put the product within the market, how to make customers know about the product and how to differentiate the product from the other similar products offered by competition. When determining the product’s place in the market there should be three steps followed. It is important to identify the possible advantages of the product that the competition does not offer, to choose the strongest advantage of the product that is definitely not offered by the

competition and then it is important to choose the effective way how to promote this advantage for the customers. (Weinstein, 2013, part 1)

After the product's place in the market is determined, the decision of a marketing mix follows. Marketing mix includes tools which are connected to each other. There are a lot of types of marketing mix but according to Tobias Richter it includes 4 elements:

- product,
- price,
- place,
- promotion. (2012, 25-44)

For the purpose of business plan product is the most essential part of marketing mix and all the other parts (price, place, promotion) are supporting the idea of the product to succeed in the market. Basically they represent the means to success. Business plan should deal with several questions linked to product such as which products is the company going to introduce to the customers and their life cycle, how long is the product going to be offered in the market, how is the product going to be designed, packaged, how long the warranty is going to last, etc. (Lamb et al., 2011, 47)

Setting the price is very important for the future selling of the product. If the price is too high, the customers are not going to be able to afford it and if the price is too low, the quality of the product may seem very questionable so the company should find the happy middle way. There are several factors each company has to take account of before setting the price such as costs, demand, competition, the phase of the life cycle the product is in, etc. The price should be as high as it is going to keep the company alive so it is not below the price level of the costs. (Madura, 2007, 472-485; Srpová et al., 2011, 24-25)

Next element of the marketing mix is place. It means which distribution channel the company is going to choose. If the company is going to sell the product to the end customer itself or if it will choose some types of distribution channels. When the product is more expensive, it is custom-made or the company has small range of potential customers it is better to sell the products by itself. Otherwise it better to choose some distribution channels such as retail, wholesale, brokers, online shop, brick and mortar shop, franchise, etc. (Kotler et al., 2010, 76)

The last 'P' in the '4P' model is promotion. As Jeff Madura in his book states promotion "is the act of informing or reminding consumers about a specific product or brand. They can use promotion to increase the demand for the product and thereby increase the value of the

firm”. (2007, 527) It means that promotion is very important in order to make profit. There are several means of promotion for example advertising, direct marketing, public relations, sales promotion, personal selling, online marketing, etc and their main role is to inform the customer about the product and it is up to each company which way of promotion it is going to choose. (Srpová et al., 2011, 26-27)

Even though marketing and sales plan are strongly connected to each other it is not the same thing, actually they are very different. The main difference between them is that the marketing plan is more general than the sales plan. Marketing activities are made for the customers to get to know the product or service and to tell about the advantages connected to it. It includes advertising (newspapers, TV, radio, ...), creating leaflets, web presentations, public relations or various kinds of events. Sales strategy is more focused to the potential customer. It includes offering the product or service and convincing the customer to the purchase during the direct sell. Among sales activities belong activities such as personal offerings at home or within a workplace, telemarketing, e-shops, e-mails or meeting with the customers. (Abrams et al., 2007, 75-84)

2.5.8 Operation and Technology Plan

The aim of this part of a business plan is to show that the company is going to be capable of ‘living’. As Rhonda Abrams in her book states: “Ninety percent of success comes from properly executing the fundamentals.” (Abrams, 2010, 179) The Operation and Technology Plan should include information about the place where the company is going to perform its activities and what type of equipment and technology it is going to be using, if the business is going to be manufacturing there has to be a production thoroughly described and all factors of it included, the business plan should mention how the company is going to keep track about the stock and how it is going to do inventory controls, how the production is going to be supplied and how the products will be distributed. (Abrams et al., 2007, 86-96; Abrams, 2010, 179-214; Červený et al., 2014, 155-158; Srpová et al., 2011, 27)

The place has to be designed for such activities the business will perform. It is maybe the most essential component of an operation plan because everything is linked to the location. The place should be rationally chosen regarding the type of business activity and all the factors should be taken account of. It has to be safe enough for the employees, it has to be strong enough if the heavy machinery is needed and there has to be enough space for performing these activities. (Abrams et al., 2007, 86-96)

Considering the location itself a type of business activity is crucial in decision and series of questions has to be asked. For example when running a retail the location should be in a place that will attract as many customers as possible, if the business is manufacturing not only there has to be enough space for heavy machinery and for employees but also for transportation and access for the supplying. (Červený et al., 2014, 155-158)

Another important aspect linked to the place is lease. Every business has to consider if the term of a lease are advantageous. The rent should be on a fair level, if the contract is for a very short time it can cause future problems to the business because if there is heavy machinery presented, moving all of it will cost a significant amount of time and also money. (Abrams et al., 2007, 86-96)

The company has to decide what type of equipment and what technology is it going to be using in all the operation processes. When the company is going to be manufacturing the products the operational plan focused on equipment and technology will be more consistent than for example in the accountant's office. Another thing which should be taken into consideration is whether the equipment and technology are modern enough to keep track with future development of a company. It would not be very beneficial to buy new equipment every year. (Duening et al., 2014, 170)

2.5.9 Employees and Management

One of the most important aspects of operational plan is setting the right number of personnel and their qualification requirements. How many employees is the company going to need for proper functioning and how qualified should they be for the job. These information will vary considering various types of companies for example a manufacture will need more employees than a company providing services. (KcKeever, 2014, 193)

When it comes to the management in a starting business, the manager of the company is usually the founder. But if the business plan is created for the purpose of getting a loan the investor has to make sure that the founder has qualities, education or experience required for running a business. If not the founder would need help from more skilled person with keeping the company 'alive'. "Overwhelmingly, the quality of the people determines the success of the business". (Abrams, 2010, 2015)

For the purpose of making a business plan only the most important people should be included. The most important people are those, who are able to make decisions linked to the business performance. There should be a mention about their experience, education, strengths and also the lack of strengths in a business plan. (McKeever, 2014, 190-191)

The next thing regarding employees and management which should be included in a business plan is their wages/salaries. The amount of wages/salaries should be high enough to keep the employees in the company but not too high so the company is going to be able to afford to pay them. (Sellars, 2009, 33)

2.5.10 Future Development

This part of a business plan includes several steps. The company should define all the long-term goals, set all the future milestones, develop a strategy which is going to make all the goals achievable, make a risk evaluation and create an exit plan. This part is particularly important for the outside investors because if they will invest money into some project they need to know how much they are getting in return and in what time range.

(Abrams, 2010, 249-266; Fiore, 2005, 31)

First step of this part is setting long-term goals. All of them have to be achievable, specific and in smaller businesses the company's and the entrepreneur's goals are usually strongly linked to each other. There are several questions which should be asked when the goals are being set for example: "How is the company going to look like in a year? In five years? In ten years? How much money is going to be earned?" etc. But when the goals are being described they should be as specific as possible and should include topics such as the amount of sold products, how high the profit should be, how many employees and workplaces will the company have, how many products are going to be offered, etc. As it was already mentioned in a case of a small business the goals of a company and the entrepreneur are supposed to be connected for example it is impossible to build a gigantic company when the entrepreneur's main goal is to have more free time. So the goals have to be logical as well as the other aspects. (Abrams et al., 2007, 114-116; Abrams, 2010, 250-252, Fiore, 2005, 47)

The second step of this part is to "consider what business strategy will take your company from its present situation toward your long-term goals". (Abrams, 2010, 252) The company should develop two kinds of strategies: short-term and long-term. Short term strategies are usually being realized in two years. They are usually not that complex than the long-term strategies. An example of a short-term strategy is a plan of creating a new product the company will sell/produce. Long-term strategies are on the other hand more complex, they include wider range of business factors and can serve as a tool to achieve more goals at the same time. An example of a long-term strategy can be to make the marketing strategy fiercer in a time range of 5 years that it will make the company more well-known and that it

will raise the profit and the amount of sold products. (Abrams et al., 2007, 117; Abrams, 2010, 252-255)

It is also very important to set milestones that are desired to be achieved in the future. Unlike goals, the milestones should be more specific, for example when the goal is to increase the amount of sold product the milestone on the other hand should include a concrete information about the amount. For example in three years the amount of sold products will be a thousand per month or the amount of sold products will increase by three hundred sold products per month. Milestones also very often include dates that something is going to be achieved by the end of next fiscal year for instance. Sometimes the company already has achieved some milestones even though it is a start-up business. In that case it is very important to include them into the business plan because the investor can see the determination the entrepreneur has for his/her business this way and would rather want to invest in it. (Abrams et al., 2007, 116-117; Abrams, 2010, 255-257)

It is inevitable that the entrepreneurship carries a lot of risks with it. It is up to every entrepreneur to evaluate them before it is too late so the entrepreneur can make himself prepared for them and let the investors know that he will know what to do when the obstacles get into way. In this part of a business plan all the potential risks should be listed and also steps that are necessary to take in order to prevent the risks from destroying the company. The potential risks for the company are for example that the competitors can lower the prices of the similar products, the target group of customers can change their preferences, the economy might change in a way that it would affect the business in a bad way or the material prices would rise, etc. (Abrams et al., 2007, 118-119; Abrams, 2010, 257)

Not only for the investor but also for the owners is the exit plan very important. The investor is looking for ways how to get the invested money back and the owner should have the 'escape plan'. The exit plan is very helpful in case of multiple business owners so it would prevent future conflicts. (Abrams et al., 2007, 120)

2.5.11 Financial Plan

This last part of a business plan is considered to be the most important one especially for the investors. Usually the investor skips all the parts of a business plan and starts to read this one because he wants to know when he is going to get the invested money back. The financial plan shows to the reader a clear idea of how the entrepreneur going to get money, how is he going to spend the money and how much does he expect to get from the investor. (Covelo et al., 2006, 150) The Financial Plan includes:

- Income Statement,
- Cash-Flow Projection,
- Balance Sheet,

If the company needs outside financing:

- Sources and Use of Funds,
- Break-Even Analysis,
- Start-up Costs.

The Income Statement summarizes the amount of earned and spent money. The total amount shows whether the company is successful and is making a profit. The Cash Flow Projection is one of the most important financial analysis. It describes how much money comes to the company and how much money goes away. These 'flows' show whether the company has enough money to pay the bills. The Balance Sheet shows the total value of a company. This financial statement is more abstract than the previous two because the value is less measurable than the profit or cash. These are three most important financial statements the company needs to make for successful future development. But it is not essential to make those statements when the company is still in its start because it usually does not have all the information available to make those statements. (Koráb et al., 2007, 88-89)

Sources of Use and Funds reflect how the entrepreneur is going to obtain money needed for successful start-up and how is he going to use them. The investors will be more than curious to see this part because it is made especially for them. Break-Even Analysis reflect the moment when sales surpass costs and the company starts to be profitable. It is being calculated with the Break Even Point and to make it clearer it is possible to demonstrate it with a graph. The Start-Up Costs show how much money is needed for successful start so this information is primarily intended for the investors to read so they know how much money the company is going to need. (Srpová et al., 2011, 28-30)

3 SUMMARY

The theoretical part of this Bachelor Thesis described all the information connected to the topic of business and business plan. It can be divided into two parts. First part talked about business in general and the second part focused on business plan in particular.

Firstly there was clarified, what business is exactly about, what does it mean to ‘do business’ and what goals are supposed to be achieved by it and who is the person who engages into a business activity – the entrepreneur. Then all the business entities were described, both physical and legal. This part also stated under which condition is it possible to create a physical or legal entity. Then some advantages and disadvantages were listed.

As it was already mentioned the second part focused mainly on the business plan. The business plan itself has been described, for what purpose it is made and some types of a business plan and the main principles when writing a business plan were listed. Very important part is the structure of a business plan which provides with all the steps and information needed when creating a business plan.

II. ANALYSIS

4 BUSINESS PLAN

The main purpose of this business plan is to get outside investors specifically to get a bank loan in order to get the capital needed for successful start of this company. The company is a manufacture so all the parts of a business plan are made according to the requirements connected to this business activity.

4.1 Basic Information

Name of the company:	Special shoes, s. r. o.
Entity:	Legal – Limited liability company
Location:	Slunečná 4555 760 05 Zlín
Owner:	Jan Novák
Ownership:	one 100 % owner
Contact information:	novak8765@yahoo.com
Capital:	500 000,-- CZK
Date of establishment:	1. 1. 2017
Business activity:	Production and sale of specialized footwear

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4.2 Executive summary

The business plan reflects the attempt to establish a company called Special shoes, s. r. o. which has a great potential to be successful. The main reason why the assumption is this optimistic is that the product which is going to be produced and sold by the company is very unique and the competition within the Czech market is very weak at the moment. The company already knows that the customers are interested in the product and according to a verbal agreement between the customers and the company they are going to make orders from the beginning of operation.

The product is specialized footwear mainly designed for diabetics but the specification does not apply only on them. It also can be used for the reduction of symptoms of some orthopedic discomforts, for people who are putting too much pressure on their feet but it can

also be used by regular people because all the shoes are very comfortable. The price of the product is not too high so it is affordable for all regular citizens and yet the company is going to make profit while selling the products.

There are all plans and analyses included in the business plan needed in order to determine whether the project is going to be successful and all of them have really great results. There are also all potential risks included and all the strategies planned in order to prevent the possible destruction.

Overall the project shows very good results mainly because of the uniqueness of the product and the production process. The costs are not very high and the profit on the other hand is high enough in order to pay all the costs. In case of threads the company developed strategic plans how to prevent the risk of the fatal ending.

4.3 Description of a company

Special shoes, s. r. o. is a company which is manufacturing and selling specialized footwear mainly for people with diabetes. There is a lack of companies producing footwear suitable for people who are experiencing any kind of an orthopedic discomfort, suffering with diabetes in the market and Special shoes, s. r. o. wants to fill this gap. It is unfair for them that they have to suffer with this horrible disease and also they have to suffer with shoes that are not fashionable and everybody can according to the footwear tell that the person is a diabetic. Special shoes, s. r. o. wants to make a difference.

The biggest strength of Special shoes, s. r. o. is the product. There are so many shoes available in the market but only a few of them are specialized. Not only the product has special qualities, it also has a great design and the shoe does not look that it is made for people with some kind of a problem.

The good thing about this company is that even though the shoes are mainly designed to fulfil all the requirements for the needs of people with diabetes the shoes can be used by everyone whether they are healthy or not, young or old, female or male, etc. On the contrary, people can prevent series of orthopedic problems or various discomforts, by wearing this type of shoes.

The company will operate in Zlin region because this region has a long tradition in shoe making business. The tradition goes back to Tomas Bata who established a shoe making company there and made Zlin an industrial city. Even though this tradition faded away after this long time, there still remain roots of shoe making industry and there is still a lot of companies which operate in this industry.

4.4 Industry analysis

It is very important to make an industry analysis which will focus on micro and macro environment of a company.

4.4.1 Macro environment

Macro environment is an environment which cannot be influenced by a company. The best way how to analyze it is to make a PEST analysis which analyses political, economic, socio-cultural and technological environment of a company.

Political

The political environment influences the company in very good way because the Czech and European government is giving grants to some companies which engage in health industry and are somehow beneficial for the society so this reality can be very helpful when financing the production.

Economic

The economic conditions are both good and bad at the same time. It is mostly connected to the unemployment rate which is 5,9 % at the moment in CR. The good aspect of this reality is that thanks to the fact that the level is very low these days, people have stable incomes and are able to put money into things that are not directly connected to the products needed to satisfy basic human needs (food, shelter, clothing, etc.). Another economic aspect which means advantage for the company is the inflation rate. The level is 0,4 % and for the customers this means that the product is not going to be too expensive for them.

The negative side of economic environment is, as it was already said, again connected to the unemployment rate. There is a lack of capable human labor in the Zlín region. The unemployment rate in our country is very low – 5,9 %, in Zlín region the rate is even lower – 5,7 %. It means that in labor market there is bigger demand for human labor than the supply and it is very difficult for companies to find skillful employees these days. There is higher demand for the employees in the labor market than the supply and this situation mostly influences the company's ability to find capable workers in order to be able to produce enough products.

Socio-cultural

People in CR and worldwide in general are starting to understand the importance of health so they tend to invest more money into health care nowadays. They learned that the prevention costs a lot less than the treatment so they started to put their money to prevent various health conditions including wearing proper footwear.

Also the increase of people suffering with diabetes is enormous. The increase is caused by unhealthy lifestyle, bad quality of food or lack of exercising or walking – everybody has a car nowadays. The food making companies are trying their best to save money so they put not healthy ingredients into the food and people not knowing this fact blindly purchase these products because they are cheaper than the healthy ones. This factor is very bad for society but really good for the company at the same time.

Technological

The technological environment influences the company very much and at this moment the situation is very positive for the company. The mechanical engineering in the Czech Republic is not stagnating, on the contrary it is developing. Actually the technology nowadays is so advanced that the production processes are so much faster than it was in the past, there is no need for hiring the same number of blue-collar workers as the number of machines because in some cases one worker can operate with two different machines and also thanks to the power of Internet there is no need to print too many promotion materials, everything can be put into the websites or the Facebook account and it means that the company will save a lot of money on promotion.

4.4.2 Micro environment

It is very important to know the target market in other words location of the company. The most important factors of a micro environment are customers, competitors and suppliers.

Target market

Special shoes, s. r. o. will be focusing mainly on Czech market from the beginning. There are lots of diabetics who need special products. Even though the company will operate in Zlín region it wants to sell the products everywhere around the Czech Republic, thanks to the fact that the products are not difficult to handle. The distribution of a post office in CR will be able to cover the whole area for a reasonable price.

Customers

The target group of customers are mainly patients experiencing some orthopedic discomfort which is not in the final stage yet, where the only treatment would be a surgery, diabetics, pregnant women, seniors and working people who put too much pressure on their legs during their working days such as waiters, waitresses, shop assistants, mailmen, etc. This part is further described in Market segmentation.

Competitors

The prices of product from foreign companies are really high, approximately 2 500 – 5 000 CZK and that is the main reason why those companies do not export their goods into the Czech market.

The lack of competition within the Czech market can be listed as one of the biggest opportunities the company can have. There is only one major competitor and that is company which started in Zlin as well and has a long tradition called Baťa. This company is mainly focusing on fashion shoes but is producing shoes for diabetics as well and this program is called MEDI. The price of the products varies according to the type but it is around 1 500 CZK for a pair but the shoes are not very popular among the customers because of the design. Also there are several foreign competitors present in the market especially from Germany but their products are way too expensive for Czech citizens.

Suppliers

The materials are going to be purchased from the companies which are operating in Zlin region but all of the products are exported. The leather is going to be purchased from the suppliers who are cooperating with the exporters from Italy, the sole material will be from Poland because it is cheaper and the quality is better than from the Czech companies and other materials will deliver companies from Zlin who are again purchasing the materials from the export.

4.5 Strategic Position and Risk Assessment

The biggest weakness of the company is that it is not able to fully complete the manufacturing process. Specifically it is not possible to do the sewing. The reason for it is that the costs connected to this particular part of production are too high. There is need for a whole sewing manufacture and these costs connected to the number of extra machines and employees would return in form of a profit when the number of produced goods would be very high but in this case the manufacture may not be able to produce that amount on time and the delay in delivering would be too long.

In this case the best strategy how to eliminate this weakness is to find a sewing manufactory or even couple of them which would be doing all the sewing in cooperation that needs to be done on every single shoe. The costs connected to this solution are going to be put into the variable costs per each pair and it is going to be reflected in the price calculation.

The fact that there is a lack of skilled human labor in Zlin region is going to be slightly difficult to prevent but nothing is impossible. The company will hire workers even with no experience because the owner will teach everyone how to do the craft. As it was already mentioned the owner knows everything about the company, the production process included so it is no problem for him to train even beginners. What he wants in return is hard work so from the beginning the employees will start at lower wage and if they will be learning fast but working hard at the same time their wage will rise from paycheck to paycheck until it reaches the amount which would be set from the start in the contract.

Also the company can be threatened by bad conditions in the Czech-Russian cooperation due to political or economic factors which would make the export impossible. The strategy how to prevent this risk is to improve a marketing strategy connected to the Czech market and to find more customers within this country.

4.6 Marketing and Sales Plan

A successful Marketing and Sales Plan is made by several steps. Firstly it is crucial to make a market segmentation of the customers because the marketing strategy has to be chosen accurately to the characteristics of the target group of customers so it would be the most effective. Then the company has to decide where to put the product within the market and finally there comes the decision about the marketing mix.

4.6.1 Market segmentation

A proper market segmentation is made according to several factors. The most important factors connected to this business plan are geographical, demographical and socio-economic and all of them will be further analyzed.

The geographical factor of market segmentation takes into consideration the location customers live in. The company wants to penetrate the Czech market at the first place so the Czech citizens would be broader group of customers. But to be more specific the manufacture is located in Zlin so naturally people who live in Zlin region will be influenced the most but the promotion will cover the whole area of Czech Republic and thanks to Česká Pošta, a. s. the distribution would be very easy. Also there will be several contact places around the whole republic specifically in Prague, Brno, Plzen and Breclav. They will be described in the next part of the Marketing Plan called Marketing Mix. To summarize this part, the target group of customers according to the geographical factor are all people living in Czech Republic but especially from Zlin, Prague, Brno, Plzen and Breclav regions.

The demographical factor of segmentation takes into consideration the age, gender, marital status, etc. In this case it is important to divide the customers into three major groups and those are:

- people experiencing some kind of an orthopedic discomfort,
- people suffering with diabetes,
- pregnant women.

First group of customers – people experiencing any kind of an orthopedic discomfort can be people of all ages or genders but mostly elderly population. An orthopedic discomfort have several levels of seriousness. Among the lighter levels of seriousness are all types of pain – knee, back, ankle, foot, joint, etc., bad posture – caused by scoliosis, height, weight, etc. or any type of light injury. More serious problems have to be treated with an expert but these products can help with the prevention or even treatment. For example it is recommended to wear this kind of shoes during the surgical recovery. To put this group of customers into numbers it is important to note that even though young people can be disabled with any type of an orthopedic problem, the appearance of those problems among older generations tend to be more frequent. In this group there are mostly people who are from 45 to 99 years old, gender is not specified in this case.

Very big group of customers are diabetics. The exact number of them is not known but there are more than 800 thousand of them in the Czech Republic at the moment and their number increases enormously each year. Diabetes mellitus is a disease which is caused by unhealthy lifestyle, obesity and genetics. People suffering with this disease are in any age group but most of them are from 45 to 65 years old. The gender does not play a significant role here. But there is a really small selection of the shoes suitable for them in the Czech market and the exported shoes from foreign countries are too expensive. The reason why diabetics have to wear specialized footwear is that they have neuropathy. It means that the blood circulation in their body does not work properly and in later stages they do not even feel their feet.

The third group includes pregnant women as potential customers as well because they are experiencing a specific discomfort as well. Their body weight rises thanks to the baby, their feet are swollen and they can have a back pain. In this group there are only women especially in the most productive age from 25 to 38 years.

Socio-economic factors are linked to the type of job and the level of income. This group consists mostly of people who have very active jobs and are putting too much pressure on their legs during the working days. These jobs especially include waiters, waitresses,

mailmen, shop assistants or any other occupations where people are forced to walk or stand at all times. Naturally these people need to wear comfortable and healthy shoes so they would prevent several orthopedic conditions. This factor does not take into consideration gender but when it comes to the age there are mostly younger people of the age group from 25 to 40 years.

To conclude this part all the specifications will be put together in order to create one main target group of customers. The target group of customers are people from the age of 40 to 65, diabetics, pregnant women, all the people with an orthopedic condition living in Zlín, Prague, Brno, Plzeň and Breclav regions.

4.6.2 Market place

When putting the product in the right place within the market it is important to realize all the qualities of the product that competition does not offer, then one major quality has to be chosen which differentiates the product from all others and finally this quality needs to be properly promoted.

The place within the market is among healthy products. The main advantage of the product besides being healthy is that the design does not look like the design of a healthy shoe which makes it unique. Another thing which makes this product special is the size range. Men's shoes are made up to the size of 50. This service is not provided by many shoe making companies and if it is, the price is very high. In case of this company the price stays the same even in these large sizes. Also the customers can pick from all the color selection. The colors are not bound to the model but can be different according to everyone's taste.

4.6.3 Marketing mix

The marketing mix consists of 4P's: product, price, place and promotion and all of them are going to be described.

Product

First and the most important P is product. All the other parts of marketing mix are important as well but without the product there would be no need for them. The products which are going to be sold by the company are specialized shoes. Their biggest advantage is that they are healthy. All of them are certified and are made according to regulations. The shoes are produced from real cow leather and the quality of all the materials is very good. There are currently 8 types of shoes. Four of them are designed for men and another four for women. Each type has different design than another one but yet every one of them still corresponds with all the regulations. All 8 types are presented in the table below.

Tab. 1 List of products with pictures

FOR MEN		FOR WOMEN	
 Boston	 Daniel	 Jana	 Jana stretch
 Leon	 Walker	 Marketa	 Patricie

Source: own creation

This wide selection of products is very beneficial for the company because it can meet everyone’s taste. The big selection of products provides the customers with a wide range of choices. They can choose from 8 models, 4 of them are made for women and 4 for men.

The production is not serial, it is individual. This means that the customers can choose color of the leather according to their taste. Individual products are not going to be offered only in one color implementation but in many.

Another advantage of the product is the wide range of sizes. The men’s shoes are made up to the size of 50. This service is not provided by many shoe making companies and if so, the prices are very high.

Price

In order to make profit the price of the product has to be higher than the price of the costs. The company is selling only one product but in two different variations which are designed for men and women. According to the cost calculation of a product which is included in the Financial Plan the price of men’s shoes is 1 599 CZK and for women’s shoes is 1 499 CZK. The price of the products is not that high so customers can afford it and yet it is lower than the price set by the foreign competitors and it is more or less the same as the price set by the Czech competitor.

Place

The products are going to be sold directly from the company to end customer or to small shops which will be selling them to the end customers. The reason for this is that the company will produce only the amount of products ordered by customers. There is not going

to be any supplies in the storage because it would cost a lot of money and there is a potential risk that the products from the storage would never be sold or it would take a long time to sell them. The reason for this is that the company will produce all the goods only based on the orders and all the customers have not the same taste. And that is not good for the goods to be stored for the long time because the materials could go out of date and the quality would go down significantly. All products will be delivered to the end customer directly through the Post office.

Also there will be several contact places the company is going to be using in some of the bigger cities – Prague, Brno, Plzen and Breclav. In these cities there are shops with orthopedic equipment and healthy shoes and they agreed to sell products from Special shoes, s. r. o. The products of the Special shoes, s. r. o. will be displayed in those shops and the shops will be making orders and having the products in stock so the customers would be able to purchase them at the spot but sometimes it is possible that they would not have the particular type in stock so they would be making orders according to the specific needs of the customers. Then the products will be delivered to the particular contact place and the customers will be able to pick them up from there. Of course the prices will be slightly higher in this case because the owners of those businesses would not want to do it for free so they will agree on a suitable price with Special shoes, s. r. o. List of companies selling and cooperating with Special shoes, s. r. o.:

Tab. 2. List of customers

City	Company
Prague	Motol Hospital
Brno	Regeco spol. s. r. o., Columna centrum, Obuv Maxam
Plzen	Zdravotní pomůcky M+K, Zdravotnické potřeby U Pošty
Breclav	Martina Bačíková – BAKARA

Source: own creation

The estimated total number of orders from all the Czech customers is around 200 products per month from the beginning of the business activity. The company and the customers expect that in the future the number will be increasing according to the customers' interest.

It is also very important to mention another main customer who will be making the majority of orders per month. This company is operating in Russia, it is called Medortex and will be the direct distributor of Special shoes. This company is extremely interested in this product and wants to penetrate Russian market with it as soon as possible so the second after

the company is established they are going to place an order according to the verbal agreement between the customer and the company. The estimated number of ordered products is 3 600 each 6 months for the first 3 years.

Promotion

The promotion has to correspond with the target group of customers in order to be as effective as possible. The target customers are people from the age of 40 to 65, diabetics, pregnant women, all the people with an orthopedic condition living in Zlin, Prague, Brno, Plzen and Breclav regions.

The company will use promotion through the Internet but because of the age of target customers it cannot be the only medium. Special shoes, s. r. o. cooperates with an external graphic designer who will be making all the promotional materials for a reasonable price such as website, fliers, posters, etc. There will be websites and the Facebook profile used as a promotion device.

The Business Manager is going to be in charge of most of the types of promotion. He will be the main administrator of the Facebook profile where has to be some kind of an action at least 3 times a week for example a new status or a picture needs to be added. He will be in charge of the design of the websites and all the promotional materials and will be cooperating with the graphic designer.

Because of the fact that the target customers are people with some kind of an orthopedic problem and diabetics, very good place where the company can address those people is in doctors' offices especially in orthopaedic wards and centers designed for helping patients with diabetes. The orthopaedic ward or an Orthopaedic surgeon's office are very frequent in every bigger city and there are several centers designed for helping diabetics located almost in every bigger city as well. It is important to put as much promotional materials into those facilities as possible because when people are waiting for a doctor's appointment in their waiting rooms usually they are bored and want to have something to read there. This way of promotion kills two birds with one stone. It entertains patients while waiting for a doctor's appointment and attracts new customers at the same time.

When it comes to the Russian customer all the promotion and marketing is going to be performed by the company Medortex directly in Russia.

4.7 Operation and Technology Plan

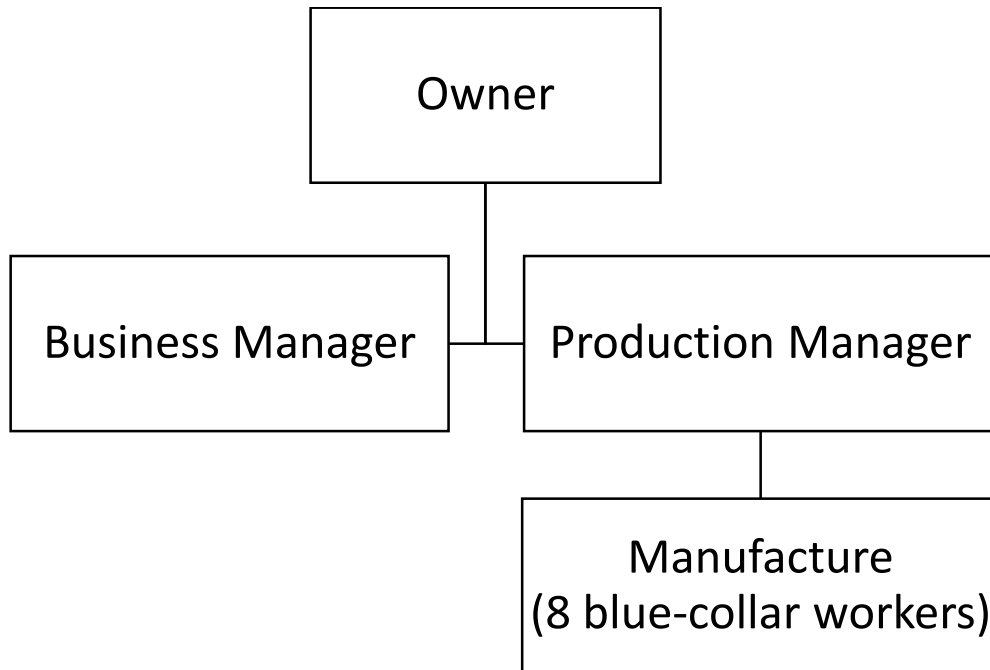
There are several requirements for the location. The location has to contain manufacture, storage room and the office. The company is going to be producing so the manufacturing

room has to be big enough to hold 10 machines with a worker operating one or two of them. Storage room does not have to be very big but there will be the material and the finished products stored in and one office for 2 employees which has to be located near the manufacture because of the ordering system which will be described further. Also the manufacture cannot be located in higher floor because of the heaviness of the machines. For those purposes company chose an 800 m² area in Zlín, more specifically in the industrial area called Svit, where nobody can be complaining about the noise.

For the purposes of Operation and Technology Plan it is very important to describe the process of production. The customers can make an order three ways. Either in person directly in the company or in contact places around the republic the company is cooperating with – Prague, Brno, Plzen or Breclav, via telephone which will be located in the office where has to be an employee presented at all times or via e-mail. When the employee gets the order the next step is to itemize the order and write down the type, color, size and quantity to the table which was specially made for faster orientation. When it comes to the production itself all the manufacturing processes are following each other according to all the technological regulations using semi-automatic machines. When the order is produced next step is distribution. As it was already mentioned the distribution will be made through Česká Pošta, a. s. Before any order is made it is very important to ask the customers about their address so the products can be delivered to the right place. The production process will take about 2 – 3 weeks so sometimes can happen, that the customer will not want to wait that long and it is possible that the order would be cancelled. For these purposes there is the storage room. Only the products which will be not wanted by the original customers will be stored because the company will not be making the stocks. All the products from the storage room can be sell to another customers to avoid the waiting period.

4.8 Employees and Management

Tab. 3 Company hierarchy



Source: own creation

The owner of Special shoes, s. r. o. is Jan Novák, he owns a 100 % of the company and will be employed in a company and have a salary. He knows everything about the company. He is familiar with the production, the marketing strategy and the distribution. The owner will be the head of the company and will make all the decisions connected to the business. From the beginning he has to teach all the employees how to do their job properly, he is going to be supervising everyone until they are ready to do all the activities on their own.

There will be 2 white-collar workers. First one – Production Manager – will be in charge of everything connected to the right functioning of the production and the second one – Business Manager – will be in charge of everything connected to sales such as marketing, orders and distribution.

Production Manager will make sure that there is enough material needed in order to produce right amount of products according to the number of orders. He has to keep track of all the purchases and the consumption of the material. Also he will be supervising the manufactory and all the blue-collar workers. For this job the person has to have a driver's license type B and his own car because he will be carrying the material and the company is going to pay for all the expenses connected to the travels.

Business Manager will be dealing with everything connected to the sales. This person has to be in the office in case customers would call the company when making an order. He

will be dealing with all the business e-mails and phone calls, once the order is made he has to itemize it for the production and then put it to the manufacture. Then there is marketing. The company needs to be seen by the eyes of the society and the best means how to achieve it are websites and the Facebook profile. The Business Manager will be in touch with the external web designer and will be in charge of the right functioning and the proper design of the websites and the Facebook profile. It will be necessary to find new customers in person from time to time. For this reason this person has to have a driver's license type B and a car as well because the best way how to find new customers is in person so he will be going on business trips around the republic and selling the products directly to the customers. All the expenses will be also paid by the company.

Because the company is a manufacture there is a need for blue-collar workers. But there is no need for too many of them. The machines are semi-automatic that means that the processes are faster and the manufacture needs less human labor thanks to the special design of the machines so there will be eight of them. The manufacture will consist of around ten machines but some of the employees will be operating more than one machine. This number of employees can guarantee monthly production up to 2 000 products and up to 100 pairs per day.

4.9 Future Development

The goals are divided into two parts short-term and long term. Short-term goals usually take around two years and long-term around 5 years to achieve. All of them are going to be further mentioned.

Even though the company already has customers, through the right marketing strategy it wants to attract more of them and wants to get well-known. With a higher number of sold products the size of a manufacture would be getting bigger, the number of employees would be getting higher and the value of the company would increase. Another short-term goal of the company is to create more models of the shoes so the customers would have more choices. In about two years the company wants to buy at least 2 cars which are going to be used by employees for the material delivery and for business trip purposes.

Because of the fact that this company is starting its activity and does not have that many assets it wants to increase them. The manufacture will be placed into the rented space but it is always better to have an own place so the company wants to build a manufacture big enough to contain all the machines, offices, storages, etc. With the increasing number of sold products the need for more employees and more machines will grow and someday the rented

place would not be big enough. Also the company wants to do all parts of production process on its own so it wants to include a sewing manufactory into the company. There is a need for at least 12 additional employees in the sewing manufactory. In the future when the name of the company will get more known among people the company wants to create a Centre for Healthy Feet where it will be selling products produced by Special shoes, s. r. o. or other companies manufacturing shoes, insoles, orthopedic equipment, etc. which means that the company will have to make additional products into the storage so the customers are going to be able to purchase them on spot without a waiting period. Inside the Centre for Healthy Feet there will be also included Diagnostic Centre where will be devices which can detect all the reasons for orthopedic discomforts such as bad posture, bad walk and when the reasons are detected the customer will be provided with a method how to prevent or reduce those problems.

4.10 Financial Plan

For the purpose of this Business Plan the Financial Plan of a company will include overview of all costs which are needed in order to establish the company and also to start the business activity. This Financial Plan will consist of all the start-up costs linked to the establishment and operating, all the fixed and variable costs, also this company does not have all the capital needed for the establishment so it needs a loan from a bank and all the instalments are calculated further in the Financial Plan.

4.10.1 Start-up Costs

Because of the fact, that the company is going to be producing the amount of start-up costs is high. It needs to buy all the equipment needed in order to produce such as machines, shoemaking equipment, also there is a need for a model maker who has to tell how exactly the parts of material are going to be put together. In case of a rented place the owner usually wants the renter to pay three-month rent in advance. The material will be purchased in advance approximately for 1 800 products in order to make the manufacture functioning without any problems as long as possible from the beginning.

The establishment of a company itself also costs something so all the items are included in the start-up cost overview and the same case is with costs linked to marketing and promotion.

Tab. 4 Start-up Costs

Cost	CZK
Operating costs	2 875 000
Machines	1 800 000
Furniture	40 000
Cleaning and hygienic equipment	10 000
Shoemaking equipment	200 000
Model maker (8 models)	40 000
Three-month rent in advance	105 000
Material	680 000
Establishment of the company	18 700
Notarial fees before establishing	9 000
Legal fees before establishing	2 700
Trade license	1 000
Utility model	6 000
Marketing and Promotion	53 550
Web site	20 000
Corporate identity	10 000
Domain (for a year)	550
Promotional materials	15 000
Advertisements	8 000
Total	2 947 250

Source: own creation

The reason why the price of all the machinery is quite low is that the owner is an expert and is able to design and construct machines for better price than for the new ones. Also the process of production is invented by him the way, that there is no need for too many machines.

The capital of the company is 500.000 which will be used to cover as much start-up costs as possible. The company is going to need a business loan. The amount of the loan is 2 500 000, and will be provided by Fio banka, s. r. o. The company will repay the loan after 5 years (60 months) and the interest rate is 6,5 % p. a.

Tab. 5 Repayment Plan

Year	Initial amount	Annual instalment	Interest	Instalment + interest	Final amount
1	2 500 000	500 000	162 500	662 500	2 000 000
2	2 000 000	500 000	130 000	630 000	1 000 000
3	1 500 000	500 000	97 500	597 500	1 000 000
4	1 000 000	500 000	65 000	565 000	500 000
5	500 000	500 000	32 500	532 500	0
Total	x	2 500 000	487 500	2 987 500	x

Source: own creation

The amount of instalment per month is 49 792 CZK.

4.10.2 Fixed Costs

Fixed costs do not change with the amount of manufactured products so they will be the same every month. There are included salaries of white-collar workers, the salary of the owner and all the costs connected to the right functioning of a company.

Tab. 6 Fixed Costs

Cost	CZK per month	CZK per year
Salaries	50 000	600 000
Owner's salary	25 000	300 000
Social and health insurance	25 500	306 000
Telephone	15 000	180 000
Rent	34 000	408 000
Travelling expenses	50 000	600 000
Energy	14 000	168 000
Water, sewer rates	800	9 600
Accountant	8 000	96 000
Repayment of a loan	49 792	597 504
Marketing and promotion	10 000	120 000
Total	282 092	3 385 104

Source: own creation

4.10.3 Price Calculation

The price has to be high enough to cover all the expenses and costs linked to the right functioning of the company but cannot be too high so the product would be affordable for customers. In the table below, there are all the costs connected to the production of one pair of shoes.

Tab. 7 Price Calculation

Cost	Costs per unit – Men's (in CZK)	Costs per unit – Women's (in CZK)
Direct material	390	340
Direct wages	68	68
Other direct costs	123,12	123,12
Production expense	160	160
Executive expense	30	30
Marketing expenses	30	30
Packaging	10	10
Total costs per unit	811,12	761,12
Profit	787,88	737,88
Price of a product	1 599	1 499

Source: own creation

4.10.4 Revenues

The company is going to be producing one product but in two different variations – one for men and another one for women. The price is similar but it is a little bit different. The estimated production is according to the orders specified in the table below.

The company already knows the estimated number of orders per month. Even though the product has very good assumptions to be successful there is a chance that the numbers are not going to be as positive as the company expects them to be. Revenues are calculated by three scenarios – the neutral which is expected, the optimistic scenario which would draw the company closer to the goal achievement and the pessimistic one which would make the future development and the functioning itself very difficult or even impossible.

Even though there is a risk that the pessimistic scenario would happen the company has developed several strategies how to prevent those risks from happening and destroying the company which are included in another part of business plan called Risk Assessment and the company is going to do its best to keep the company alive and profitable as long as

possible and has all the means and opportunities to achieve it. The revenue plans are made for three years in advance and the first year is divided into months and is included in the appendix.

Tab. 8 Estimated revenues for the first three years – neutral scenario

	year 2017	year 2018	year 2019
Orders from Czech customers - Men's shoes	1 200	1 500	1 800
Orders from Czech customers - Women's shoes	1 200	1 500	1 800
Orders from Russia - Men's shoes	3 600	3 600	3 600
Orders from Russia - Women's shoes	3 600	3 600	3 600
Total number of Men's shoes orders	4 800	5 100	5 400
Total number of Women's shoes orders	4 800	5 100	5 400
Revenues from Men's shoes	7 675 200	8 154 900	8 634 600
Revenues from Women's shoes	7 195 200	7 644 900	8 094 600
Total revenues	14 870 400	15 799 800	16 729 200
Total variable costs	5 338 752	5 672 424	6 006 096
Fixed costs	3 385 104	3 385 104	3 385 104
Pretax profit	6 146 544	6 742 272	7 338 000

Source: own creation

Tab. 9 Estimated revenues for the first three years – optimistic scenario

	year 2017	year 2018	year 2019
Orders from Czech customers - Men's shoes	1 790	2 000	2 500
Orders from Czech customers - Women's shoes	1 790	2 000	2 500
Orders from Russia - Men's shoes	3 600	4 000	4 500
Orders from Russia - Women's shoes	3 600	4 000	4 500
Total number of Men's shoes orders	5 390	6 000	7 000
Total number of Women's shoes orders	5 390	6 000	7 000
Revenues from Men's shoes	8 618 610	9 594 000	11 193 000
Revenues from Women's shoes	8 079 610	8 994 000	10 493 000
Total revenues	16 698 220	18 588 000	21 686 000
Total variable costs	5 994 974	6 673 440	7 785 680
Fixed costs	3 385 104	3 385 104	3 385 104
Pretax profit	7 318 142	8 529 456	10 515 216

Source: own creation

Tab. 10 Estimated revenues for the first three years – optimistic scenario

	year 2017	year 2018	year 2019
Orders from Czech customers - Men's shoes	650	700	700
Orders from Czech customers - Women's shoes	650	700	700
Orders from Russia - Men's shoes	1 000	1 000	1 200
Orders from Russia - Women's shoes	1 000	1 000	1 200
Total number of Men's shoes orders	1 650	1 700	1 900
Total number of Women's shoes orders	1 650	1 700	1 900
Revenues from Men's shoes	2 638 350	2 718 300	3 038 100
Revenues from Women's shoes	2 473 350	2 548 300	2 848 100
Total revenues	5 111 700	5 266 600	5 886 200
Total variable costs	1 835 196	1 890 808	2 113 256
Fixed costs	3 385 104	3 385 104	3 385 104
Pretax profit	-108 600	-9 312	387 840

Source: own creation

4.10.5 Initial Balance Sheet

Tab. 11 Initial Balance Sheet

Assets	3 000 000	Liabilities	3 000 000
Tangible fixed assets	1 800 000	Equity	500 000
Machines	1 800 000	Registered capital	500 000
Current assets	680 000	Other sources	2 500 000
Material	680 000	Long-term bank loan	2 500 000
Short-term financial assets	520 000		
Bank accounts	520 000		

Source: own creation

CONCLUSION

This thesis dealt with the topic concerning entrepreneurship and business in general. The theoretical part was focusing on the general information concerning business environment, it described the importance of the business plans when establishing a new company, it outlined all the principles which the plan should be based on and finally it provided detailed structure which should be followed when creating it. The practical part was analyzed on the basis of theory from the first part and was created according to the true facts provided by the author of the particular project.

The project can be evaluated as successful according to the results of all the calculations and analyses. The fact that the product is so unique makes the company special and the product desirable for the customers, current situation allows the company to grow and make profit and all the strengths outweigh the weaknesses. When all the steps are fulfilled, Special shoes, s. r. o. will have a great value and a stable place within a Czech market in the future. It is evident that this project faces some potential risks and dangers as it is in every new business but there are several strategies developed in the thesis in order to stay profitable. It is now up to the company if it will use all the information and strategies from the business plan in order to transform it into reality.

Establishing a new business can be a first step towards independence and financial stability. The good thing which is really beneficial is the fact that the aim of establishing this company is not only to make money but also it is going to make people's lives easier and this advantage applies on society in general so it is also in the interest of society to put this company into functioning. In other words the situation within the Czech market is very beneficial for a successful start-up of this company. The Zlín region is connected to the shoemaking industry for more than a hundred years but even though this tradition almost completely faded away this region still represents great environment to renew this tradition.

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APPENDICES

- P I Estimated revenues for the first twelve months – neutral scenario
- P II Estimated revenues for the first twelve months – optimistic scenario
- P III Estimated revenues for the first twelve months – pesimistic scenario

**APPENDIX P II: ESTIMATED REVENUES FOR THE FIRST
TWELVE MONTHS – OPTIMISTIC SCENARIO**

	01/2017	02/2017	03/2017	04/2017	05/2017	06/2017	07/2017	08/2017	09/2017	10/2017	11/2017	12/2017
Orders from Czech customers - Men's shoes	100	110	120	120	120	150	150	150	170	200	200	200
Orders from Czech customers - Women's shoes	100	110	120	120	120	150	150	150	170	200	200	200
Orders from Russia - Men's shoes	300	300	300	300	300	300	300	300	300	300	300	300
Orders from Russia - Women's shoes	300	300	300	300	300	300	300	300	300	300	300	300
Total number of Men's shoes orders	400	410	420	420	420	450	450	450	470	500	500	500
Total number of Women's shoes orders	400	410	420	420	420	450	450	450	470	500	500	500
Revenues from Men's shoes	639 600	655 590	671 580	671 580	671 580	719 550	719 550	719 550	751 530	799 500	799 500	799 500
Revenues from Women's shoes	599 600	614 590	629 580	629 580	629 580	674 550	674 550	674 550	704 530	749 500	749 500	749 500
Total revenues	1 239 200	1 270 180	1 301 160	1 301 160	1 301 160	1 394 100	1 394 100	1 394 100	1 456 060	1 549 000	1 549 000	1 549 000
Total variable costs according to the number of production	444 896	456 018	467 141	467 141	467 141	500 508	500 508	500 508	522 753	556 120	556 120	556 120
Fixed costs	282 092	282 092	282 092	282 092	282 092	282 092	282 092	282 092	282 092	282 092	282 092	282 092
Pretax profit	512 212	532 070	551 927	551 927	551 927	611 500	611 500	611 500	651 215	710 788	710 788	710 788

**APPENDIX P III: ESTIMATED REVENUES FOR THE FIRST
TWELVE MONTHS – PESIMISTIC SCENARIO**

	01/2017	02/2017	03/2017	04/2017	05/2017	06/2017	07/2017	08/2017	09/2017	10/2017	11/2017	12/2017
Orders from Czech customers - Men's shoes	50	50	0	0	50	50	50	50	70	80	100	100
Orders from Czech customers - Women's shoes	50	50	0	0	50	50	50	50	70	80	100	100
Orders from Russia - Men's shoes	300	0	100	0	0	100	0	100	0	0	200	200
Orders from Russia - Women's shoes	300	0	100	0	0	100	0	100	0	0	200	200
Total number of Men's shoes orders	350	50	100	0	50	150	50	150	70	80	300	300
Total number of Women's shoes orders	350	50	100	0	50	150	50	150	70	80	300	300
Revenues from Men's shoes	559 650	79 950	159 900	0	79 950	239 850	79 950	239 850	111 930	127 920	479 700	479 700
Revenues from Women's shoes	524 650	74 950	149 900	0	74 950	224 850	74 950	224 850	104 930	119 920	449 700	449 700
Total revenues	1 084 300	154 900	309 800	0	154 900	464 700	154 900	464 700	216 860	247 840	929 400	929 400
Total variable costs according to the number of production	389 284	55 612	111 224	0	55 612	166 836	55 612	166 836	77 857	88 979	333 672	333 672
Fixed costs	282 092	282 092	282 092	282 092	282 092	282 092	282 092	282 092	282 092	282 092	282 092	282 092
Pretax profit	412 924	-182 804	-83 516	-282 092	-182 804	15 772	-182 804	15 772	-143 089	-123 231	313 636	313 636