The Project of Establishment of New Model of Cafe in Zlín city

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MASTER'S THESIS ASSIGNMENT
(PROJECT, ARTWORK, ARTISTIC PERFORMANCE)

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Thesis Guidelines:

Introduction

Define the objectives and the application methods used in the Master thesis.

I. Theoretical part

- Prepare a literature review focusing on methodology used for establishing a new business.

II. Practical part

- Analyze the current situation in Zlín market.
- Complete of financial and marketing analysis of new model of cafe in Zlín.
- Prepare a proposal for establishing a new model of cafe in Zlín city and submit the proposal to risk and cost analysis.

Conclusion
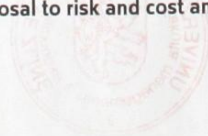
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ABSTRAKT

Možnost neúspěchu nutí podnikatele, aby zakládali podniky, které nejsou pro zákazníky ničím novým. To tvoří zákazníkům značné překážky a omezení, pokud chtějí zkusit něco nového. Bylo by v zájmu Zlína, kde je k návštěvě k dispozici několik druhů veřejných míst, najít vhodný způsob, jak tuto situaci vylepšit. Na druhou stranu, i v malém městě jako je Zlín chtějí návštěvníci neustále navštěvovat nová místa. Právě proto je tato práce zaměřena na založení a uvedení do provozu nového typu kavárny, kterou mohou obyvatelé Zlína navštívit.

Hlavním cílem této diplomové práce je zřízení nového typu kavárny ve Zlíně. Tento projekt našim zákazníkům dovolí zkusit několik variant zároveň, což je v ostaních zlínských kavárnách nemožné. Vzhledem k tomu, že je tento projekt ve Zlíně naprosto nový, je jeden z nejdůležitějších cílů tohoto projektu vytvořit silnou propagační strategii, za využití různých marketingových metod.

Tato diplomová práce je zaměřená na výzkum zlínského trhu, vytvoření finanční analýzy kavárny Anticafe a vytvoření plánu založení nového typu kavárny ve Zlíně včetně analýzy kalkulace času, rizik a nákladů.

Klíčová slova: Anticafe, podnikání, Ansoff, S.W.O.T., CPM, PDPC

ABSTRACT

The fear to fail forces entrepreneurs to establish businesses that are tried by other people many times. This makes a boundary and limit for customers to try something new. It would be of interest in Zlín, where you can find several types of public places to visit, to find a real possibility to improve this situation. On the other hand, even in small city like Zlín, consumers are not satisfied to visit every time the same places. Therefore, this research is focused on establishing and bringing to efficiency a new type of café, which customers of Zlín can visit.

For this Master's Thesis, the primary goal is the establishment of new model of café in Zlín city. This project will enable our customers to try different features at the same time, which is not possible in other cafes in Zlín City. Due to the fact that this business is completely new in Zlín city, one of the most important goals is to develop a heavy promotional strategy, using different marketing levers.

The Thesis is aimed to research the Zlín market, make a financial analysis for Anticafe and create project of establishment of new model of café in Zlín city with calculations of Time, Risk and Cost Analysis.

Keywords: Anticafe, Business, Ansoff: S.W.O.T., CPM, PDPC

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

CONTENTS

INTRODUCTION

Entrepreneurship is the process of creating something new with value by devoting the necessary time and effort, assuming the accompanying financial, psychic and social risks and receiving the resulting rewards of monetary and personal satisfaction and independence. (Hisrich, et al., 2002)

Establishment of new business has always been one of the hardest decisions of each starting entrepreneur's life, as business environment keeps changing every day. Continuously changing competitive advantages, economic conditions, governmental regulations and risks, make the entry to the market more and more difficult.

Establishing a new business involves high risk and effort to overcome the barriers which are being created naturally by business environment. The entrepreneur is supposed to take all the risks for development and survival of it and respectively to harvest the "fruits" of his work.

Everyday new products and services are launched and it seems that market is full of different products and there is no place to invest, but analyzing the market, we see that everyday rising and changing human needs creates various blank spaces in commodity and service market which can be filled if you have good entrepreneurship skills and which is more important, willingness.

Many people see in their dreams themselves as good businessmen or businesswoman. But a lot of them when starting a new business are getting stuck right in the beginning. Some of them are having problems with creativeness, willingness to work or so called "Seed funding".

Creating a new business venture, especially in new area where you are first player, has always been risky. Of course, you can copy someone and become a follower in the market, but being an innovator is worth it, if you make a precise analysis and answer to questions:

- What to produce?
- How to produce?
- For whom to produce?

If you do everything correctly, in short run you will be getting juicy rewards like no one will be able to get later in long run.

In almost all of the definitions of entrepreneurship, there is agreement that we are talking about a kind of behavior that includes

1. Initiative taking,
2. The organizing and reorganizing of social and economic mechanisms to turn resources and situations to practical account,
3. The acceptance of risk or failure.

To an economist, an entrepreneur is one who brings resources, labor, materials and other assets into combinations that make their value greater than before, and also one who introduces changes, innovations, and a new order. To a psychologist, such a person is typically driven by certain forces-the need to obtain or attain something, to experiment, to accomplish, or perhaps to escape the authority of others. (Hisrich, et al., 2002)

OBJECTIVES AND METHODS OF MASTER THESIS PROCESSING

The purpose of this thesis is to analyze the market of restaurant services and public places and establish a new business concept called "Anticafe" in Zlin City, Czech Republic.

This topic will be focused on creating a place, which will include different features of Café, Library and restaurant. People will also benefit from different offerings which will be discussed in this paper. The main goal is to establish a place, which will be loved and preferred to other places by our potential customers, which will be result of creating an innovative place with a friendly atmosphere, where people will come more and more often. The second goal is to define the main pillars of the project and bring it to high efficiency level, from entrepreneurial perspective.

This work is organized as follows:

- Theoretical part.
- The Idea of entrepreneurship.
- Geographical and market characteristics of Zlin city.
- Introduction to Business concept of Anticafe itself.
- Examples of Case studies of Anticafes in different countries.
- Creating the marketing mix.

As this business is new in Zlin region overall, the data for market analysis can be gathered only by surveying our potential customers, so the analytical part will include the analysis of survey, representing the results, the project of establishing new concept as "Anticafe" in Zlin city. The project part comes with other important divisions such as time, marketing implementation, .and risk and cost analysis.

I. THEORY

1 THE IDEA OF ENTREPRENEURSHIP

The Process of starting a new venture is embodied in the entrepreneurial process which involves more than just problem solving in a typical management position. An entrepreneur must find, evaluate, and develop an opportunity by overcoming the forces that resist the creation of something new. The process has four distinct phases:

1. Identification and evaluation of the opportunity,
2. Development of business plan,
3. Determination of the required resources,
4. Management of the resulting enterprise.

Although these phases proceed progressively, none is dealt with in isolation or is totally completed before factors are being dealt with in a sequential phase. (Hisrich, et al., 2002)

Regardless of their goals, many successful entrepreneurs share certain characteristics-for example, resourcefulness and a concern for good, often personal, customer relations. Most of them also have a strong desire to be their bosses. Many express a need to "gain control over my life" or "build for the family" and believe that building successful businesses will help them to do it. They can also deal with uncertainty and risk.

Yesterday's entrepreneur as often stereotyped as "the boss"- self-reliant, male and able to make quick, firm decisions. Today's entrepreneur is seen more often as an open-minded leader who relies on networks, business plans and consensus. Although today's entrepreneur may be female, she is just as likely to be female. Past and present entrepreneurs also have different views on such topics as how to succeed, how to automate business, and when to rely on experience in the trade or on basic business acumen. (Hisrich, et al., 2002)

1.1 The Business Concept

Meeting needs is the basis of all business. You can devise a wonderful new machine, but if it doesn't address some real and important need or desire, people won't buy it, and your business will fail. Even Thomas Edison Recognized this fact when he said, "Anything that won't sell, I don't want to invent".

Typically, Entrepreneurs get their original business inspiration from one of four sources:

1. Previous work experience.
2. Education or training.
3. Hobbies, talents, or other personal interests.
4. Recognition of an unanswered need or market opportunity.

Occasionally, the impetus comes from the business experience of a relative or friend.

Characteristics of service or product

As you refine your business concept, keep in mind that successful businesses incorporate at least one of these elements:

- **Something new**. This could be a new product, service, feature or technology.
- **Something better**. This could be an improvement on an existing product or service encompassing more features, lower price, greater reliability, faster speed, or increased convenience.
- **An underserved or new market**. This is a market for which there is greater demand than competitors can currently satisfy an unserved location, or a small part of an overall market-a niche market-that hasn't yet been dominated by other competitors. Sometimes, markets become underserved when large companies abandon or neglect smaller portions of their customer base.
- **New delivery system or distribution channel.** New Technologies, particularly the internet, allow companies to reach customers more efficiently. This has opened up many new opportunities for businesses to provide products or services less expensively, to a wider geographic area or with far greater choice.
- **Increased Integration.** This occurs when a product is both manufactured and sold by the same company, or when a company offers more services or products in one location.

Your Business should incorporate at least one of these factors –more than one if possible. Ideally, you can bring a new or better product or service to an identifiable but underserved market, perhaps using a more efficient distribution channel. Evaluate the ways your business concept addresses the elements described above. Your concept should be strong in at least one area. If not, you should ask yourself how your company will be truly competitive. (Abrams, 2014)

1.2   Efficiency and Creativity

Being an entrepreneur means to be an agent of change. It's about finding new ways and combinations of resources which make value for the final customer.

Imagine you are buying materials and produce a pair of shoes. You know that you will earn fifty dollars for the pair. Or, you are buying the same material, work for couple of hours more and produce a pair of shoe which are better and which can be placed in a shoe store next to brands such as Gucci, Cole Haan, Sneaker's or Allen Edmonds. In this case you will earn one hundred or hundred fifty dollars instead of fifty. By this way you are increasing the value that those resources (materials) could create.

However, those entrepreneurs, who make a loss, reduce the value their resources create. Capitalism profit-and-loss system helps us to sort out from a lot of resource combinations. A progressing economy is mainly influenced by the efficiency of the combinations and process where new ideas are discovered, used and categorized as successful of failure.

Successful entrepreneurs are characterized as people who expand the economic pie for all the members of the market. For example, Bill Gates, an undergraduate of Harvard school, created base software for microcomputer. In 1980-s IBM contracted Gates which obliged him to develop operating system for the company's computers. This was well-known MS-DOS. Gates bought the software from another firm and developed it. Basically, as mentioned above, he turned fifty-dollar pair of shoes into a product which costs several millions of dollars. Microsoft's office and Windows are now used on 90 percent of world's computers. Gates enabled us to generate higher output and profit, as well as he increased standard of living for all.

2   INTRODUCTION TO BUSINESS CONCEPT OF ANTICAFE ITSELF. (THE SIMPLE THE BEST)

We All know that going to a restaurant or café intends visiting the place and buying ready meal or drinks and buying the service of waitress. This makes a lot of boundaries for customers as a public place cannot satisfy needs of all the customers, as a variety of customers have variety of tastes and preferences.

Of course a lot of restaurants are allowing people to make changes in the meals and drinks that can be served regarding the amount of ingredients that have to be put there, but overall, the meal stays the same.

It's have been a long time we can meet in the streets some "restaurants" where the meal is bought by weight: you choose the meal, weight it and pay by grams. That's also an interesting idea of serving food, but the drawback is that the variety of food cannot be high, because the meals have to be in the same price category.

In this work I am going to introduce a new concept of Café main idea of which is self-serving and pay-per-minute principle. This concept has its uniqueness and simplicity at the same time. This business is from category of "The simple the best". The Idea of this place is to be different from ordinary cafes, coffee shops, internet cafes and other public places where people go for a tea or coffee. This place is combining all together with a simple difference between services. In ordinary cafes people go and order some drinks and snacks, compared to Anti-cafes where the main principle is self-service.

Compared to ordinary cafes, in Anti-café's the payment is time-based. In other words, it is a space offering a combination of various facilities (books, journals, games, kitchen facilities etc.), while paying accordingly for the time spent in that space, not the amount of used facilities.

People visiting these places usually benefit from their ability to study, communicate with friends and find new friends there, make art, work, and just spend their leisure time relaxing. On the first sight, the inside atmosphere is like at a slightly awkward house party, and this is partly true. Instead, customers are welcome to use cozy kitchen facilities to make drinks by themselves and clean them afterwards. Unusual atmosphere of sharing one kettle make people become friends. If one has never used an espresso machines, others are always there to help and teach.

Firstly, anticafes are usually quite private - people must know the exact instructions to be able to enter the place - which adds some special charm to the cafe's employ and makes it to some extent similar to old interest clubs - places where people gathered in groups to perform some activities they are interested in - modeling, sports, cooking, sewing, etc., which make people nostalgic and willing to visit such a club once again.

Secondly, the main idea of such places is the availability to stay alone, deep into themselves, study comprehensively or just enjoy quietness.

Thirdly, such establishments truly create new traditions - they bounce back from the ideas of cheap and tasty or expensive and elite food, making focus on people and their insights, rather than on their biological needs. Such places provide us good food for thought, which enables people to think, create and implement new ideas, changing the world around them and making it a better place.

Each person entering anticafe is becoming not just a customer, but also a member of a community which he/she can change, influence and develop further. It's interesting to follow how people are standing in the line to wash their dishes, even if it's not necessary, or teaching each other how to use espresso machine, bringing some food and sharing with people they meet for the first time. Most of the people usually are finding what they search for in Anticafe. Some people are finding new friends, some people are finding a motivation to study or work, even some people are finding a place where they can relax from everyday problems. This concept is a place where the visitor can meet, talk and share information with other people from different cultures, different professions and ages.

The concept of Anticafe is becoming more and more popular. There are number of Anticafes open in Russia, Ukraine, Canada, Ireland, Great Britain, France etc. One of them was open in Prague, which will be discussed later.

2.1 Examples of case studies in different countries

Of course this type of café is new, but different people have already merged it with other ordinary cafes in their cities. In this chapter I am going to introduce some examples of planned, or already working anticafes in different countries.

2.1.1   Wednesday café: Singapore

Imagine you are going out from your home for a coffee and entering another home, which is neither yours nor your friend's. After entering the door, you will appear in a cozy and light room with friendly atmosphere, designed with comfortable couches and cushions. Welcome to Wednesday Café in Singapore. This café can offer you fresh brewed coffee and food. This new formed café is established by a proof-reader and magazine editor.

The Café is working with an anti-café payment principle instead of paying for food and drinks. The payment for different hours varies. If you go there, you can expect to pay $12 for the first hour. I you want to continue; you are paying $5 for every half an hour spending there. And if you want to be there the whole day, you drop $35 for the whole day. There is a big discount for the students. They pay $9.90 for the first hour.

Of course, if comparing the prices in Singapore and Czech Republic, there is a big difference in salaries and consumer price index, but this concept of anticafe can be easily compared with one which is going to be established in Zlin.

Wednesday café presents a big variety of homemade desserts and pastries to help themselves to. The formers of Wednesday café decided not to have a big menu, instead of that they are baking whatever their imagination enables them.

2.1.2   12 rooms: Saint Petersburg

This one is probably one of the best anticafes made yet. It has a dress room and kitchen, cook and barista, where you can find different types of coffees and Chinese tea. The café has twelve well-equipped rooms, where you can find games, musical instruments, and home cinema, table games according to their "function".

Here you can find following twelve rooms

1.   Coffee room: Unique Coffee from professional Barista.

Here you can find probably the best coffee in the town- a real espresso, delicate latte, cappuccino classic, prepared by professional baristas. And the most attractive is an original recipe with blueberries, honey, halva, milk or species. This type of coffees you can find only in anticafe 12 rooms and in room of Coffee. This room is equipped with professional espresso machine and a variety of coffee

2. Chinese Tea Room

12 rooms offer you a big variety of Chinese tea including palace and white Puer, Milk Oolong, Da Hong Pao, Teguanin, spring Loon Tszyn and many other types with unlimited quantity. Usually the tea master of 12 rooms makes a big ceremony of tea making and talks about different value names, features, Chinese legends and traditions associated with tea.

3. Table Games Room

This one is one of the most attractive rooms of those twelve. The café has almost one hundred different table games which can be used by customers. Those games are puzzles, table games for two and also for large groups of people. The list of games is always being updated and renewed. All the games are for free available for all the visitors.

4. Home Cinema Room.

If you want to watch a movie you watch it at home or go to cinema, right?

In 12 room you can find a room with home cinema, where you can decide which movie to watch from a big list. This place is used to watch movies, TV shows and games. Customers can bring their movies and watch it in place. The room is furnished with comfortable pillowsa and blankets for more satisfying home atmosphere.

5. Video Games Room.

In this room Customers can use two X-box games with a large collection of games which is always being expanded as by the administration as well as by their customers.

6. Meal Room

The most "tasty" room of 12 rooms. The café is offering you to start your day with an atmosphere of loved space, gorgeous coffee and delicious oatmeal. From 10am you can get a breakfast in 12 rooms. On Mondays they have Shushi mania for all visitors. In addition, the administration is pampering their customers with different delicious cookies.

7. Kicker Room: Foosball

That's the favorite room of many of their customers. Here they can play table football. Several times in a month, the café administration is organizing foosball tournaments and already has established a small school of foosball.

8. Ping-Pong Room

Recently they installed a table for ping pong for their customers and god a resounding success. In a short time, it became popular for many of their customers.

9. Home Concerts Room

For creating nice home atmosphere, 12 rooms have created a room called Home concert, where everybody can grab a guitar and play their favorite song. Nice friendly songs war up the atmosphere and make the evenings more enjoyable

10. Workroom

12 rooms offer their customers quiet rooms with soft sofas and large desks, coffee, tea and sweets to increase brain activity. This the way to express the working rooms there.

11. Training room

In 12 rooms it's easy to organize different trainings or workshops. The room with heating, whiteboard and video projector can accommodate 20-40 people, offering them comfortable atmosphere, coffee-break included in the price. Prices are according to the room rental fair.

12 Thematic Events Room

Here customers can find an empty room which can be used in almost al kind of events. In 12 rooms very often is being organized exhibitions, presentations, performances and other activities according the customer need. Everybody can organize an event they need.

12 rooms can be described as one of the best, but we have to consider the fact that the difference of population of Saint Petersburg is 26 times larger than in Zlin.

2.1.3 Ziferblat

The fundament of anticafe concept, the father of pay-per-time principle: that's the way we can describe the anticafe network Ziferblat. This is an international net of restaurants working with a pay-per-minute principle. This network has 15 shops in 5 countries worldwide. First Ziferblat was established in September 2011 in Moscow. By 2015 "Ziferblat" was opened in Russia, Ukraine, Slovenia and Great Britain.

Ziferblat London was one of the most successfully established restaurants of the network. It made a big wave in international mass media. It's a place where the customers can have fun, work, also relax.

Ziferblat was established as a community of creative people developing their works. The place they choose was a small attic where they were coming together every day. But the atmosphere and Idea of it was appreciated and more and more people started to come there. At the beginning the place was hold by individual donations of the members, but as soon as it got overpopulated, Ivan Mitin decided to find and open another space. Now Ziferblat's doors are open for everyone. Each guest there becomes a micro-tenant of the space, which is able to influence and be responsible for it.

2.1.4   Anticafe Prague

Yet the only one opened Anticafe in Czech Republic. This anticafe was working with the same concept as others (e.g. free drinks and snacks, pay-per-minute principle), but the payment here was different. Here the customers were suggested to pay 1kc for each counted minute, which could be one of the reasons that this place was open only for three months. For the time the customers were there, they were offered free snacks, cakes, coffee, tea, fast internet, relaxing an enjoyable music, hookah, PlayStation 3 and 4, In spite of dark blue and purple walls, the rooms were light and furnished with comfy coaches and chairs.

It seemed to be a good place, designed to be attractive for customers, but this place worked only three months. The probable reason could be a bad location and pricing.

3   GEOGRAPHICAL AND MARKET CHARACTERISTICS OF CZECH REPUBLIC

The Czech Republic economy is considered to be one of the fastest growing economies in European Union. By the Unemployment rate it is the second in European Union, having a low 4.2% rate. But overall, this economy has its own drawbacks. The issue is that there are a lot of low-paid jobs. Currently the Government is using its own levers to transfer them into high value added jobs.

The Czech Republic has the second lowest unemployment rate in the European Union.

Czech Republic is a stable and prosperous market economy that is closely integrated with the EU, especially since the country's EU accession in 2004. The auto industry is the largest single industry, and, together with its upstream suppliers, accounts for nearly 24% of Czech manufacturing. Czech Republic produced more than a million cars for the first time in 2010, over 80% of which were exported.

While the conservative, inward-looking Czech financial system has remained relatively healthy, the small, open, export-driven Czech economy remains sensitive to changes in the economic performance of its main export markets, especially Germany. When Western Europe and Germany fell into recession in late 2008, demand for Czech goods plunges, leading to double digit drops in industrial production and exports. As a result, real GDP fell sharply in 2009. The economy slowly recovered in the second half of 2009 and registered weak growth in the next two years. In 2012 and 2013, however, the economy fell into a recession again, due both to a stump in external demand in the EU and to the government's austerity measures, returning to weak growth in 2014, and stronger growth in 2015. (CIA, 2017)

3.1   Zlin Region

The Zlin region, being an administrative center of Czech Republic has a rich and long industrial history. The Famous in this region and overall Tomas Bata, established his famous company called Bata in Zlin earlier in 1894, which was producing high quality footwear. This company later expanded to other countries. Other companies were focused on rubber production, engineering and filming. Zlin is the first in Czech Republic with most of new

start-ups. Other regions of Czech Republic were mainly focused on farming and fruit-growing.

Zlin Region, is growing mainly because it's industry's competitiveness. The region's economy is depending on footwear and rubber industry, textile and leather sectors, general and mainly electrical engineering. Other industries are composed of production of automotive components, chemicals and plastics.

There are two Universities in Zlin region: The European Polytechnic institute in Kunovice and Tomas Bata University in Zlin

One of the main railway lines of Czech Republic goes through Zlin, which makes an easy access to bordering countries (Austria, Poland, Germany and Slovakia) and to international airports in Ostrava, Brno, Vienna and Bratislava.

By the end of 2015, Zlin was inhabited by 584,676 People on 3963 km^2 . By the data, collected in 2009 by Czech Statistical Office, nearly 40% of the population was employed in industry which is significantly higher than in other regions of Czech Republic. Zlin has a developed educational sector for industry. This can be linked back to Tomas Bata. Earlier in 2001, the faculty of management and economics with the faculty of Technology merged, creating new Tomas Bata University in Zlin. Besides traditional technology professions, this university offers study programs in rubber and plastic processing, leather and footwear industry technology. Besides the universities in Kunovice and Zlin, The region has a number of professional high schools, secondary technical schools, two film schools and training centers.

Table 1 Population of Zlin region by 31.12.2015

Region	Area (km2)	Population	Males	Females	Average age	Population Density per Km2
Zlin	1,034	191,830	93,640	98,190	42.6	185.6

Source: Czech Statistical office

3.2 Zlin City

Zlin, the administrative center of the Zlin region, lies along the river Drevnice in a mild climatic area of southeastern Moravia. It is also a crossroad for the ethnographic boundaries of the Wallachian, Hana and Moravian Slovak regions. This region of 90,000 inhabitants became famous for more reasons than its advantageous location. (Zlin city, 2017)

The city of Zlin is now days inherently linked to the name Tomas Bata, whose footwear company currently provides the whole world with shoes. The swift rise of his company laid the foundations for spectacular development of the city and imprinted it with a unique character. Zlin is dominated by so-called Bata Skyscraper, which was the second highest building in Europe when it was built. (Zlín boasts geometrically pure architecture, 2017)

In 2001 a new university the Tomas Bata University was founded in Zlin. The city is seat for several Government Centers, as well as for Cultural and Social institutions. (Zlin city, 2017)

Information on population by sex can be found in following table (Table 2)

Table 2 Zlin population by gender

Zlin population by 31.12.2015			
City	Male	Female	Total
Zlin	35 912	39 259	75171

Source: Czech Statistical office

4   LEGAL PROCEDURES FOR SETTING UP A COMPANY IN CZECH REPUBLIC

To establish an entrepreneurship in Czech Republic there are several legal procedures to be taken.

First of all, I would like to notice some complications related to finding appropriate information about a company setup. There are several information sources that could be reached but they are not designed for foreigners. An article, which is going to be cited below, was translated, because it was available only in Czech language.

For the entrepreneur to open a business, the entity is required.

- To be at least 18 years old.
- To have a right for business.
- To be irreproachable.
- In case of entrepreneurship which is not for free access, to have a relevant experience or certificate.

There are several companies offering you to undertake all the legal procedures instead of you for some fee, but if the future owner (manager) of the company wants to to it himself. Here are several steps the entrepreneur has to take:

1. Go to the Trade licensing office (Zivnotensky Urad) in his place of residence.
2. Fill a registration request form.
3. Get a statement from the office and registration ID.
4. Apply in Trade register and the regional court in place of long-term residence.
5. On the date of registering in trade register, he will get a right to start the entrepreneurship.
6. To Visit the Foreign police.
7. To visit the tax office and register the business ID.
8. To report to relevant Social Security office.

The needed documents for the application are:

1. Passport
2. Residence permit
3. Extract from penal registry from his country of origin, no older than ninety days, officially translated into Czech language.
4. Consent to a business from the property owner (The address where as an entrepreneur, all the documents will be held)
5. CZK 1000 payment for an extract from the Trade Register.

6. In case of applying for a craft, a certificate of professional competence.
7. CZK 5000 for commercial register registration.

Documents needed in Foreign police.

1. Green Form- A form used for all residences and visas
2. Passport
3. A proof from Trade register for a right to pursue a trade.
4. Proof from Tax office on tax underpayments status.
5. Confirmation from local Social security administration that he doesn't have under-payments.
6. Confirmations of means to stay in Czech Republic
7. Proof of accommodation during his stay in CR.
8. Two photos
9. Health insurance for foreigners. (Živnostenský list pro cizince, 2016)

As in Anticafe we are going to give some food (snacks and drinks) as complement goods for our services, we are obliged, as mentioned above, or have a work experience, or have a certificate of studying in food and beverage industry. But as we are not able to satisfy those two requirements, we are supposed to find a person with that qualification which will be a guarantee for our business.

5 RESEARCHING THE MARKET

Creating a good business doesn't mean only to calculate costs, set the price and find customers. There is no chance to be successful if you didn't create a good marketing strategy. To establish marketing strategy, the entrepreneur is obliged to make decisions about specific customers the firm will choose.

As Ken Burnett says, "The process of planning is as important as the plan itself, If not more so. So savor the task of preparing your plan. It should be fun, challenging and approached by all with open minds." (Burnett, 2002).

5.1 Creating Marketing Mix

Creating Marketing mix means to find four basic "P"-s of marketing for your business: Product, Place, Promotion and Price.

According to marketing professor, author and consultant Philip Kotler "Marketing mix is the set of controllable variables that the firm can use to influence the buyer's response". Those variables are 4" P"-s mentioned above. The variables are different depending on the firm, it's assets, Its marketing goals and, of course, its target market.

However, it's not about just creating marketing mix, but researching and finding the best combination that first your business.

5.1.1 Product strategy

In Marketing, the word product means more than a good, service or Idea. Product is a broad concept that also encompasses the satisfaction of all consumer needs in relation to a good, service or idea. So product strategy involves more than just deciding what goods or services the firm should offer to a group of consumers. It also includes decisions about customer service, package design, brand names, trademarks, patents, warranties, and the lifecycle of a product, positioning the product in the marketplace and new-product development. (Kurtz, 2014)

The product itself is a concept which is giving some level of satisfaction to customers and people are ready to pay for it. For anticafe is a rental of a place, which has different features, they can benefit from.

5.1.2 Price strategy

Pricing strategy deals with the methods of setting profitable and justifiable prices. It is closely regulated and subject to considerable public scrutiny. One of the many factors that influence a marketer's pricing strategy is competition. Sometimes conditions in the external marketing environment cause difficulties in pricing strategies. Political unrest overseas, the soaring price of fuel, or a freeze that destroys crops could all affect the price of goods and services. If the economy is booming, consumers generally have more confidence and are willing to shop more often and pay more for discretionary goods. But when the economy takes a downturn, consumers look for bargains-they want high quality with low prices. It is a challenge for marketers to strike the right balance in order to make enough profit and grow. (Kurtz, 2014).

Like product value, the value inherent in payments is central to marketing's role in facilitating a value exchange between the firm and its customers. For suppliers, pricing strategy is the financial mechanism though which income is generated to offset the costs of providing service and to create a surplus for profits. Pricing strategy often is highly dynamic, with price levels adjusted over time according to such factors as type of customer, time and place of delivery, level of demand, and available capacity.

Customers, by contrast, see price as a key part of the costs they must incur to obtain desired benefits. To calculate whether a particular service is "worth it" they may go beyond just money and asses the outlays of their time and effort. Service marketers, therefore, must not only set prices that target customers are willing and able to pay, but also understand-and seek to minimize, where possible-other burdensome outlays that customers incur in using the service. These outlays may include additional monetary costs, time expenditures, unwanted mental and physical effort, and exposure to negative sensory experiences. (Lovelock, et al., 2011).

Being unique in traditional market, Anticafe concept pricing strategy is quite risky. There are no other direct competitors in Zlin city, so the factor of influence on price by competition doesn't exist. There are indirect competitors such as Restaurants, cafes, libraries, and other public places where the potential customer can spend some time rather than in Anticafe. To set up the price of one hour or one minute in Anticafe, it will be quite complicated to calculate based on competitor's price, because competitors are mainly working with traditional pricing strategy. Customers are buying from them a meal or drink, which is complemented with serving.

To have an imagination about approximate price, we handled a survey, where 256 respondents took a part. More results you can find in analytical part of this paper.

5.1.3 Placing Strategy

To determine the best place where to locate the business, we have to start by understanding customer needs and expectations, competitive activity, and the nature of the service operation. Deciding where to locate a service facility for customers involves very different considerations from locating the back-stage elements where cost, productivity, and access to labor often are key determinants. In the first instance, customer convenience and preference are key. Firms should make it easy for people to access frequently purchased services, especially those that face active competition. The most obvious locations for consumer services are close to where customers live or work. (Lovelock, et al., 2011).

There are some real life examples of cafes and restaurants that didn't work because of the wrong placement of café itself. People are preferring places that are popular. If you, being an entrepreneur decided to open just one small business and not a big hypermarket, which will include different establishments, better choose a place where are existing other shops, barberry shops, parks, supermarkets etc.

5.1.4 Promotion strategy

Promotion is the communications link between sellers and buyers. Organizations use varied ways to send messages about their goods, services and ideas. They may communicate messages directly through salespeople or indirectly through advertisements and promotions. Promotions often offer a product at a reduced price for a limited time, bundle two or more products together or give away a premium with purchase. (Kurtz, 2014).

What should we tell customers and prospects about our services? No marketing program can succeed without effective communications. This component plays three vital roles: providing needed information and advice, persuading target customers of the merits of a specific brand or service product, and encouraging them to take action at specific times. In services marketing, much communication is educational in nature, especially for new customers. Suppliers need to teach these customers about the benefits of the service, where and when to obtain it, and how to participate in service processes to get the best results. Communications may be delivered by individuals such as salespeople and frontline staff, at websites, on display screens in self-service equipment, and through a wide array of adver-

tising media. Promotional activities-which may include a monetary incentive- often are designed to stimulate immediate trial purchases or to encourage consumption when demand is low. (Lovelock, et al., 2011).

Anticafe is targeting young generation. That is the reason that the promotional activities have to be specifically designed to be attractive for them, Mainly the advertising activities will be done online through mass media and social networks such as Facebook. Promotional activities will be done according to current needs of our customers. Those activities can include discounts for students, monthly membership cards, movie nights, exhibitions, game tournaments etc.

5.2 S.W.O.T. Analysis

Useful aid for identifying relevant screening criteria and for zeroing in on a feasible strategy is S.W.O.T. analysis- which identifies and lists the firm's strengths and weaknesses and its opportunities and threats -says Joseph Cannon. The name S.W.O.T. is simply an abbreviation for the first letters of the words strengths, weaknesses, opportunities and threats (See figure 1) . A good S.W.O.T. analysis helps the manager focus on a strategy that takes advantage of the firm's opportunities and strengths while avoiding its weaknesses and treats to its success (Graph 1) These can be compared with the pros and cons of different strategies that are considered. (Cannon, et al., 2008).

Figure 1 S.W.O.T

Source: (SWOT analysis, 2017)

These can be compared with the pros and cons of strategies that are considered. For example, if a firm is considering s strategy that focuses on a target market that is already being served by several strong competitors, success will usually hinge on some sort of competitive advantage. Such a competitive advantage might be based on a better marketing mix – perhaps and innovative new product, improved distribution, more effective promotion or a better price. Just offering a marketing mix that is like what is available from competitors usually doesn't provide superior value – or any real basis for the firm to position or differentiate its marketing mix as better for customers. (Cannon, et al., 2008).

The company should analyze its markets and marketing environment to find attractive opportunities and possible marketing actions to determine which opportunities it can best pursue. The goal is to match the company's strengths to attractive opportunities in the environment while simultaneously eliminating or overcoming the weaknesses and minimizing the threats. Marketing analysis provides inputs to each of the other marketing management functions. (Armstrong, et al., 2017).

5.3 Ansoff Matrix

To be successful in market it's highly important to develop a good strategy. We all know, that based on market, if it's new or existing, and depending on product if it's new or existing there are different benefits and risks. Here, we would like to present Ansoff Matrix, which is one of the most important marketing tools, helping to managers to create a good strategy (See Figure 2). This matrix was named after Russian-American author Igor Ansoff, which first came with the idea.

Figure 2 Ansoff Matrix
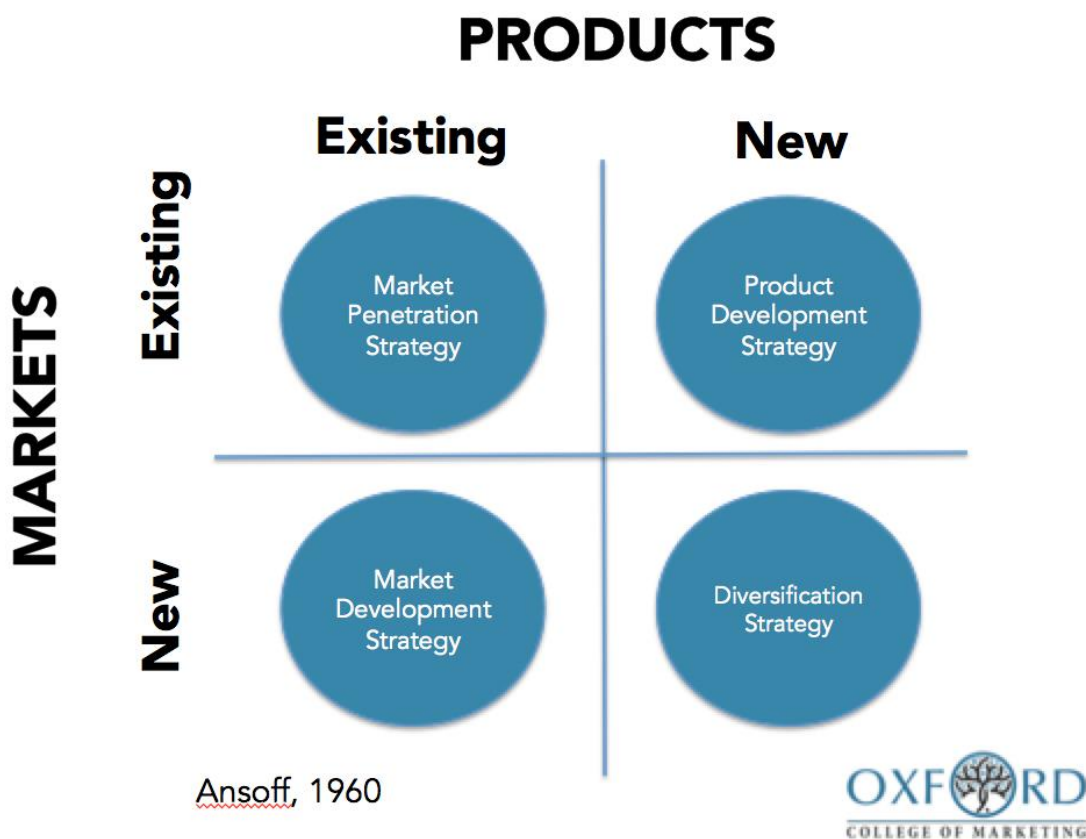
Source: (Using The Ansoff Matrix to Develop Marketing Strategy, 2017)

As we see from Figure 2, the Ansoff Matrix is quite simple. It shows the strategies that have to be taken in four general cases:

1. You are operating in existing market and want to develop a marketing strategy for existing product. In this case Igor Ansoff suggested you to develop a market penetration strategy which basically means to make price adjustments for the product, increase promotion or create more distribution channels to get more market share.

2. If you want to bring a product you currently produce to new market, you have to handle a market development strategy according to matrix. This means to expand your market into new customer segments which can be as in your existing geographical area as well as in a new geographical area.
3. New product in existing market. According to Ansoff, in this case the marketing manager has to develop a product development strategy to be able to enter the existing market. In this strategy its needed to be creative, and make a continuous research and development.
4. The most unpredictable case is when you have a new product in new market. In this case it's suggested to develop a diversification strategy. It basically means to make some fundamental changes into your product or make a new product line with which you will enter the new market.

In case of Anticafe, we are new in the market, and have never did any food or restaurant business in Zlin market, so the market is new.

As there are no Anticafes or similar concepts in Zlin city so the product(service) is new as well. according to Ansoff matrix, we have to develop a diversification strategy. This is quite risky strategy and make a good market research to minimize some amount of risk.

6 THE RESEARCH METHODOLOGY

Before entering the market, it is always a good idea to make a research of market to understand the customer needs, their income level, competitors etc. Otherwise, entering the market with no research means to go for hiking with closed eyes.

Mostly market failures are because of:

- Lack of capital,
- Poor cash flow management,
- Underestimation of competition,
- Technological changes,
- Unexpected market factors,
- New entrants to the market,
- Poor business Planning,
- High costs.

To do a research, the entrepreneur needs some data. With collecting data, the entrepreneur can decide to be a primary user of data or secondary, based on availability of data he needs. As Anticafe is new in Zlin market, we decided to make our own research, and collect data ourselves.

When doing a research there are different methods that can be used, but they all fall into two main categories. Quantitative and Qualitative.

Quantitative research is often based on statistics, data, also it can use scientific experiments and structured observations.

Qualitative research is more complicated and requires the researcher to convert the gathered results into thematic ideas. It is mainly using open ended questions or case studies from previous experiences.

To gain some data and present it in this topic, we had to go by several steps. Create a questionnaire, make a survey and finally analyze the data and convert them into graphs and charts, which will be presented in the analytical part of this project.

A good market research has to answer following questions.

- Who and how many customers are we going to have?
- What is the market value of our product?
- What are our costs?

- What is going to be our gross profit?
- What is our market demand?
- How correct is our data?

After ensuring that your data answers all these questions, you can be sure, that your data is valuable and you can harvest fruits of information from it.

6.1   Creating a questionnaire

When deciding to become a primary user of the data and making a survey, several factors need to be considered.

As survey is a rather complex procedure to obtain data for research. The first choice to be made concerns the substantive research in question. There are many possibilities, depending on the state of the research in a given field what kind of research problem will be identified. Basic choices are whether one would like to do a descriptive or explanatory study and in the latter case whether one would like to do experimental research or non-experimental research.

The second choice is that of the variables to be measured. In the case of a descriptive study, the choice is rather simple. It is directly determined by the purpose of the study.

The third choice to be made concerns the data collection methods. This is an important choice related to costs, question formulation, and quality of data. Several years ago, the only choices available were between personal interviews (face-to-face interviews), telephone interviews, and mail surveys, all using paper questionnaires. (Saris, et al., 2014)

According to Mark Sounders, the internal validity and reliability of the data you collect and the response rate you achieve depend, to a large extent, on the design of your questions, this structure of your questionnaire, and the rigor of you pilot testing. A valid questionnaire will enable accurate data to be collected, and one that is reliable will mean that these data are collected consistently. (Saunders, et al., 2007)

The questionnaire we designed consists of 16 questions including open questions, multiple choice questions and multiple box questions.

Open questions are questions without category. These questions are giving the respondent a freedom to answer.

Multiple choice questions are ones which are having categorical answers and the respondent has to choose one and only from the list of answers.

Multiple box questions are next type of categorical questions, but in contrast to multiple choice questions, the respondent can choose several answers, completing a combination answer.

The questionnaire itself will be presented later in this paper.

6.2 Correlation analysis

According to Clarke, when two variables X and Y are measured on the same units they may not be independent but instead correlated. Often several different characteristics are measured on each member of a sample, and it may be of great interest to ask whether the variables are interrelated. (Clarke, et al., 2004).

There can be three types of correlations between two variables. They can be either positive, negative and zero.

Positive correlation is noticed when change in variable X makes positive change in variable Y

Negative correlation occurs when the change in variable X causes negative changes in variable Y. In other words, their trends are in different directions.

Zero Correlation happens when change In value of variable X is making no change in variable Y. In this case the variables are independent and are not influencing each other in any way.

By creating correlation analysis and making histograms, we will be able to make predictions and answer several questions such as

- Who are our customers?
- Which places they prefer to visit?
- What are the necessary facilities for their comfort?
- How often they visit cafes and restaurants?
- If they will like the Anticafe concept?
- How much are they going to pay on average?
- How much time they want to spend in Anticafe on average?

Those questions will enable us to create an imagination about our potential customers, their age, gender, their preferences. Also, one of the most important, we can make some estimations about our future cost analysis.

6.3 Measure variability

Variability shows how the group of scores are spread. There is a big variety of measures of variability, but the most frequently used are Range, Mean, Median, Mode, Standard deviation etc. A brief description of each u can find in this chapter

One way to measure this variability is simply to look at the highest and the lowest of the five observations in a set and calculate the difference between them.

The **range** of a set of observations is the difference in values between the largest and smallest observations in the set. (Clarke, et al., 2004)

Example

Veronica takes 7 economics tests in Marking period. Calculate range of her test scores

Grades	84	91	94	89	73	87	77

Arrange grades in ascending way.

Grades	73	77	84	87	89	91	94

The range for these test grades will be 94-73=21

Mean, sometimes called arithmetic mean, is the average of all numbers in set.

In case of Veronica, mean will be (73+77+84+87+89+91+94)/7=85 The average grade for Veronica's test is 85.

To calculate **Median,** we have to arrange the results in ascending way and pick the middle number in sequence of numbers. In case of Veronica the median will be 87

Mode is the number which most occurs in the sequence of numbers. In case of Veronica there is no mode, because all numbers are different, but suppose She had 8 economic tests and got following grades.

Grades	84	91	94	89	73	87	77	89

In this case the mode will be 89, as it occurs most in this sequence.

Standard Deviation

Standard deviation is a measure of variation or the dispersion in a statistical distribution. In Statistics, Standard deviation is listed with symbol.

To calculate standard deviation, we have to go through five simple steps.

1. Find the mean.
2. Find the square of the distance from each data point to the mean.
3. Sum the values.
4. Divide by the number of data points.
5. Take the square root.

As we see in Table 3, the standard deviation for grades is 7.

Table 3 Calculation of Standard deviation

Grades	Mean	$(X_i - X)^2$	$\Sigma(X_i - X)2 / N$	σ
84	85	1	49,43	7,03
91	85	36	49,43	7,03
94	85	81	49,43	7,03
89	85	16	49,43	7,03
73	85	144	49,43	7,03
87	85	4	49,43	7,03
77	85	64	49,43	7,03

Source: Own calculation

6.4 Weighted Average

Weighted average is a method used to find the mean of different pieces of data with unequal importance or consequence. Weighted average of the quantities X_i (i=1, 2, 3,…..,k), using weights w_i, is

$$Weighted\ Avg_x = w_1 x_1 + w_2 x_2 ... w_n x_n$$

$$w = relative\ weight(\%)$$
$$x = value$$

Weighted averages are also used in working out index numbers. The purpose of and index number is to show how a quantity that cannot be measured directly varies over time. Suppose, for illustration, that we wish to calculate the average demand for Anticafe in Zlin. We made a survey and have different groups of people telling that they will visit the anticafe different amount of hours per month or they will not visit at all. Suppose we have 5 respondents. Jan, Veronica, Pavel, Lucie and Gevorg. The table shows their answers of how many hours per month they will visit Anticafe.

Respondents	Hours per month
Lucie	30
Gevorg	2
Veronica	2
Jan	0
Pavel	0

To have more precise number of how many hours each person will spend their time, we have to take the weights of them.

As we see, 20% of our respondents (Lucie) told that will spend 30 hours per month, 40% of our respondents told that they will spend only 2 hours, 40% told that they will not visit it at all. So, the weighted average will be:

Weighted average= 0.2*30+0.4*2+0.4*0=6+0.8+0=6.8 hours per month.

6.5 Confidence Intervals

A *c* **confidence interval for** μ is an interval computed from sample data in such a way that is the probability of generating an interval containing the actual value of μ. In other words, *c* is the proportion of confidence intervals, based on random samples of *n*, that actually contain μ.

We may get a different confidence interval for each different sample that is taken. Some intervals will contain the population mean μ and others will not. However, in the long run, the proportion of confidence intervals that contain μ is c. (Brase, et al., 2013)

To calculate Confidence intervals, we have to use the following formula

$$\overline{x} \pm z\frac{s}{\sqrt{n}}$$

Where

$\overline{x}$ is the Mean,

Z is the Confidence coefficient

S is the standard deviation

N is the sample size

To find the Z score based on confidence level we use the following table.

Confidence level	Z value
90%	1.65
95%	1.96
99%	2.58
99,9%	3.291

7 FINANCIAL ANALYSIS

Whereas a lot of companies can be classified as being a non-profit company, overall those companies have to make at least as much profit to cover all their costs. In the fundaments of each business, the finance is having an important role. The entrepreneur has to manage financial sources in a right way to make good investments, to cut the costs for increasing the profit ratio etc.

Many companies are having different mission in the market. Some of them are working hard on profit maximization, whereas others are trying to get bigger piece of market pie.

Overall, all those companies are making investments in some projects. One of the projects is the Anticafe project and there is a need to make financial analysis to understand. Determining the value of the project is complicated as there are different ways. The main financial calculations made in this project will be the calculating the Net Present Value, Internal Rate of Return and Payback period model. All those methods are used to evaluate the project if it is worth to make that investment.

7.1 Net Present Value

Imagine we are thinking of starting a business to produce and sell a new product. We can estimate the start-up costs with reasonable accuracy because we know what we will need to buy to begin production. Would this be a good investment? It depends whether the value of the new business exceeds the cost of starting it. In other words, does this investment have a positive NPV?

We will first try to estimate the future cash flows we expect the new business to produce. We will then apply our basic discounted cash flow procedure to estimate the present value of those cash flows. Once we have this estimate, we will then estimate NPV as the difference between the present value of the future cash flows and the cost of the investment. This procedure is often called Discounted Cash Flow Valuation. (Ross, 2013)

When we compute the value of a cost or benefit in terms of cash today, we refer to it as the present value(PV).

Net present value

NPV=PV(benefits)-PV(Costs)

If we use positive cash flows to represent benefits and negative cash flows to represent costs and calculate the present value of multiple cash flows as the sum of present values fo individual cash flows, we can also write this definition as

NPV=PV (All project cash flows)

That is, the NPV is the total of the present values of all project cash flows.
Let's consider a simple example. Suppose your firm is offered the following investment opportunity: In exchange for $500 today, you will receive $ 550 in one year with certainty. If the risk-free interest rate is 8% per year then

PV (Benefit)= ($550 in one year)/(1.08$ in one year/$today)=$509.26 today

This PV is the amount we would need to put in the bank today to generate $550 in one year ($509.26*1.08=$550). In other words, *the present value is the cash cost today of "doing it yourself"- it is the amount you need to invest at the current interest rate to recreate the cash flow.*
Once the costs and benefits are in present value terms, we can compute the investment's NPV:

$$NPV=\$509.26-500=\$9.26 \text{ today}$$

But what if your firm doesn't have the $500 needed to cover the initial cost of the project? Does the project still have the same value? Because we computed the value using competitive market prices, it should not depend on your tastes or the amount of cash your firm has in the bank. If your firm doesn't have $500, it could borrow $509.26 from the bank at the 8% interest rate and then take the project. What are your cash flows in this case?

Today: $509.26 (loan)-$500=$9.26
In one year: $(from project)-$509,26*1.08(loan balance) =$0

This transaction leaves you with exactly $9,26 extra cash today and no future net obligations. So taking the project is like having an extra $9,26 in cash up front. This, the NPV expresses the value of an investment decision as an amount of cash received today.
As long as NPV is positive, the decision increases the value of the firm and is a good decision regardless of your current cash needs or preferences regarding when to spend the money. (Berk, et al., 2014)

Following the information above, we come to the fact that Formula for Calculating NPV is:

$$NPV= C_0+C_1/(1+r) + C_2/(1+r)^2+\ldots\ldots C_t/(1+r)^t$$

Where
-C_0 is the initial investment,
C_i are the future cash flows
R is the discount rate
T is the time

7.2 Internal Rate of Return

Internal rate of Return(IRR) is one of the most popular methods for valuating projects. IRR represent the discount rate at which Net Present value will be zero. In other words, IRR is a

rate, at which the difference between our initial investment and future cash flows will be zero.

Using the NPV rule, we can come to formula of IRR from the following:

$$NPV = C_0 + C_1/(1+IRR) + C_2/(1+IRR)^2 + \ldots \ldots C_t/(1+IRR)^t = 0$$

Actual calculation of IRR usually involves trial and error. For example, consider a project that produces the following flows:

C_0	C_1	C_2
-$4000	+$2,000	+$4,000

The internal rate of return is IRR in the equation

$$NPV = -4,000 + 2,000/(1+IRR) + 4,000/(1+IRR)^2 = 0$$

Let us arbitrarily try a zero discount rate. In this case NPV is not zero but +$2,000

$$NPV = -4,000 + 2,000/(1.0) + 4,000/(1.0)^2 = +\$2,000$$

The NPV is positive; therefore, the IRR must be greater than zero. The next step might be to try a discount rate of 50%. In this case net present value is -$889:

$$NPV = -4,000 + 2,000/(1.50) + 4,000/(1.50)^2 = -\$889$$

The NPV is negative; therefore, the IRR must be less than 50%.
Some people confuse the internal rate of return and the opportunity cost of capital because both appear as discount rates in NPV formula. The Internal Rate of Return is a profitability measure that depends solely on the amount and timing of the project cash flows, Opportunity cost of capital is a standard of profitability that we use o calculate how much the project is worth, the opportunity cost of capital is established in capital markets, it is the expected rate of return offered by other assets with the same risk as the project is being evaluated. (Brealey, et al., 2017)

The formula for calculating IRR is the following

$$IRR = r_a + NPV_a (r_b - r_a)/(NPV_a - NPV_b)$$

Where
r_a is the lower discount rate chosen,
r_b is the higher discount rate chosen,
NPV_a is NPV at r_a

NPV_b is NPV at r_b

Putting the figures from above we come to following equation.

IRR=0+$2,000(50-0)/($2,000-(-$889)= $100,000/$2,889=34.16

We see that Internal Rate of Return is 34.16. It basically means that if the market risk-free-rate will be 34.16, we will make no profit and no loss from the investment. We make our investment decision with comparison of IRR and the current risk free rate. If the market Risk-free rate is higher than our IRR, the difference between our initial investment and future cash flows will be negative and we will be supposed to reject the project. In contrast, if the Market risk-free-rate will be lower than IRR we will accept the project as the NPV will be positive.

7.3 Payback Period

The Payback period is a financial method used by managers to see how much time is needed to generate enough cash flows to cover the initial investment. The shorter the payback period, better the investment.

This method is often used by the managers as a quick tool for project evaluation. But this period has its own drawbacks. The main drawback is that Payback period is not considering the time value of money. If in case of IRR and NPV we were taking a discount rate to calculate the net value of the cash flow we will generate tomorrow, the Payback period ignores it.

The second drawback is that if calculating Payback period we do not consider what happens to the project after it generates cash flows equal to initial investment.

The formula for calculating the payback period is simple:

Payback= Number of years prior to full recovery + Uncovered cost/Cash flow during full recovery year

If we consider the example given above,

C_0	C_1	C_2
-$4000	+$2,000	+$4,000

We see that after one year the Cash flow of $2,000 will cover a part of the initial investment and there will be $2,000 more to cover. Let's find out when the investment will be covered in case if we will generate a cash flow of $4000 in the end of year 2

Payback= 1+ $2,000/$4,000= 1.5 years

As we found out, having cash flows of $2,000 and $4,000 in the end of 1-st and 2-nd years accordingly, the initial investment will be covered in 1,5 years.

7.4 Return on Investment (ROI), Return On Assets (ROA) and Return on Equity (ROE)

To understand if the business is profitable. We have to calculate ratios such Return on investment, return on assets and return on equity. These ratios are categorized in financial study books as profitability ratios

Return on Investment helps investors to have an idea about the performance of investment. It shows how much money the investor earns from each dollar invested in particular project.

ROI=Net profit/Total investment

Return on Assets is a measure, showing how profitable the company is compared to the amount of assets it owns or controls. It shows how efficient the assets of the company are used to generate earnings.

ROA= Net Income/Total Assets

Return on Equity ratio shows how much profit is generated from the stockholder's equity. It presents the ability of a firm to create profit from the equity.

ROE= Net Income/Stockholder's equity

All investors are interested in profit to be generated from their original investment. Thus they are highly motivated to make an investment in a company that matches their expectations of Risk and return. Of course, practice shows that as the profit increases, strongly correlated, increases the risk as well. So these formulas and calculations later will show a final figure about Anticafe's performance from financial perspective.

7.5 Profitability index

The last ratio we would like to discuss in this chapter is Profitability index (PI). PI is the present value of an investment's future cash flows divided by its initial cost. This ratio is also called the benefit-cost ratio. So, if the project costs $200 and the present value of its

future cash flows is $220, the profitability index value would be $220/200=1.1 Notice that NPV for this investment is $20, so it is a desirable investment.

More generally, if a project has a positive NPV, then the present value of the future cash flows must be bigger than the initial investment. The profitability index would this be bigger than 1 for a positive NPV investment and less than 1 for a negative NPV investment. In this example, the PI was 1.1. This tells us that per dollar invested, $1.10 in value or $.10 in NPV results.

But this index has its own drawbacks. The PI is obviously similar to the NPV. However, consider an investment that costs $5 and has a $10 present value and an investment that costs $100 with a $150 present value. The first of these investments has an NPV of $5 and a PI of 2. The second has an NPV of $50 and a PI of 1.5. If these are mutually exclusive investments, then the second one is preferred even though it has a lower PI. In all, there seems to be little reason to rely on the PI instead of the NPV. In Table 3 there are some advantages and disadvantages of using Profitability Index

Table 4: Advantages and disadvantages of Profitability index

Advantages and disadvantages of the Profitability Index	
Advantages	Disadvantages
1. Closely related to NPV, generally leading to identical decisions 2. Easy to understand and communicate 3. May be useful when available investment funds are limited	May lead to incorrect decisions in comparisons of mutually exclusive investments.

(Ross, 2013)

8 PROJECT MANAGEMENT METHODOLOGY

Project management methodology provides a standard, repeatable process to guide project performance from concept to completion. It introduces and applies generally accepted project management techniques and practices that fit within the culture and business needs of the relevant organization. It includes identification of the roles and responsibilities associated with each process step, as well as specification of the input and output for the prescribed sequence of process steps. In essence, a project management methodology conveys to project managers and project team members what to do and how to do it.

This methodology should address five general project management functions:

1. Initiation,
2. Planning,
3. Executing
4. Controlling,
5. Closing

The project management methodology function requires coordination and collaboration with key stakeholders-predominantly project managers- in the project management environment. It is imperative that any project management methodology grows to be supportive of technical and business efforts, so it is essential to involve project engineers, product managers, and other technical and business specialists, as simple processes are expanded to life-cycle processes. (Hill, 2008)

8.1 Time analysis: Project scheduling based on expected activity times; Critical Path method

Often, projects are so large or complex that the manager cannot possibly remember all the information pertaining to the plan, schedule and progress of the project. In these situations, the program evaluation and review technique (PERT) and the critical path method (CPM) have proven to be extremely valuable.

PERT and CPM can be used to plan, schedule and control a wide variety of projects. Common applications include:

1. Research and development of new products and processes
2. Construction of plants, buildings, and highways
3. Maintenance of large and complex equipment
4. Design and installation of new systems.

In this types of projects, project managers must schedule and coordinate the various jobs or activities so that the entire project is completed on time. A complicating factor in catying out this task is the interdependence of the activities before they can be started. Because projects may comprise as many as several thousand activities, project managers look for procedures that will help them answer questions such as following;

1. What is the total time to complete the project?
2. What are the scheduled start and finish dates for each specific activity?
3. Which activities are critical and must be completed exactly as scheduled to keep the project on schedule?
4. How long can noncritical activities be delayed before they cause an increase in the total project completion time. (Anderson, et al., 2016)

For this thesis we will use Critical path method to identify the critical tasks that have to be done in time in order to complete the project in the deadline.

To analyze the average time to complete the activity, we will use the following formula

$$Mean=(O+4R+P)/6$$

Where:

O- is the optimistic time in days

R- is the realistic time in days

P- is the pessimistic time in days

This method is commonly used by project managers to do a good time analysis.

8.2 Risk analysis: Process Decision Program Chart

Risk management is an inherent component of project management, and virtually all effective Project Management Offices (PMOs) and project managers acknowledge the need to manage project and business risks. The PMO needs to confirm that perspective by developing the necessary guidance and measurement metrics to facilitate effective project and business risk management.

The common risk management process calls for identifying, prioritizing and responding to risks that could affect projects. In some project management environments, risk is distinguished between events having potential adverse impact and those having potential opportunities. In that regard, the PMO should develop and implement metrics that address the relevant organization's process and business approach to risk.

Guidance metrics for risk management can include such items as specification of standard risk events and responses; preferred response strategies for major types of risks; frequency of risk examination and analysis; frequency and type of risks encountered on common projects, along with the preferred solution that can be incorporated in the project planning phase; common risk impacts on project performance; costs of proactive versus reactive risk response strategies; and ranges of risk fund allowances per the project classification. This collection of metrics should enable the PMO to identify and assist the project manager in responding to potential risk impacts on a real-time basis or in analyzing overall risk management performance and improving practices and individual competency on future projects. (Hill, 2008)

The method, used in this thesis, to Identify uncertain risks and suggest solutions for them will be PDPC chart.

The Idea of this chart is that it identifies the possible events what can go wrong in a plan, being under development. The PDPC chart is used when the plan has strict timing, the cost of failure is high. It has to be implemented in the fundaments of plan, especially if it is complex.

To use this chart, it is needed to draw a tree diagram with four layers:

1. The objective of the plan.
2. The tasks to be done.
3. The possible events of failure.
4. What are the solutions in case of failure?

After completing this tree diagram, it's easier to define which possible risks you have and what are the best options to eliminate them.

II. ANALYSIS

9 ZLIN CITY AS POTENTIAL MARKET

As we talked in theoretical part, Zlin is not a big city and the examples from other cities such as London, Moscow or Singapore cannot be compared with it. That's one of the reasons we conducted a market research which will be discussed later.

Zlin is a small city, with a history starting with Bata brothers who developed this city in their times. The signature of production is still left in this city and without any doubt we can say that this city has been an industrial city. In spite of that, this city is quite young as people are arriving from different parts of Czech Republic and Slovak republic to study Industrial engineering, design, technology and even Economics in Tomas Bata University, one of the fastest growing universities in central Europe. This city is full of young people which would be of interest to visit a concept of café which we are going to establish.

To make a forecast on demand, we took the data from Czech Statistical Service.

Table 5 Zlin Population by age

Obyvatelstvo podle pohlaví a věkových skupin v obcích Zlínského kraje k 31. 12. 2015																							
Obec		Okres		Správní obvod obce s rozšířenou působností		Celkem	v tom obyvatelstvo celkem ve věku																
KOD_OB	název obce	LAU1	název okresu	KOD_OF	název SO OR		0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40-44	45-49	50-54	55-59	60-64	65-69	70-74	75-79	80-84	85+
585068	Zlín	CZ0724	Zlín	7213	Zlín	75 171	3 670	4 057	3 210	2 846	3 684	4 849	5 154	6 183	6 185	4 612	4 834	4 779	5 441	5 009	3 860	2 873	2 242	1 683

Source: Czech Statistical office

Based on previous experience of Anticafes in other cities, as well as based on the survey we made, we assume that mainly young generation is interested Anticafe concept. Considering that fact, we are focusing in the population aged 15-29 years old. So the range of population age used in this thesis for estimating the demand and calculations, we are taking 2846+3684+4849=11379 people. This number basically means that we are targeting 11379 people from whole Zlin population. It would be too much optimistic to count that all those potential customers will visit anticafe, so to be more realistic we assumed that Anticage will be visited only by 10% of them which is conducting to 11379*0.05=1138 people, which will be used later in our calculations.

We also do not take into consideration. the customers who arrive to Tomas Bata University for their studies including Czech, Slovak and other international students currently living in Zlin.

10 ANALYZING THE QUESTIONNAIRE

As told above, in theoretical part, Anticafe Is a new business concept in Zlin so there is no available data about this type of business. We decided to make our own survey and collect data. This data will help us to find out several business-important factors such as the sales, customer tastes and preferences etc.

The questionnaire consists of 16 well-designed questions. In This chapter we are going to analyze each of them, their purpose of being in questionnaire (See Appendix 1)

The questionnaire was spread among different people in Zlin city, so we have random respondents.

As we see from the questionnaire, in the beginning there is an introduction text containing a brief information about Anticafe concept for respondents. It also contains information thanking respondents for taking a part and motivating them to fill the questionnaire.

Let's now discuss the questions and the summary of responses.

1. Do you visit public places such as Cafes, restaurants, cinemas etc.? If yes, please specify which ones
   - Cafe
   - Restaurant
   - Library
   - Cinema
   - Theatre
   - Pub
   - Club
   - Other
   - I prefer to stay at home

This question in questionnaire was a checkbox question, enabling the respondents to choose several answers. It was designed with an aim to find out which places are most visited by our customers.

Figure 3: Question 1
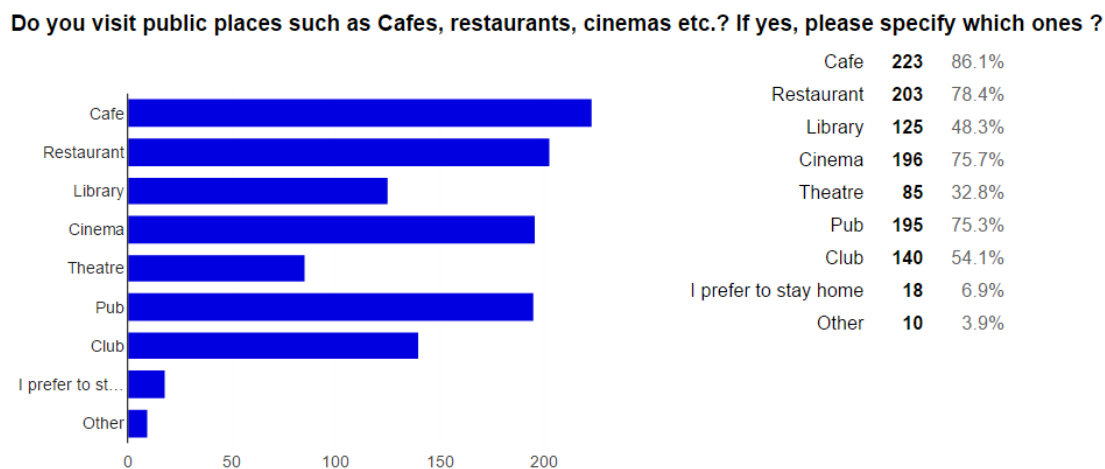
Source: Own Calculation

This question is designed to be checkbox question, where each respondent can choose multiple answers, so we can find the most popular answers.

As we see from the chart, the most popular visited place is Cafe, as 86.1% of respondents visit it. Next most popular places are Restaurants, Cinemas, Pubs, gaining 78%, 76%, 75% accordingly. Varying around half of respondents, in second group of popularity are respondents who visit Clubs, libraries and theatres. Concluding 54%, 48%, and 33% relatively. Some small groups of respondents announced that they visit sporting activities clubs, parks   etc.
The great advantage of this question is that its giving us a view of which places our potential customers are interested in.

2. How often you visit them? (Average per month)
   - Every day (30 times per month)
   - Once a week (About 5 times per month)
   - Several times a week (About 5 times per month)
   - About once a month
   - Never

This is a multiple choice question, aiming to find out the frequency of visiting public places such as Cafes, restaurants, theatres etc.

The chosen respondents answered the following way:

Figure 4: Question 2

Count of How often you visit them? (Average per month)

- Several times in a week (15 times per month)
- About once a month
- Once a week (About 5 times per month)
- Every day (30 times per month)

49.6%
29.7%
15.6%
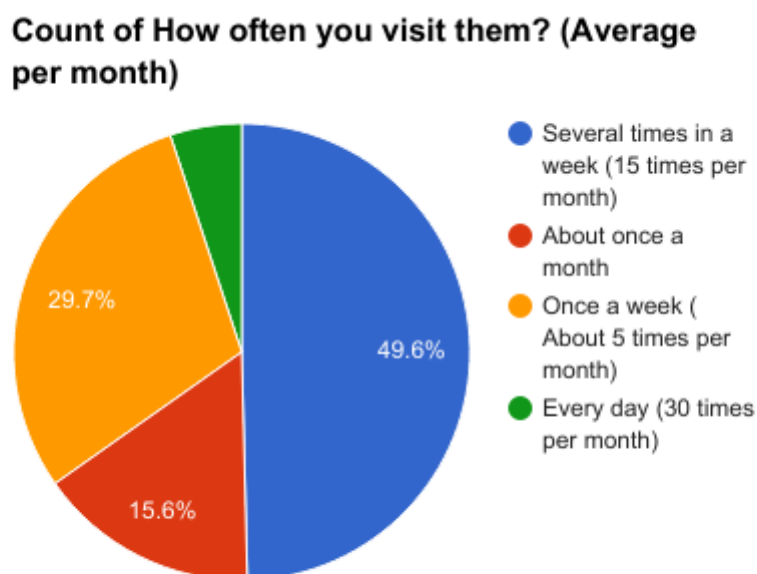
Source: Own Calculation

As we see, almost 50% of respondents answered that they visit public places fifteen times a month, nearly 30% visit them about five times a month (once a week) and 16% of them visit about once a month. Only 5.1% of the respondents answered that they visit them every day. The fact is that there is no single respondent who answered that they never visit such places.

3. What you like of the places you visit?
    - Furniture
    - Service
    - Atmosphere
    - Meals and drinks
    - Prices
    - People
    - It's nearby

This questions purpose is to find out what is attracting customers to visit the places they usually do, Their current tastes and preferences. This is a checkbox question where one respondent can choose different answers.

Figure 5: Question 3

What do you like most of the places you visit?

Furniture	68	26.3%
Service	115	44.4%
Atmosphere	228	88%
Meals and drinks	185	71.4%
Prices	110	42.5%
People	128	49.4%
It's nearby	43	16.6%
Other	5	1.9%
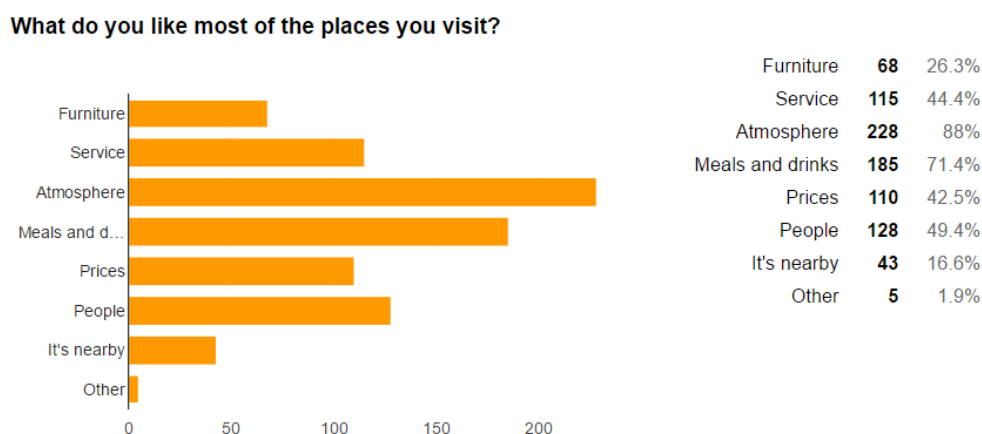
Source: Own Calculation

Results in this chart show us that people usually visit those places because of the atmosphere, meals and drinks, and other people being there, conducting 88%, 71.4% and 49.4% accordingly.

4. In spite of all the positive aspects that you like in the places that you are visiting, what are the aspects that you would like to change there?
    - Prices
    - I cook better
    - It's not clean enough
    - I don't like the waitresses' behavior
    - I have to wait
    - I feel uncomfortable when I study/work there
    - I have to order more things as I am there for long time
    - I prefer staying at home
    - I like everything

In spite of all pros of public places they visit, there are some aspects that their customers may be don't like. To see what is the most popular and most annoying problem for our customer we designed this checkbox question.

Figure 6: Question 4

In spite of All the positive aspects that you like in the places that you visit. what are the aspects that you would like to change there ?

Prices	110	42.6%
I cook better	16	6.2%
It's not clean enough	19	7.4%
I don't like the waitresses' behavior	71	27.5%
I have to wait for a long time	77	29.8%
I feel uncomfortable when I study/work there	32	12.4%
I have to order more things as I am there for a long time	54	20.9%
I prefer staying at home	11	4.3%
I like everything there	43	16.7%
Other	7	2.7%

Source: Own Calculation

The main problems that the customers face when visiting those public places are Prices, long waiting time and waitress' bad behaviour. Those answers are three most popular, concluding 42.6%, 29.8% and 27.5% accordingly. As expected for us, some of the customers are facing also problems when they stay there for a long time. 20.9% of customers feel that they have to order more things, and 12% are feeling uncomfortable to study or work there. This makes a chance for us that Anticafe, where will be no waiting time because of self-service, separate working room and good atmosphere, will attract customers.

5. Did you know about Anticafe before?
   - Yes
   - No

This question is designed to see the awareness of respondents about anticafe concepts. If it is popular in this region or not, or if they have ever heard about it.

Figure 7: Question 5

Count of Did you know about Anticafe before?

● No
● Yes

20.7%

79.3%
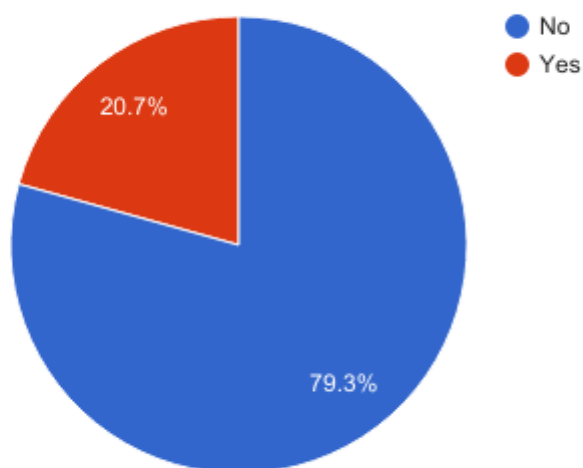
Source: Own Calculation

As we see only 1/5 of the respondents are familiar with this concept. This makes the business riskier, as there is a probability that the customers will not visit it after discovering how this concept looks like in real life. Almost 80% of the customers answered that they didn't know about Anticafes before.

6. If yes, how often were you visiting it?
   - I have been there only once
   - I have been there several times
   - I visit it often
   - I don't visit Anticafe

This multiple choice question is designed to analyse and find the respondents' frequency of visiting anticafe. It will show if the anticafes are popular in their regions.

Figure 8: Question 6
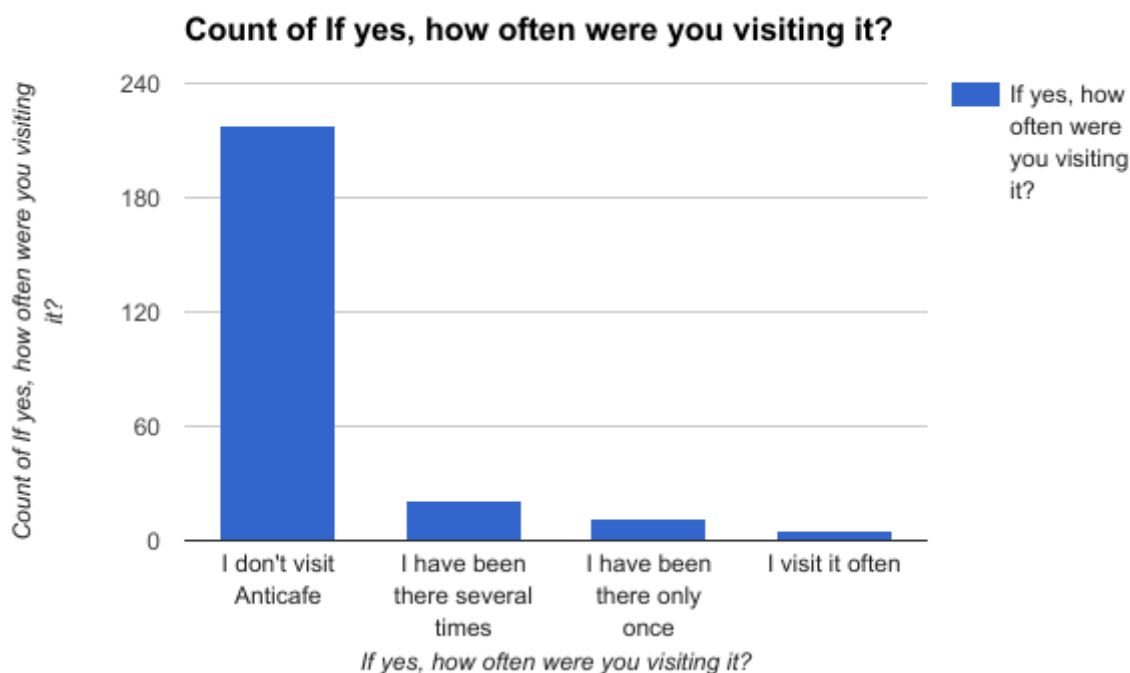
Source: Own Calculation

As expected from last question, the most of the respondents answered that they don't visit. In other words, 85.2% have not visited anticafe at all, and they didn't know about this concept. Only 8.2% of people told that they visited Anticafe but only several times. Little group of respondents answered also that they visit anticafe often.

 7. What do you like in Anticafes?

This question was open question, enabling the respondents to leave their comment about the Anticafe concepts, what they like in it. We can find out what is attractive for our potential customers most.

Here is the summary of subjective answers of respondents. They told that in Anticafe concept they like:

- Free tea,
- The Idea itself,
- The concept sounds good,
- The variety of thing you can do,
- The atmosphere,
- The concept of combining dining & library/working place sounds good
- It's different than other places.

- It's great to come with a big group, and you don't need a reservation because there is always enough space.
- It brings every places I like spending time together,
- I have never been in Anticafes, but I suppose the atmosphere will be very pleasant,
- Environment. I am feeling like I am at home,
- Freedom. It doesn't give you the non-comfortable feeling of being in a public place, but usually you feel more cozy, like at home. Also at my favorite Anticafe I loved it that I was always meeting new people and making new friendships easily, just because it was more art orientated and you just expect special kind of people to be there,
- Freedom, opportunity to feel cozy, be with friends and cook with them.

As we see, the respondents mainly like the atmosphere, and the concept itself. They like to feel the good environment out of their homes, meeting new people and doing some activities.

8. Which facilities you need in a place to feel comfortable?
    - I need only a silent room
    - Music
    - Tea, Coffee
    - Opportunity to cook, eat etc.
    - Internet access,
    - Games
    - TV
    - Other

This open-ended checkbox question was designed to find out tastes and preferences of our customers, but in contrast to previous question, here are pre-designed answers which are representing the possible facilities in Anticafe. This question is open ended, allowing the respondents to tell the facilities they need, in case if it is not pre-designed. in answers list.

Figure 9: Question 8

Which facilities you need in a place to feel comfortable ?

I need only a silent room	**36**	14%
Music	**175**	67.8%
Tea, Coffee	**195**	75.6%
Opportunity to cook,eat etc.	**46**	17.8%
Internet access	**180**	69.8%
Games	**37**	14.3%
TV	**16**	6.2%
Other	**12**	4.7%
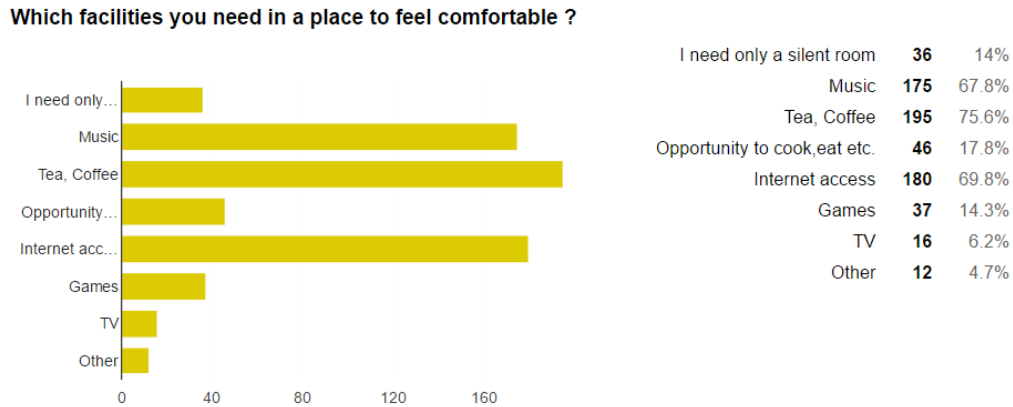
Source: Own Calculation

This question forces us to have some facilities in Anticafe which are preferred by our customers.

75.6%, 69.8% and 67.8% of our customers told that the main facilities they need are Tea and coffee, internet access and music accordingly. This means that in spite of all facilities there, those are the most needed facilities and have to be a high quality.

9. If the place will be designed according to your needs, how often, you think, you will be visiting it? (Average per month)
    - Every day (30 times per month)
    - Several times in a week (15 times per month)
    - Once a week (5 times per month)
    - About once a month,
    - I will never visit it,

This multiple choice question is designed to gather data and make estimation about future average demand for Anticafe. Here is how the summary of answers look like:

Figure 10: Question 9
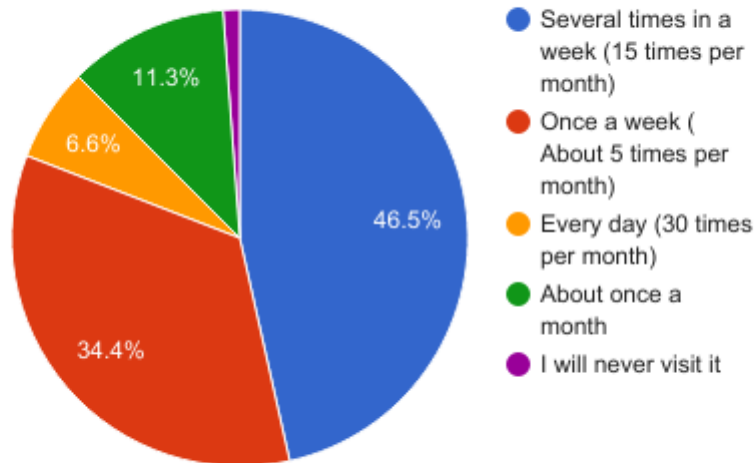
Source: Own Calculation

Here we see that more than 46% of respondents answered that they will be visiting Anti-cafe fifteen times per month (several times in a week), around 35% told that they will visit it about five times in a month, slightly more than 11% told that they will visit it once a month and surprisingly more than 6% of respondents told that they will be visiting anticafe every day.

10. For each visit, how long, you think, you will be spending there?
   - Less than 1 hour
   - 1-2 hours
   - 3-5 hours
   - 5-7 hours
   - More than 7 hours

Figure 11: Question 10

Count of For each visit, how long, you think, you will be spending there ?
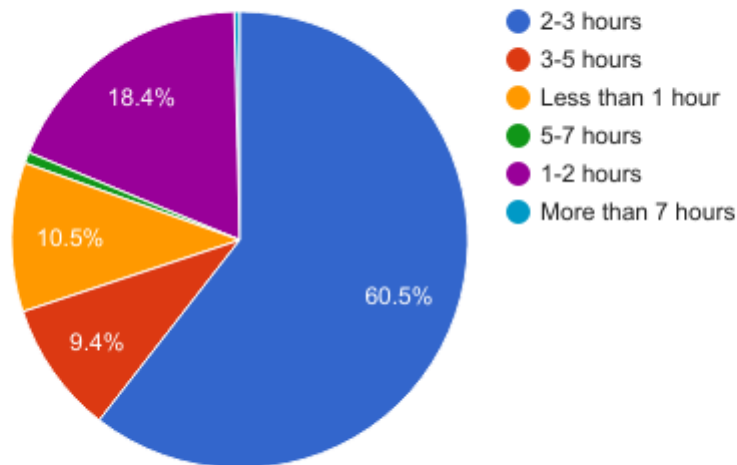
Source: Own Calculation

As we see from the chart, more than 60% of respondents answered that they are willing to spend 2-3 hours in Anticafe on average. More than 18% of them answered that they would be spending on average 1-2 hours there. Some of them, 10,5% to be exact, told that they will spend less than 1 hour in Anticafe and less than 10% are willing to spend 3-5 hours. Just a little segment of respondents told that they would like to spend more than 7 hours in Anticafe.

11. Suppose in the city where you live/study/work is an anticafe near your place, designed with comfortable areas and facilities, with nice design and atmosphere, what is the price you expect to pay for one hour? (In CZK).
    - 50-80
    - 81-100
    - 101-120
    - 121-150
    - 151-180
    - 181 and more
    - I'm indifferent, I will never visit it

This question is developed to understand the consumers' willingness to pay. To find out the price of one hour of spending in Anticafe by consumers' evaluation.

And here are how the results look like.

Figure 12: Question 11
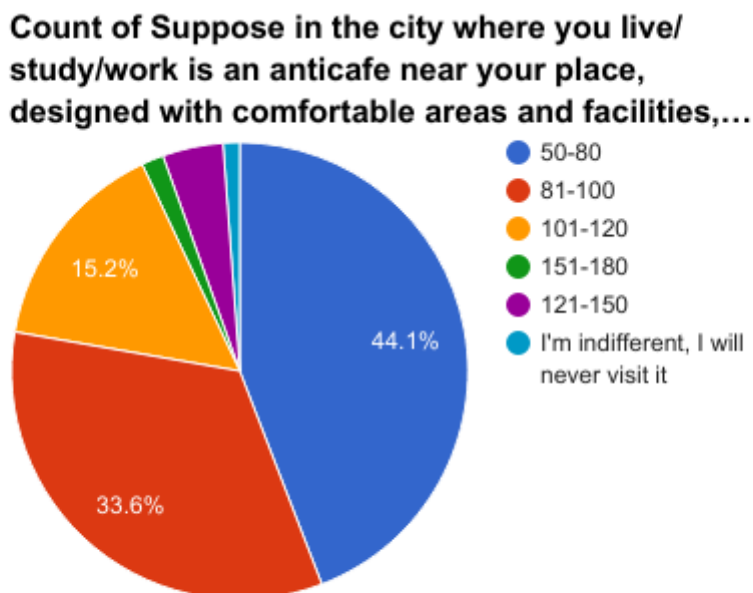
Source: Own Calculation

As we are expecting that anticafe will be visited mainly by students or young generation, it's quite expected that they are willing to pay 50-80 CZK per hour in Anticafe due to low income in that age. Those respondents conclude 44% in total. Other 33.6% of respondents told that they would like to pay 81-100 CZK per hour of spending in Anticafe. We have also third group of respondents who told that they are willing to pay 101-120 CZK per hour. This group is slightly more than 15% of total respondents number.

 12. Which City are you currently studying/living/working at.

This is an open question to find out if the respondents are from Zlin, nearby cities or other parts of the world.

Figure 13: Question 12

Source: Own Calculation

As expected, the most of the respondents are in Zlin, but as the questionnaire was sent also to international students who have been studying in Zlin in last several years, they are from cities such as Vilnius, Riga, Salamanca, Toulouse, Yerevan etc.

> 13. Which field are you specialized in?
- Economics
- Technology
- Humanitarian studies
- Informatics
- Multimedia communication
- I haven't decided yet.

As we started to analyse data from questionnaire we made, we realized our mistake in this question. Instead of "I haven't decided yet", as there could be respondents who didn't go to university, there had to be "Other". But however, this question is designed to find out the faculties where the respondents are mainly having their classes. As we discussed above in Theoretical part, there are some cases of Anticafes which didn't work because of bad location. To find out where is the best to locate Anticafe, we designed this question. Here is the summary of results we gathered.

Figure 14: Question 13

Count of Which field are you specialized in?
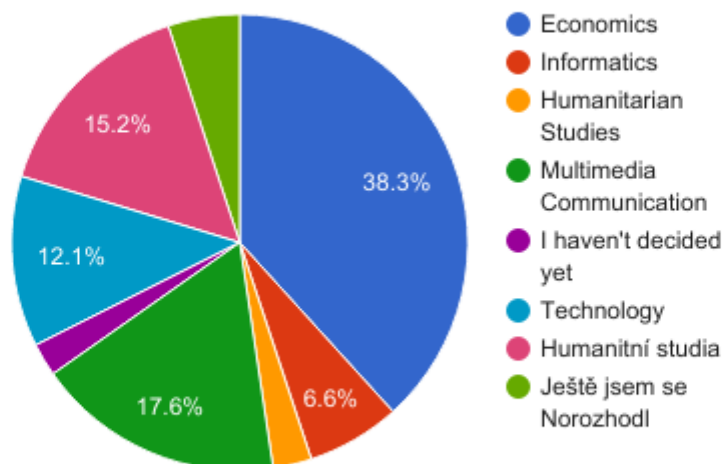
Source: Own Calculation

The most of our respondents, 38,3% to be exact, told that they are studying in field of economics. 12.1% told that they study in field of technology and 17.6% answered that they haven't decided yet. Considering the location of faculties of TBU, we can come to conclusion that the best location for anticafe will be in City centre. Near to faculties of UTB. Gladfully, some of the faculties of UTB, mainly faculty of Technology, Humanitarian studies, Economics, Multimedia and Communication and the main Library building, are located in one area, no more than 10 minutes of walk from one to another.

14. Please indicate your age
- Under 18
- 19-22
- 23-25
- 26-28
- 29-32
- 33-35
- 36-39
- 40 and higher

This question is designed to analyse the age groups of respondents. The ages are grouped with difference of 3 years, from 18 to 40 years old. As we analysed other Anticafe concept, we came to conclusion that our main customers will be young generation, but let's have a look to the summary of results we got:

Figure 15: Question 14
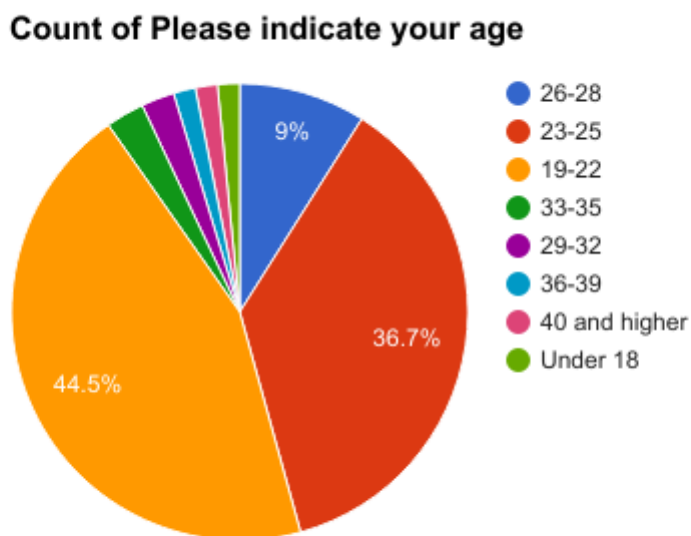
Source: Own Calculation

The results of survey show that the main part of respondents (44.5%) are falling in group aged 19-22 years old. The second biggest group is aged 23-25 years old and only 9% of them are 26-28 years old.

That basically means that we can expect customers on average aged 19-25 years old, which means that the customers mainly are expected to be students of Zlin. This gives us a view that the events, organized in Anticafe can be more or less related to so called "student life"

15. Your gender?

- Female
- Male

This is one of the questions, describing the demographic characteristics of our respondents. Based on answers on this question as well, we can later know which direction to make the flow of activities organized in Anticafe.

Figure 16: Question 15

Count of Your Gender?
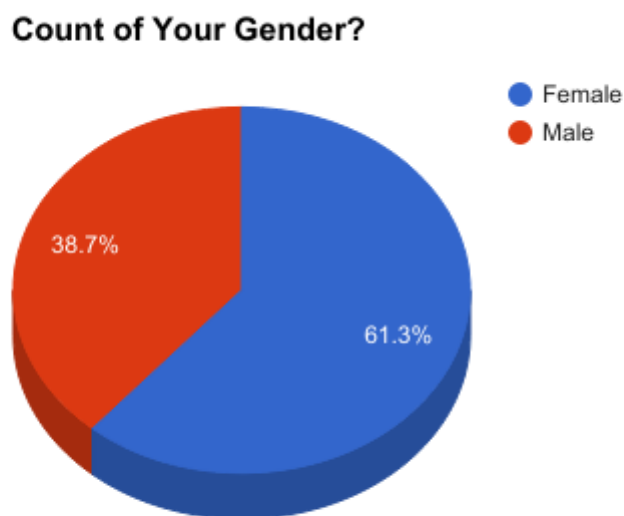
Source: Own Calculation

The main part of our respondents were female, making a group consisting of 61.3% of total respondents. The rest are males.

16. Please indicate your country of origin.

This is the last open question to find out which is the country of origin of our respondents. this helps us to analyse and compare their knowledge about anticafe and which country they are coming from.

Figure 17: Question 16
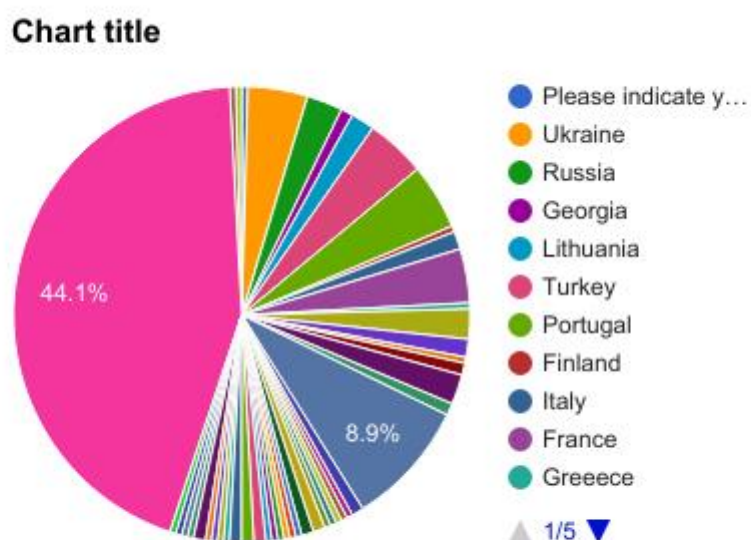
Source: Own Calculation

There are two main groups of respondents. 44.1% and 8.9% coming from Czech Republic and Slovak republic accordingly. The rest of respondents are as from Europe, as well from Asia etc.

11 ENTERING THE MARKET

Independently how carefully your product or service is planned, how creative it is or how good it is, it cannot succeed without effective marketing. This begins with systematic, strategic and careful research.

Good marketing strategy starts from analyzing the market. In fact, there are different types of analyzing the markets. It mainly depends on several factors such as availability of data and company's resources, but in both cases, this process starts with a broad research of the market, paying attention to consumer needs, market situation such as competition and firm's objectives. This helps to find out new and peculiar opportunities, which company can use for its best.

Below, in this chapter, you can find the marketing strategies we processed for Anticafe. Following these strategies will help us to promote our service to most of our potential customers and reach profit maximization.

11.1 The Four "P"-s

One of the most popular methods to build your company's image, is to build a good Marketing mix. To be able to make this analysis, the entrepreneur has to understand which is the *Product* or *service* he is going to sell, what is the *Price* that best meets his and his customers' imagination, at which *Place* he is going to sell, and not less important, which kind of *Promotion* strategy he is going to use to attract the customers.

After digesting all the information about Zlin market, we came to conclusion to create the following combination of marketing "P"-s.

11.1.1 Product (Service)

Service products lie at the heart of a firm's marketing strategy. Planning the marketing mix begins with creating a service concept that will offer value to target customers and satisfy their needs better than competing alternatives. Service products consist of :

1. A core product that responds to the customers' primary need,
2. An array of supplementary service elements that are mutually reinforcing value-added enhancements that help customers to use core product more effectively (Lovelock, et al., 2011).

As a core "product" for our company we created the concept of anticafe which will be rented out hourly. Our customers are paying us for an "opportunity" to use the facilities we created. On Average, the customer is spending several hours in anticafe using kitchen appliances such as Coffee machine, cooking oven or even a mixer, they are using toilet and bathroom, using home cinema or using one of the available Xbox game consoles to play a game with their friends. As soon as they step in to the anticafe and take their card with the time assigned, they are free to use all these and other facilities prepared for them.

For the second category of "products" prepared for them are different types of coffee, tea, cookies and candies in the kitchen, as well as the high speed internet in whole building. Our customers are free to consume those complementary products as much as they want. Of course they are free to bring their food and heat up in the kitchen or cook it from scratch. Also, they are free to bring their drinks such as lemonade, soda or juice. The only restriction is that in whole area of anticafe it is prohibited to use alcoholic beverages, or enter the building in the state of alcoholic intoxication.

As a complementary service, there will take place different events such as concerts of different singers or bands, galleries, and events which will be currently be demanded from our customers.

Summing up, our "product" is a place where our customers are provided with different useful facilities to feel more comfortable for having a rest, spending time with friends, studying or doing some assignments in our working room.

11.1.2 Price

One of the most difficult tasks, when creating the marketing mix is to create a good pricing strategy. The entrepreneur has to consider facts such as consumer willingness to pay and his willingness to sell. The price should be in the equilibrium both for the consumers and the entrepreneur. There are different methods used for pricing. Being unique in traditional market, Anticafe concept pricing strategy is quite risky. There are no other direct competitors in Zlin city, so the factor of influence on price by competition doesn't exist. There are indirect competitors such as Restaurants, cafes, libraries, and other public places where the potential customer can spend some time rather than in Anticafe. To set up the price of one hour or one minute in Anticafe, it will be quite complicated to calculate based on competitor's price, because competitors are mainly working with traditional pricing strategy. Customers are buying from them a meal or drink, which is complemented with serving.

To find out which will be the best price both for us and our competitors, we decided to implement Price Skimming strategy. This means that we are setting a high introductory price while making a heavy promotion and having a tendency to drop the price over time. After Making the market research, which is introduced in previous sections, we came up with results that the weighted average price of one hour our customers want to pay is CZK 84 per hour, but considering the average prices the customer will spend in other cafes during one hour, we decided to round down the price of one hour to CZK 70, to be more competitive and not to lose the biggest portion of our consumers who wanted to pay 50-80 CZK per hour.

11.1.3 Place

In service marketing, not less important is to choose a precise place for your business. You may cook the best chocolate muffins in the world, but no one will come to buy those muffins from a nearby city. The choice of the place has to be exact. There is a portion of customers who are using your service just because it is nearby.

For Zlin city the choice is obvious. The Anticafe is a place where mostly are going young people, so it has to be located in a place, where there are a lot of different educational institutions and schools, where students can spend their one-two hour breaks as well. Fortunately for Zlin city, being small, the University faculties and high schools are not located far from each other. If the Anticafe will be in City center near to university faculties such as UTB Library and Faculty of Multimedia and Communication, other young

people from Faculty of Management and economics and high schools, will be able to reach anticafe by walk in 10-12 min. As discussed in this thesis, that kind of place is the area that we will rent for Anticafe. The place is exact to our needs, having energy, sewage and water. Nearby are located several pubs, fast foods, a park and ATM.

This way we will be following the main rule of a "Place" in marketing mix: Our "product" will be available at a righ time in a convenient location.

11.1.4 Promotion

As mentioned above, Promotion is not less important than other three elements of marketing mix. You can basically produce a generic product, but make a good branding, advertisement or other promotional strategy and your product will be loved.

In developing a promotional strategy, marketers blend the various elements of promotion to communicate most effectively with their target market. Many companies use an approach called Integrated Marketing Communications (IMC) to coordinate all promotional activities so that the consumer receives a unified and consistent message. Consumers might receive newsletters, email updates, discount coupons, catalog, invitations to company-sponsored events, and any number of other types of marketing communications about a product. (Kurtz, 2014)

To reach out target market by our promotion, we decided to use the internet as a main channel of it. As we noticed above, in research analysis, most part of customers preferred to have an access to internet, when choosing from bunch of features Anticafe can suggest. It means that the most of the customers are using internet rather that TV to get information. Almost every young individual in our days has a social network. The most popular of them is Facebook.

 Social network Facebook enables businesses to have a complete control on the advertisement. You can make a target group on Facebook and your advertisement will be shown only to them. The price of those advertisements is based on Cost per click principle and can have different budgets, depending on your ability and readiness to pay for advertisement.

Besides advertisement on Facebook, we can also deliver our descriptive or persuading information distributing flyers in the nearby park or organizing different events that our customers would like to go to.

In real life, there are several more "P"-s which can be considered. For Anticafe business we have also Positioning and People. The seventh P Which can be applied is Packaging, but in case of business, the best way to describe the "Package" is to describe the extent of quality of the service you are going to provide.

11.2 S.W.O.T Analysis for Anticafe

Whenever you want to find a new market opportunity, a strategic partner, or just want to know in which condition is your business in current market, your first AID S.W.O.T. analysis.

As told in theoretical part, S.W.O.T. is an abbreviation of Strengths, Weaknesses, Opportunities and Threats. But being a unique concept in Zlin city, without having similar businesses, it will be quite difficult to find all those four characteristics of Anticafe. However, taking into consideration the general market in Zlin and the general characteristics we decided to use our Strengths and Opportunities to build strategies which will bypass our weaknesses and threats.

11.2.1 Strengths

Anticafes are usually quite private: people, visiting anticafes are usually becoming a "family", where everybody is glad to see each other every time - which adds some special charm to the anticafe's image. Such establishments truly create new traditions - they bounce back from the ideas of cheap and tasty or expensive and exclusive food, focusing people on their true insights, in difference of their biological needs. It's nice to see how one person is teaching the other how to use an espresso machine or playing some video games with a person you see the first time in your life.

The main strength of Anticafe is the existence of a good, warm atmosphere, which in our opinion is the main attractive aspect of such places.

11.2.2 Weaknesses

The main weakness for Anticafe is that this business is new in Zlin. It can take a long time and effort for our customers to get used to the way it works. During surveying for our research we found out that people are hearing about it for the first time in their life. It makes a big difficulty and risk for us. Of course, almost all of our respondents answered that hey

are interested in anticafe and would like to visit it at least once a month, but considering that usually people are optimistic, we can come to assumption that there is a margin of risk that our potential customers may not like it. As all smart entrepreneurs, we understand that introducing a new product or service in the market is quite risky, but if we lower the risks and develop a good marketing strategy, being innovators in the market we can fastly get a high profit margin and invest in Anticafe again.

11.2.3 Opportunities

We discussed above that our main product is the rent of the place itself, complemented with different foods and drinks that our customers can take for free.

Besides the hourly rent we can provide to our customers, we can also organize different events, attracting new customers. As we mentioned above, one of the rooms of anticafe will be equipped with home cinema. That gives us opportunity to organize movie nights, watching of champions league, or concerts.

Besides that, later can be organized different trainings in anticafe, using the equipment we have, as well as in a form of video conference.

Other opportunity which can be used is organizing events such as different tournaments of game night. There are two video game console, which can be used to organize a tournament with a prize for the winner, or a night of "Mafia" when different people, without knowing each other can come to play.

11.2.4 Threats

We don't have direct competition in Zlin, but it doesn't mean that there are not threats for anticafe. We have a huge amount of indirect competitors in zlin which are cafes, restaurants or even the UTB library, where people can focus on their studies, work and have a coffee.

In general, as all the businesses, we also are dependent on our suppliers, but in our case, their influence is not so high. The main suppliers will provide us with several types of coffees, snacks, and every day use supplies.

Of course, we will do everything possible to satisfy our customer needs and provide them a high quality service, but as we mentioned, a new business is quite risky and not every time we will understand our customers' needs. To solve this problem, often we will be in direct contact with our customers, interviewing them during having a coffee, or just meet-

ing in anticafe. In our opinion, this will be quite effective way to have a feedback and an evaluation of business, understanding which qualities of our business is adding a value and which ones not, because no single customer will pay you for the waste you produce.

11.3 Coming up to diversification strategy based on Ansoff matrix

Ansoff matrix, with its simplicity is suggesting four basic strategies based on four main scenarios you can face in the market.

Which strategy to choose? Market penetration? Product development? Market development? or Diversification?

This question can be answered based on if the buyers of your product are your ordinary customers or new and if you are introducing a new product or you want to expand and sell your existing market.

As we don't have any kind of restaurant or café business, anticafe concept is new for us.

Also, as there is no other anticafe in Zlin market, it is a new product for local customers. That basically means that we are falling into fourth quadrant of Ansoff matrix, which is suggesting us to implement the diversification strategy.

There are two types of diversification strategies

- Related.
- Unrelated.

In case of related diversification, we would have some familiarities with the market, but we are going to implement Unrelated diversification, which is considered to be a high risk strategy.

Of course, taking into consideration the risk and return relationship, we can guess that in this case we can get a high profit here, but it also means that we can spend a huge amount of money and have no result.

We know that it can happen that all the efforts and inputs we are investing in this project can bring us to nowhere, but we hope that the research that we conducted will help us to lower the risk and have better view to the barriers we can face.

12 CALCULATING MEASURES OF VARIABILITY

Making a market research means to gather data about different market indicators you need and analyze them to see a tendency of some trend or influence of different factors on each other. We decided to make our own market research and gain data about our customer tastes, preferences and some data, which will help us to estimate our future demand. In previous section, when analyzing the questionnaire, we briefly discussed all the questions, reasons to put them in our questionnaire and results. In this chapter we would like to discuss only three of them: how often our consumers would like to visit anticafe, what is the average time they would like to spend there and what is the average price they would like to spend there.

To be able to analyze the categorical data we gathered, we decided to convert it into numerical measures, taking the averages of the answers.

For example, if the respondent told that on average he would like to spend 3-5 hours in anticafe per each visit, we considered that on average he would spend (3+5)/2=4 hours etc.

Here we constructed the following Table 6

Table 6 Calculation of Measures of Variability

	A	B	C	D	E
1		Days per month	Hours per visit	Hours per month	Requested price
2		15	2,5	37,5	65,00 Kč
3		5	2,5	12,5	90,00 Kč
4		5	2,5	12,5	90,00 Kč
5		30	4	120	65,00 Kč
6		15	2,5	37,5	90,00 Kč
7		15	2,5	37,5	65,00 Kč
8		15	2,5	37,5	65,00 Kč
9		15	2,5	37,5	110,00 Kč
10		5	4	20	110,00 Kč
11		15	2,5	37,5	90,00 Kč
12		15	2,5	37,5	110,00 Kč
13		15	4	60	90,00 Kč
14		5	2,5	12,5	110,00 Kč

…..

255		5	2,5	12,5	90,00 Kč
256		5	2,5	12,5	90,00 Kč
257		5	1	5	165,00 Kč
258	Mean	10,81	2,34	27,62	84,06
259	Median	15,00	2,50	22,50	90,00
260	Mode	15,00	2,50	37,50	65,00
261	Max	30,00	7,00	210,00	165,00
262	Min	1,00	1,00	1,00	-
263	σ	7,50	0,88	23,90	23,90

Source: Own calculation

Using different functions and formula modelling techniques in Excel, we came to the following results represented above.

As we see, on the average our respondents would like to come to anticafe 10 times per month, spending on average 2,5 hours. With that condition they would like to pay CZK84 for each hour.

Let's notice from the table above, that our consumer's willingness to pay varies from CZK 65 to CZK 165. So it forces us that the price set up for one hour of anticafe has to be in this range or lower, to satisfy our customers. Of course, as each entrepreneur, we would like to charge a high price, to have higher profit margin, but we respect our customers and don't want to play with their trust, so we will set a price in this range, lower than average, which will be discussed later, in section of creating marketing mix.

As there are different groups of respondents, who answered differently on those three questions, we decided to calculate the weighted average, to have more precise numbers, summing up the questions of the frequency of visits and the average spent hours in Anticafe.

The calculation of weighted average can be found as follows.

Table 7: Weighted average demanded hours per month

Weighted average demanded hours per month		
Monthly demand(hours)	Weight (%)	Demand*Weight
37,5	0,34	12,75
12,5	0,188	2,35
120	0,016	1,92
20	0,023	0,46
60	0,047	2,82
75	0,035	2,625
2,5	0,043	0,1075
1	0,035	0,035
5	0,039	0,195
4	0,008	0,032
30	0,008	0,24
15	0,022	0,33
180	0,004	0,72
90	0,004	0,36
22,5	0,051	1,1475
7,5	0,094	0,705
1,5	0,039	0,0585
210	0,004	0,84
Total	1	27,6955

Source: Own calculation

With a basic multiplication, done accordingly in its order, we calculated the demanded hours spent in anticafe by our customers. For example, If the respondent answered that he/she would like to visit anticafe five times in a month, and spend on average four hours, then he will spend 4*5=20 hours per month. We constructed a table with proportions of matched answers, and calculated the weighted average demanded hours per month. As shown in Table 7, each customer on average would like to spend in anticafe 27,6955 hours in a period of one month. We considered for our calculations one month as 30 days.

The similar calculation we made also to find the weighted average price.

Table 8: Weighted Average Price

Weighted average price		
Price	Weight (%)	Price*Weight
65	0,441	28,665
90	0,336	30,24
110	0,152	16,72
165	0,016	2,64
135	0,043	5,805
0	0,012	0
Total	1,000	84,070

Source: Own calculation

Table 8 represents our calculations of weighted average price. The same way grouping them by matching proportions of same numbers out of 256 respondents we had, we came to conclusion that on average our customers would like to spend CZK 84.070 for one hour being in anticafe.

12.1 Estimating the demand curve

From the previous sections we see that we brought the answers of respondents regarding to the price they would like to pay and their monthly visits to average amounts. Hacing two columns of data: Demanded hours per month and Price, based on Correlation analysis we can construct the demand curve, which looks as follows:

Figure 18 Demand curve

Source: Own calculation

As we see in Figure 18, On horizontal axis we have the price the consumers are willing to pay for one hour. On vertical axis we have the amount of hours they would like to spend there at a particular price. The Equation for this demand line will be y=-0.0655x+33.118.

12.2 Applying averages to targeted segment of population

These calculations separately would make a sense if we were going to have only one customer, but as we are going to have more customers from the whole Zlin city, we applied these numbers to the whole population.

As discussed in first section of analytical part regarding to Zlin population we would like to target only population aged 15-29 years' old, which is consisting of 11379 people. It would be too optimistic to consider that the whole population in this age would love the concept of anticafe and will be visiting it in general, so we considered only 10% of it, which is conducting to 1138 people.

The next step to have an imagination how those people would visit anticafe, we decided to make a simple distribution of them in 30 days, based on their answers of frequency of visits to Anticafe, which can be found as follows:

Table 9: Potential customers distribution per month

	A	B	C	D	E	F	G	H	I	J	K	L
1								Age	people			
2								15-29 y.o	11379			
3		Days per month	People per day					10%	1138			
4			every day(30 days per month)	times in a week(15 times per month)	week (5 times per month)	Once a month	Never (0)	Total per day	average hours	total hours per day	Price	sales per day
5			0,066	0,465	0,344	0,113	0,012					
6	Monday	1	75	265	64	4	0	408	2,5	1020	84	85 701,29 Kč
7	Tuesday	2	75	265	64	4	0	408	2,5	1020	84	85 701,29 Kč
8	Wednesday	3	75	265	64	4	0	408	2,5	1020	84	85 701,29 Kč
9	Thursday	4	71	251	61	4	0	387	2,5	967	84	81 229,10 Kč
10	Friday	5	59	209	51	2	0	321	2,5	802	84	67 409,51 Kč
11	Saturday	6	86	305	74	6	0	471	2,5	1177	84	98 850,49 Kč
12	Sunday	7	83	292	70	4	0	449	2,5	1121	84	94 187,42 Kč
13	Monday	8	75	265	64	4	0	408	2,5	1020	84	85 701,29 Kč
14	Tuesday	9	75	265	64	4	0	408	2,5	1020	84	85 701,29 Kč
15	Wednesday	10	75	265	64	4	0	408	2,5	1020	84	85 701,29 Kč
16	Thursday	11	71	251	61	4	0	387	2,5	967	84	81 229,10 Kč
17	Friday	12	59	209	51	2	0	321	2,5	802	84	67 409,51 Kč
18	Saturday	13	86	305	74	6	0	471	2,5	1177	84	98 850,49 Kč
19	Sunday	14	83	292	70	4	0	449	2,5	1121	84	94 187,42 Kč
20	Monday	15	75	265	64	4	0	408	2,5	1020	84	85 701,29 Kč
21	Tuesday	16	75	265	64	4	0	408	2,5	1020	84	85 701,29 Kč
22	Wednesday	17	75	265	64	4	0	408	2,5	1020	84	85 701,29 Kč
23	Thursday	18	71	251	61	4	0	387	2,5	967	84	81 229,10 Kč
24	Friday	19	59	209	51	2	0	321	2,5	802	84	67 409,51 Kč
25	Saturday	20	86	305	74	6	0	471	2,5	1177	84	98 850,49 Kč
26	Sunday	21	83	292	70	4	0	449	2,5	1121	84	94 187,42 Kč
27	Monday	22	75	265	64	4	0	408	2,5	1020	84	85 701,29 Kč
28	Tuesday	23	75	265	64	4	0	408	2,5	1020	84	85 701,29 Kč
29	Wednesday	24	75	265	64	4	0	408	2,5	1020	84	85 701,29 Kč
30	Thursday	25	71	251	61	4	0	387	2,5	967	84	81 229,10 Kč
31	Friday	26	59	209	51	2	0	321	2,5	802	84	67 409,51 Kč
32	Saturday	27	86	305	74	6	0	471	2,5	1177	84	98 850,49 Kč
33	Sunday	28	83	292	70	4	0	449	2,5	1121	84	94 187,42 Kč
34	Monday	29	75	265	64	4	0	408	2,5	1020	84	85 701,29 Kč
35	Tuesday	30	75	265	64	4	0	408	2,5	1020	84	85 701,29 Kč
36		Total per month	2249	7936	1917	120	0	12222	2,5	30554	84	2 566 524,20 Kč
37		Maximum						471	2,5	1177	84	98850
38		Minimum						321	2,5	802	84	67410
39		Range						150	0	374	0	31441
40		Average						407	2,5	1018	84	85551
41		Standard deviation						43,2959062	0	108,24	0	9092,140309
42		Sample Size						30	30	30	30	30
43		Confidence Coeff.						1,96	1,96	1,96	1,96	1,96
44		Margin of Error						15,4932411	0	38,7331	0	3253,580624
45		Upper bound						423	3	1057	84	88804
46		Lower bound						392	3	980	84	82297
47		Total per year										30 798 290,39 Kč

Source: Own calculation

 Table 9 represents the distribution of potential customers per one month, where Column 1 and 2 are showing the days of the month, column 3-7 are showing proportions of answers with their weights. Column 7-11 are basic economic calculations, which will be discussed later.

Column C

To have a better understanding of calculations done in this table, please have a look on cell C6. As we know 6.6% of our customers told that they would like to visit anticafe every day, so we take 0.066*1138= 75 people, visiting anticafe 30 times in one month.

Column D

We know that 46.5% of our customers told that they would like to visit Anticafe 15 times per month. So we have 0.465*1138=529 individuals, visiting anticafe every second day. To have more smooth visits in Anticafe, we decided to divide those customers into two groups of visitors, having 265 customers per day.

Column E, F

These columns are constructed with the same principle as column D with the difference that column E and F are divided to 6 (every sixth day) and 30 (once in a month) accordingly.

Column G

This column shows the portion in the population that will never visit Anticafe.

12.3 Varying demand based on day.

As we see, the numbers are not the same for the whole month, they are varying based on the day in the month. Considering a general tendency of sales of cafes and restaurants, as well as discussion with other anticafes, we came to results that there are some ups and downs based on the day of the week.

Implementing these results to our distribution, we have that average daily sales are dropping by 5.2% and 20% during Thursday and Friday accordingly. Factors affecting it is that in the end of the week, young people are more intended to visit pubs and clubs, where they can consume some alcoholic beverages with the aim to relax. The sales in these days are not increasing in anticafes, because as a general rule, alcohol is being prohibited in anticafes. But in contrast with Thursday and Friday, we expect that the sales in Anticafes will be increasing by 15% due to closed libraries and some cafes, where young people would like to study. Also we will expect on Saturdays customers which are not working on weekends. On Sundays the sales are expected to rise the same way as on Saturdays due to the same reasons, but considering the fact that some of the potential customers will visit their friends or prepare for the new week, we consider only 10% increase of sales during the Sundays.

12.4 Measures of Variability in predicted distribution per month.

As we noticed above in the table, in the columns H to L, are done simple economic calculations of total visitors per day and the average hours they would like to spend there. Out of this we found out our expected daily sales in case if all the people will visit anticafe with the same frequency.

Let's have a close look to the bottom part of our table.

Table 10: Measures of Variability and Confidence intervals in predicted distribution of potential customers

30	75	265	64	4	0	408	2,5	1020	84	85 701,29 Kč
Total per month	2249	7936	1917	120	0	12222	2,5	30554	84	2 566 524,20 Kč
Maximum						471	2,5	1177	84	98850
Minimum						321	2,5	802	84	67410
Range						150	0	374	0	31441
Average						407	2,5	1018	84	85551
Standard deviation						43,29590623	0	108,2398	0	9092,140309
Sample Size						30	30	30	30	30
Confidence Coeff.						1,96	1,96	1,96	1,96	1,96
Margin of Error						15,49324107	0	38,7331	0	3253,580624
Upper bound						423	3	1057	84	88804
Lower bound						392	3	980	84	82297
Total per year										30 798 290,39 Kč

Source: Own calculation

In the row 36 and below of Table 10, we see our expected total sales per month, concluding CZK 2,566,524.20. We see that the average daily sales will be CZK 85,551.

To prove that the theory of our average daily sales is true, we calculated confidence intervals and came to conclusion that the average daily sales in anticafe, with the probability of 95% (coefficient of 1.96) will be in-between CZK 88,804 and CZK 82,297.

Concluding this table and a simple multiplication of monthly sales to 12 months per year, we came to result that our total sales per year will be CZK 30,798,290.39. This will be a great result for us, but, considering our PPF (Production Possibilities Frontier) we cannot consider this number as our yearly sales. The only way we can use this number is to prove that we would be using all our potential later in this thesis.

13 FINANCIAL ANALYSIS OF ESTABLISHING ANTICAFE IN ZLIN

One of the most important tasks while establishing new entrepreneurship is to make a precise budget and know your costs. In the phase of project planning it is too important to consider all the costs, because if you don't do it correctly, you can face a lot of unexpected costs and get in trouble with financing.

Here in this chapter we are going to break financial analysis into Investment cost analysis, Operating cost analysis, Income statement, and Investment evaluation techniques such as NPV, IRR, or Payback Period.

13.1 Investment costs

As we planned the anticafe will be placed in City center. The potential place for Anticafe, found in advance, has a total area of 200m^2, water, electricity and sewage. This area is on "Skolni" street, in front of "Komenskeho" park. The place is ideal for anticafe as it is near to faculties of TBU and in city center. As planned, the Anticafe is going to have the following rooms. Entrance hall with a wardrobe and administrator desk, games room, kitchen, toilet and bath, relax hall and working room. The only facilities the place has is the heating, electricity, water and sewage. This basically means that all the renovation, building the rooms including the walls, equipment, cosmetic coverage etc. have to be done by ourselves.

Here we are going to discuss the investment costs including the equipment, facilities which are needed to be installed and other costs needed to be carried for establishing the Anticafe.

Table 11: Calculation of Investment Costs

Investment Costs			
Facilities	Quantity	Average price (CZK)	Total (CZK)
Entrance hall			-
Computer (Lenovo AIO 300-22ISU)	2	9 490	18 980
Games room			-
TV (Televize Samsung UE49K5102)	2	9 990	19 980
Xbox(Xbox 360 500GB)	2	3 999	7 998
Table Games (Activity, Poker, GOT, etc.)	5	700	3 500
Table (No2: Vyhodny Nabytek)	5	1 296	6 480
Chair (VIVA 2014: B2B Partner)	10	592	5 920
Kitchen			-
Espresso machine (DeLonghi ESAM4200)	1	10 393	10 393
Cup, plate, spoon & fork	30	100	3 000
Other appliances (blender, sandwich maker etc.)	1	30 000	30 000
Table (Edmonton 20801175: ALDO)	1	12 955	12 955
Chair (Nashville: kancelar 24h)	10	1603	16 030
Relax room			-
Table (Mobelix Derby)	4	3 799	15 196
Chair (AK nabytek K 170)	16	806	12 896
Sofa (AK nabytek ROMA)	1	6 655	6 655
Home cinema (Sony BDV-N5200W)	1	12 621	12 621
Working Room			-
Table (Mobelix Nele 90 Az)	5	2 999	14 995
Chair (Mobelix; Vanessa)	5	1 399	6 995
Bean bag chair (AK nabytek)	5	1 796	8 980
Toilet & bath (Included in rennovation)			-
Other costs			
Rennovation costs (excluding VAT) (IZOFO MAXX sro.)	1	870 000	870 000
Legal Costs	1	6 000	6 000
Security system	1	27 000	27 000
Establishing a website	1	54 000	40 500
Other Costs	1	150 000	150 000
Total Costs			1 307 074

Source: Own calculation

The Table 11 represents the Investment Costs structure. As the main investments are done in renovation and equipment, we decided to divide the investments in the rooms, which will be built in Anticafe.

The main Equipment which will be bought for the Business Are TV, Computer games, Computer, Home cinema, small kitchen appliances. Other kitchen appliances, as well as kitchen equipment with the toilet & bath equipment are included in cost of renovation. The third part of costs include one-time investment into establishment of Website, and security system, legal costs and The renovation costs.

As We see from the table, we need a total investment of CZK 1,307,074 to start the business. This number later will enable us to identify the NPV and IRR and payback period of the project.

13.2 Production Possibilities Frontier

To be able to continue to the next section of costs, which are he operating expenses, we have to calculate how many customers we are going to serve per day.

We have calculated in Table 9 that we are going to have 1138 Customers per month But Is it realistic to consider this number if we have less capacity? For that reason, we calculated Production Possibilities Frontier (PPF) for anticafe which can be found in following table.

Table 12: Production Possibilities Frontier

Production Possibilities Frontier	
Total Seats	50
Hours per day	14
Price per hour	70
Sales per day	49 000,00
Sales per month	1 470 000,00
Sales per year	17 640 000,00

Source: Own calculation

Table 12 represents the calculations of the capacity of Anticafe.

As we see from the Table 12 above, the maximum seats available in anticafe is 50. Considering that all the seats will be occupied during the whole opening hours, which is 14 hours (09:00-23:00), in total all 50 chairs together will generate 50 * 14 * 70 = 49,000.00CZK revenue, which will be summing up to CZK 17,640,000.00 in the end of the Year.

Comparing our sales, we have from the statistical analysis in section12.1 we see that our expected sales have to be CZK 2,566,524.20 (Table 9), we can proof that Anticafe will always work with full capacity and will generate a revenue of CZK 17,640,000.000 in the end of the year.

13.3 Operating expenses

In previous section we discussed which costs we have to take to establish anticafe in Zlin city. But after starting the business, there are costs that we are going to take every day, every month and every year. We made some assumptions on operating costs which you can find as follows:

Table 13: Calculation of Operating Costs

Operating expenses					
Costs	Price	Quantity per day	Quantity per month	Total	Per year
Black Tea (1 bag)	1,09	117,00	3 510,00	3 825,90	45 910,80
Green tea (1 bag)	1,09	117,00	3 510,00	3 825,90	45 910,80
yellow tea (1 bag)	1,09	117,00	3 510,00	3 825,90	45 910,80
Flavorings (1 portion)	2,00	700,00	21 000,00	42 000,00	504 000,00
Instant coffee (1,8 grams)	1,90	117,00	3 510,00	6 669,00	80 028,00
Chocolate (1 bar)	2,50	700,00	21 000,00	52 500,00	630 000,00
Lemonade	2,30	117,00	3 510,00	8 073,00	96 876,00
Espresso Coffee (7g)	3,06	117,00	3 510,00	10 740,60	128 887,20
Candies (1 bar)	4,46	700,00	21 000,00	93 660,00	1 123 920,00
Sugar 14g	0,42	700,00	21 000,00	8 820,00	105 840,00
Cookies (50g)	5,42	700,00	21 000,00	113 820,00	1 365 840,00
Other (food& drinks)	20,00	700,00	21 000,00	420 000,00	5 040 000,00
Employees (2 employees)	120,60	28,00	840,00	101 304,00	1 215 648,00
Purchase and transportation costs				3 000,00	36 000,00
Books, Games, Table Games				6 000,00	72 000,00
Internet				999,00	11 988,00
Marketing & advertisement costs				200 000,00	2 400 000,00
Events				15 000,00	180 000,00
Accounting & Jurisdiction costs				40 000,00	480 000,00
Rent				80 000,00	960 000,00
Energy				10 000,00	120 000,00
Maintenance costs				5 000,00	60 000,00
General & Administrative costs				65 000,00	780 000,00
Other costs				100 000,00	1 200 000,00
Total				1 394 063,30	16 728 759,60

Source: Own Calculation

As we see from Table 13, we have two parts of operating costs. Fixed and variable. Variable costs are considered to be mainly expenses generated in kitchen, including the foods and beverages prepared for our customers. Each food or drink is calculated for one portion that a person uses on average. Considering that each person, being in anticafe will visit our kitchen at least once in one hour, we can come to idea that the kitchen during one day will be used 700 times. Drinks such as Coffee, tea, or lemonade, we assume, that the person will consume only one of them, so the amount is divided 700/6=167. Others are left with the initial amount of 700.

The last row in operating expenses is the wage of employees. With the wage of CZK 90 per hour and taxes of CZK 30.6(90*0.34), we calculate the cost of labor as CZK 120.6 per one person. As there are 14 working hours for anticafe, in total two workers will cost us 2*14*120.6=101304 CZK per month.

The bottom part of this table represents the Fixed costs we are going to take. Which are including the Internet, rent, energy, continuous improvement costs, accounting and Lawyer costs and Administrative costs.

Total Operating costs for anticafe is summing up to CZK 16,728,759.60 per year.

13.4 Income Statement

As we have the estimation of our costs, we have the estimation of our sales, we know the tax rate, we can conduct the estimation of our income statement for upcoming five years.

Table 14: Income statement

Income statement for years 2018 -2022					
	July 2018	July 2019	July 2020	July 2021	July 2022
Net sales	17 640 000,00	18 522 000,00	19 448 100,00	20 420 505,00	21 441 530,25
Operating expenses	16 728 759,60	17 565 197,58	18 443 457,46	19 365 630,33	20 333 911,85
Depreciation	230 214,80	230 214,80	230 214,80	230 214,80	230 214,80
Earnings before interest and taxes	681 025,60	726 587,62	774 427,74	824 659,87	877 403,60
Interest expense	256 536,00	256 536,00	256 536,00	256 536,00	0,00
Earnings before taxes	424 489,60	470 051,62	517 891,74	568 123,87	877 403,60
Tax (22%)	93 387,71	103 411,36	113 936,18	124 987,25	193 028,79
Net income	331 101,89	366 640,26	403 955,56	443 136,62	684 374,81

Source: Own calculation

Table 14 represents the estimation of income statement for upcoming five years.

On the first row we see the net sales which we have found earlier in this chapter. As we see, the net sales, and expenses are slightly increasing year by year, as we plan to grow by 5% each year.

On the third row we put the linear depreciation of our total assets, which in our case sum up to CZK 1,151,074.00

After those deductions we have the EBIT from which we deduct the interest expense.

We decided to take a loan of CZK800.000 from CSOB Bank with a repayment of CZK 256536.00 from year 1 to year 4.

Deducting also the tax of 22% we have slightly increasing each year the net income starting from the end of year 1 to year 5. The amount of net income can be used later in this topic to calculate some financial indicators and investment decision calculations.

13.5 ROI, ROA and ROE

As we have the amount of initial investment, The amount of our assets and our equity, which is CZK 507,074, we can calculate some financial indicators such as Return on Investment, Return on Assets and Return on Equity.

As we see in Table 15

Table 15: ROI,ROA & ROE

ROI	0,253315335
ROA	0,287646049
ROE	0,652965618

Source: Own calculation

These indicators are showing us that the anticafe is estimated to have good financial performance and bring stable and high revenue to its stakeholders. This is way higher than industry average and is attractive to the investors.

13.6 NPV, IRR, and PI

Perhaps the most common used and most important financial calculations for investments decision making are the NPV and IRR calculations.

As we have the amount of initial investment and the cash flow estimations for upcoming years, we can have the calculation of NPV and IRR.

Table 16: Calculating Net Present Value, Internal Rate of Return & Profitability index

Calculating the net present value and Internal Rate of Return						
Discount rate	0,05%					
Date	July 2017	July 2018	July 2019	July 2020	July 2021	July 2022
Period No.	0	1	2	3	4	5
Cash flow	- 1 307 074,00	331 101,89	366 640,26	403 955,56	443 136,62	684 374,81
PV	- 1 307 074,00	330 936,42	366 273,89	403 350,23	442 251,45	682 666,44
NPV	918404,4383					
IRR	18%					
Profitability index	70%					

Source: Own calculation

As we see from Table 16, we have the cash flow in year 0, and year 1-5. Having the discount rate from the website of Central Bank of Czech Republic, which is 0.05%, which is considered to be a technical zero, we can bring future cash flows to present value. Because

of time value of money, we know that $1 today has higher value than $1 tomorrow, so bringing to present value, we see the real value of future cash flows.

We came up with the result that the Net present value is CZK 918,404.44, which is quite good indicator. It means that the present value of the difference of future cash flows is CZK 918,404.44.

The next indicator is the IRR. The internal rate of return shows the discount rate at which our net present value will be 0. As the future cash flows are discounted back, using the current discount rate, we see that in case of 18% discount rate we will have exact CZK 1,307,074.00 positive cash flows in present value, which is the same amount as we have invested in Year 0.

The next indicator is quite similar to Net present value and is called Profitability index. Discounting future values to Year 0, we see that compared to the initial investment we made, we are making 70% more profit.

13.7 Payback Period

All the calculations above are showing us that in case of investment, we are going to generate profit, but no one is considering when the initial investment is actually going to be covered. For that reason, we have calculated the Payback Period and Discounted Payback Period.

Table 17: Calculation of Payback Period

Year		Cash Flow	Discounted Cash flow	Balance
	0	-1307074	-1307074	-1 307 074,00 Kč
	1	331101,89	330 936,42 Kč	-976 137,58 Kč
	2	366640,26	366 273,89 Kč	-609 863,68 Kč
	3	403955,56	403 350,23 Kč	-206 513,45 Kč
	4	443136,62	442 251,45 Kč	235 738,00 Kč
	5	684374,81	682 666,44 Kč	918 404,44 Kč
Payback period (year)		3,47		
Payback Period (month)		41,60		

Source: Own calculation

Table 17 shows how much time is needed for business to cover its initial investment.

Most businesses are using The Payback period, but as it is not considering the time value of money, the better is to calculated Discounted Payback Period.

As we see in Column 2 and 3, we have the Cash flows and discounted cash flows accordingly. Here in fourth column we see the balance of initial investment and positive cash flows the anticafe will generate. The payback period is the year when the initial investment is fully covered. In our case, the investment of CZK 1,307,074.00 will be covered after third year. To be more exact, the investment to Anticafe will be covered on the middle of 41th month from the opening date.

14 ESTABLISHING THE PROJECT

So far we managed to make all the calculations do estimate the performance of the business. But it will be quite complicated if we do not make a good project management for the establishment of the business. If the business is complicated, it is better to have a good plan containing time, risk and cost analysis. If those three analyses are not done precisely, the project manager can face different risks such as not finishing the project in time, having bad budgeting errors and facing risks which are not considered in planning phase.

In this chapter we are going to discuss time analysis using project management technique called PERT/CPM method, and risk analysis called PDPC chart.

14.1 Time analysis: Critical Path Method

As we discussed in theoretical part of this thesis, for time analysis in this paper we are going to use Critical Path Method, which is precisely defining the path of Critical activities which are having no slack time and needed to be done in time.

There are two types of methods: Single time estimate and three-point estimate. In this chapter we did tree point estimate for more precise results.

Table 18 CPM List of Activities

Activity	Description of activity	Duration (days)			Predecessor
		Optimistic time	Realistic time	Pessimistic Time	
A	Identification of Tasks	1	2	3	-
B	Composing the business Plan	5	10	25	A
C	Renting the place	1	3	7	B
D	Legal procedures	2	10	14	B,C
E	Getting the loan	5	14	21	D
F	Promotional activities	5	10	20	E
G	Renovation	17	22	30	E
H	Labor Management	3	10	15	A,B
I	Buying necessarry equipment and supplies	7	15	25	D
J	Preparing for Opening	2	5	10	H,I,G

Source: POM QM Software

Table 18 shows the list of activities to be done in order to complete the project of establishment of new model of café in Zlin city.

In contrast with single time estimate, the tree-point estimation allows us to consider three basic scenarios that can occur from the point of time: Optimistic, Realistic and Pessimistic.

The problem we solved in QM for windows software which gave us the following results:

Table 19 CPM Results

Activity	Activity time	Early Start	Early Finish	Late Start	Late Finish	Slack	Standard Deviation
Project	67,83						5,46
A	2	0	2	0	2	0	,33
B	11,67	2	13,67	2	13,67	0	3,33
C	3,33	13,67	17	13,67	17	0	1
D	9,33	17	26,33	17	26,33	0	2
E	13,67	26,33	40	26,33	40	0	2,67
F	10,83	40	50,83	57	67,83	17	2,5
G	22,5	40	62,5	40	62,5	0	2,17
H	9,67	13,67	23,33	52,83	62,5	39,17	2
I	15,33	26,33	41,67	47,17	62,5	20,83	3
J	5,33	62,5	67,83	62,5	67,83	0	1,33

Source: POM QM Software

As we see from Table 19, there are 7 activities which have to be done in time, because they do not have any slack in time. So we see that the critical path is

A→B→C→D→E→G→J

The project in Total will take from us 67.83334=68 days.

As we want to do this project for young generation, which is including also students, we want the anticafe to be opened by 01.09.2017. so we have to start the project latest at 26.06.2017. To have more detailed look on critical path, please have a look on Appendix 2.

14.2 Risk Analysis: PDPC Chart

As mentioned above, to do a good risk analysis it is important to consider the risks with highest probability that can occur. For this analysis we made groups of five tasks to be done, the possible scenarios of failure and which actions can be taken to eliminate them.

Figure 19: PDPC chart
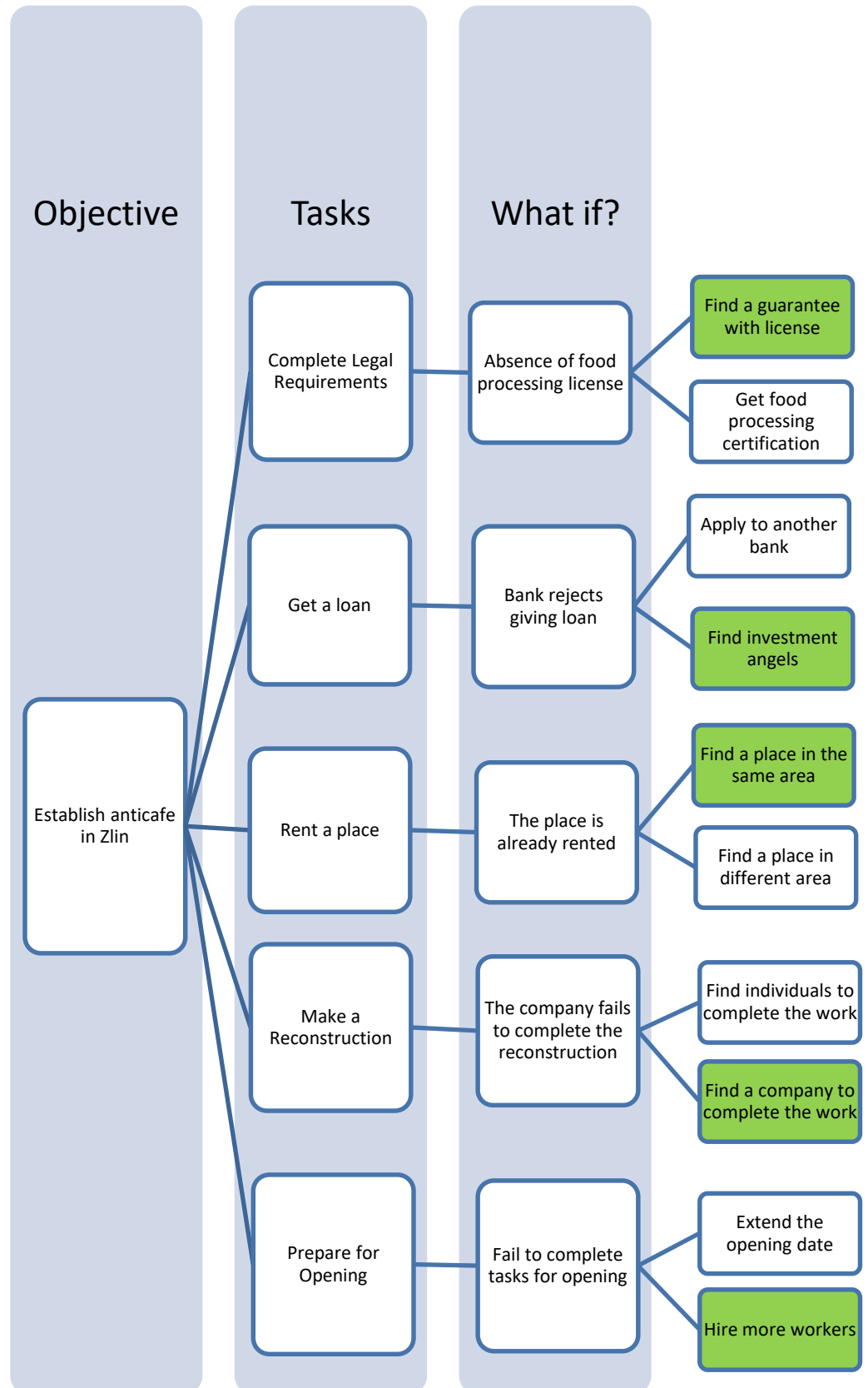
As we see, we have five tasks to complete for opening the business, but we also have five possible failures we can have. So, there are suggested for each failure two possible solutions, but we made a colored illustration of which one to choose. As we see, the green boxes are those solutions that are optimal for us. The other solutions are also possible to use, but in comparison either they are with higher cost or they need longer time to be done.

14.3 Cost Analysis

Detailed cost analysis is done in chapter 13.1 of this thesis.

14.4 Project Evaluation

The aim of this project is to establish a place in Zlin city where people will be glad to come every time. To ensure that the project is successfully completed, it is necessary to follow the guidelines in project management part of this thesis and make a continuous monitoring of all the activities. But implementation of this project will not be the key to success. Only continuous control and improvement can bring this project to high efficiency which is beneficial both for the entrepreneurs and customers. Being a service, this project can be monitored and improved by using various effective techniques of Business Process Reengineering such as Lean Management or Total Quality Management.

CONCLUSION

Summing up the thesis, we successfully satisfied the goals of this thesis.

The first goal was to establish a place, which will be loved and preferred to other places by our potential customers, which will be result of creating an innovative place with a friendly atmosphere, where people will come more and more often. The goal is reached by detailed analysis of current situation in Zlin city and a questionnaire research we made through 257 respondents. The results were brought to the new level of analysis, making the estimation of sales and costs, the business will be taking during operating.

The second goal is to define the main pillars of the project and bring it to high efficiency level, from entrepreneurial perspective. The achievement of this goal can be found mainly in the last chapters of this thesis, where were made some suggestions about how to establish the business, and bring the project to high efficiency. There were made suggestions of how to monitor and improve ongoing processes of the business.

 This thesis is focused on establishing on new model of café in Zlin city. The Idea of creating this business in Zlin city was clear and was gladly accepted by potential customers, as we see from the answers of our respondents.

The thesis is following its logical structure of the steps to be done. In the first part we discussed the methodology and literature which helped us to gain and refresh the knowledge needed for this project. In the second part we discussed the current situation in Zlin city, how people are willing to visit some new places when having free time. Afterwards we discussed the analysis of the research we created to see the current situation in Zlin market and out potential customer's thoughts about this business, and their preferences, because the main idea of this business is not having a high profit margin, but having satisfied customers, who will always come back to feel the warm atmosphere of anticafe. After seeing the results of the data we collected, we were able to make the financial analysis and make some estimations of our future costs and benefits. With a comparison of the capacity of anticafe with the summary results of the data we collected, we proved that the anticafe will be working with its full capacity, if we consider only 10% of the population aged 15-29 years old. Let's notice that the financial indicators were promising success in this area.

We also covered the chapter with the marketing strategies we are going to cover as it is one of the most important activities the business has to do. The new brand is always weak in

the market and only heavy promotion can help it to become stronger by the time and be loved by the customers.

After analyzing the current situation in Zlin, the marketing activities and financial analysis, we proposed a plan for establishing this business and submitted a proposal to risk and cost analysis. These techniques enabled us to see that in order to complete the project of establishment of anticafe, and to have it opened on September 1, 2017, at latest date, we have to start the project 68 days earlier, on June 26,2017. By the time, it will be completed, and a lot of students, including newcomers who will arrive, we will have a huge army of customers who will love visiting such a warm place like Anticafe.

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LIST OF ABBREVIATIONS

ATM   Automatic Teller Machine

PERT   Program Evaluation and Review Technique

CPM   Critical Path Method

PDPC   Process Decision Program Chart

POM   Project Management Office

QM   Quantitative Methods

PV   Present Value

NPV   Net Present Value

IRR   Internal Rate of Return

PI   Profitability Index

PP   Payback Period

DPB   Discounted Payback Period

CSOB   Ceskoslovenska Obchodny Banka

SWOT   Strengths, Weaknesses, Opportunities, Threats

IMC   Integrated Marketing Communications

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APPENDIX 2: Critical Path

APPENDIX 1: QUESTIONNAIRE

4/16/2017   Anticafe

Anticafe

I'm glad that you decided to help me :) Hurray :)
As you are here, let me tell you what is it about.
Anticafe is a new concept of a public place offering comfortable spaces which are convenient
for relax, fun and even for work. It's a place where people can come together for discussions,
study, games, listening music or just for some tea or coffee.
This cafes are working with a new payment principle where you pay for time spent there
(price per one hour)
Many services (coffee, tea, drinks, snacks, Wi-Fi, table games, books, home appliances,
etc.) are free of charge.

So, that's just several questions, which will take you couple of minutes for you, but later you
will be enjoying more comfortable anticafe here, in Zlin ;))

Vostan

* Required

**Do you visit public places such as Cafes, restaurants, cinemas etc.? If yes, please specify
which ones ? ***

☐ Cafe
☐ Restaurant
☐ Library
☐ Cinema
☐ Theatre
☐ Pub
☐ Club
☐ I prefer to stay home
☐ Other: _____

How often you visit them? (Average per month)

○ Every day (30 times per month)
○ Once a week (About 5 times per month)
○ Several times a week (15 times per month)
○ About once a month
○ Never

What do you like most of the places you visit? *

☐ Furniture

☐ Service

☐ Atmosphere

☐ Meals and drinks

☐ Prices

☐ People

☐ It's nearby

☐ Other:

In spite of All the positive aspects that you like in the places that you visit. what are the aspects that you would like to change there ? *

☐ Prices

☐ I cook better

☐ It's not clean enough

☐ I don't like the waitresses' behavior

☐ I have to wait for a long time

☐ I feel uncomfortable when I study/work there

☐ I have to order more things as I am there for a long time

☐ I prefer staying at home

☐ I like everything there

☐ Other:

Did you know about Anticafe before? *

○ Yes

○ No

If yes, how often were you visiting it?

○ I have been there only once

○ I have been there several times

○ I visit it often

○ I don't visit Anticafe

What do you like in Anticafes?

Which facilities you need in a place to feel comfortable ? *

☐ I need only a silent room

☐ Music

☐ Tea, Coffee

☐ Opportunity to cook, eat etc.

☐ Internet access

☐ Games
☐ TV
☐ Other: _____

If the place will be designed according to your needs, how often, you think, you will be visiting it? (Average per month) *

○ Every day (30 times per month)
○ Several times in a week (15 times per month)
○ Once a week (5 times per month)
○ About once a month
○ I will never visit it

For each visit, how long, you think, you will be spending there ? *

○ Less than 1 hour
○ 1-2 hours
○ 2-3 hours
○ 3-5 hours
○ 5-7 hours
○ More than 7 hours

Suppose in the city where you live/study/work is an anticafe near your place, designed with comfortable areas and facilities, with nice design and atmosphere what is the price you expect to pay for one hour? (In CZK) *

○ 50-80
○ 81-100
○ 101-120
○ 121-150
○ 151-180
○ 181 and more
○ I'm indifferent, I will never visit it

Which city are you currently studying/living/working at?

_____

Which field are you specialized in? *

○ Economics
○ Technology
○ Humanitarian Studies
○ Informatics
○ Multimedia Communication
○ I haven't decided yet

Please indicate your age *

○ Under 18

○ 19-22
○ 23-25
○ 26-28
○ 29-32
○ 33-35
○ 36-39
○ 40 and higher

Your Gender? *

○ Female
○ Male

Please indicate your country of origin

[   ]

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APPENDIX 2: CRITICAL PATH

Activity	Optimistic time	Most Likely time	Pessimistic time	Predecessor 1	Predecessor 2	Predecessor 3	Predecessor 4	Predecessor 5	Predecessor 6	Predecessor 7
A	1	2	3							
B	5	10	25	A						
C	1	3	7	B						
D	2	10	14	B	C					
E	5	14	21	D						
F	5	10	20	E						
G	17	22	30	E						
H	3	10	15	A	B					
I	7	15	25	D						
J	2	5	10	H	I	G				

(untitled)
Gantt chart (Early times)

(untitled)
Precedence Graph