A Business Plan for a Gastronomic Facility

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KLIČOVÁ SLOVA:
PODNIKATELSKÝ PLÁN, MARKETINGOVÝ MIX, RESTAURACE, ANALÝZA KONKURENCE, FINANČNÍ ANALÝZA, PODNIKÁNÍ

ABSTRACT

The purpose of this Bachelor thesis is to produce a business plan for Jedlíkovo restaurant. The restaurant uses an unusual concept when a customer pays once and eats an unlimited amount of food. The theoretical part describes legal forms of companies in the Czech Republic and the structure of a business plan. The structure of a business plan from the theoretical part is also used in the practical part to produce a business plan. The aim of this Bachelor thesis is to create a business plan and assess its feasibility.

Keywords:
business plan, marketing mix, restaurant, analysis of competition, financial analysis, entrepreneurship
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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.
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INTRODUCTION

I have chosen a business plan for a gastronomic facility as my Bachelor thesis. It was chosen based on my personal need for a similar restaurant. It is an all-you-can-eat restaurant which is a very popular concept in the western countries. Such idea came to my mind when I was in a similar restaurant in England. During my life, I have been to similar facilities several times, and it was always an excellent experience. Every intended business needs a properly structured business plan, and Jedlikovo restaurant is not different and not an exception.

This Bachelor thesis consists of theoretical and analytical parts. The theoretical part describes the entrepreneurial environment in the Czech Republic in general along with a prototypical structure of a business plan.

The analytical part has been created by merging ideas, author's thoughts and knowledge acquired while creating the theoretical part. The business plan of Jedlikovo restaurant follows the structure of a business plan which was compiled in the theoretical part.

The purpose of Jedlikovo restaurant is to fill a niche in the Czech market as this concept works very well in the western part of Europe and America and is highly profitable. However, it is a known fact that the Czech market differs from western markets and expectations might not meet reality in the end. Nevertheless, the primary objective of this Bachelor thesis is to create a business plan for a gastronomic facility and assess the feasibility of the intended concept in the Czech entrepreneurial environment.
I. THEORY
1 ENTREPRENEURSHIP

Entrepreneurship in the Czech Republic is without a doubt profoundly affected by the country’s past. One of these main events for entrepreneurship in Czechoslovakia was the invasion of Warsaw Pact troops in 1968 because the control of the communist party over the country became perhaps the strongest in the Eastern Bloc at that time. Due to these circumstances, at the end of 1989, the private sector accounted for only 4% of GDP and employed 1.4% of people. The government centrally controlled the rest of the economy. (Kouba 2005, 82) The industry in Czechoslovakia was oriented towards the Eastern part of Europe. It was a primarily heavy industry which was demanding for resources, and it later led to ecological problems in some parts of the country. (Švihlíková 2015, 12-15)

After the fall of the communist party, more precisely the Velvet Revolution, in Czechoslovakia in 1989, the centrally planned economy was transformed into the market-oriented economy. The following period was not easy for the Czechoslovak economy as there was no place where to export goods because the markets of the former Eastern Bloc countries were depressed. After the split of Czechoslovakia into the Czech Republic and Slovakia, the transformation into a market economy continued through privatisation, and the majority of state-owned companies were sold to private ownership. It escalated into recession in the Czech Republic in the late nineties. (Švihlíková 2015, 12-15) In 2004, the Czech Republic became a member of the European Union and improved its status in the world; the market finally became entirely open for foreign investors, and moreover, the Czech Republic was able to draw from the European structural funds. On top of that, Czech citizens can move within the European Union without restrictions with only an ID card on them. And the Czech Republic placed 6th in the ranking of the safest countries in the world in 2017. (Reflex.cz 2017)
Nowadays the Czech Republic is one of the most developed industrial economies in Central and Eastern Europe. The most successful industries of the Czech Republic are motor vehicles, engineering, metallurgy, chemicals production, electronics, food and beverage processing, processing of pharmaceuticals, textiles and paper. (Czech.cz 2011) In total it was 37.8% of GDP in 2013. The service sector accounts for 59.9% of GDP. An interesting fact is that agricultural sector was the biggest contributor to GDP in the communist-era whereas today it is a marginal part, contributing to GDP only 2.4 %. (Czso.cz 2015)

Major business partners of the Czech Republic are its neighbours Germany, Slovakia, Poland and Austria followed by minor partners from France, Italy, Netherlands, Russia, Great Britain, China and USA. (Czech.cz 2011)
2 SETTING UP A NEW BUSINESS

It is a dream for many people to become an entrepreneur and be his/her own boss, however, before establishing a new business, many decisions have to be made. Firstly, all entrepreneurs have to decide whether they are going to run their business as a natural person or a legal entity. Subsequently, they have to consider what form is the most appropriate one for their concept of business. (Srlová and Řehoř et al. 2010, 67) The difference between a natural person and a legal entity is that a natural person is both the entrepreneur and the worker at the same time whereas in legal entity partners who bring the start-up capital do not necessarily have to work there. (Synek 1996, 34) In her book, Kozubíková (2017, 11) describes individual steps which entrepreneurs should follow to make a profit eventually:

- Identification of opportunity
- Creating a concept
- Determining needed resources
- Securing resources
- Establishing business with competent management
- Making a profit

2.1 Entrepreneurship as a Natural Person

Doing business as a natural person is defined in the Trade Act 455/1991 Coll. as a continuous business activity carried out independently in order to generate maximum profit. (Srlová and Řehoř et al. 2010, 68)

Naturally, conducting business activity as a natural person is organizationally the simplest form, and for instance, there is no need for start-up capital. This kind of entrepreneurship thrives for example in farming, household services and in retail. (Kaftan
General conditions which have to be met to acquire approval are listed in the Trade Act 455/1991 Coll.: and are as follows:

- age condition - 18 years of age and older
- legal capacity
- integrity

Furthermore, in the Trade Act, doing business as a natural person is then divided into license trades and registration trades which are additionally subdivided into three categories

- craft trades
- bonded trades
- free trades

While entrepreneurs conducting business in bonded and craft trades have to prove that they are competent or that they are in possession of a vocational certificate, registration for free trades is not regulated and no certificate is required. (Srrová and Řehoř et al. 2010, 67)

2.2 Entrepreneurship as a Legal Entity

It is possible to conduct business as a legal entity in six different forms in the Czech Republic, and they are all regulated by the Czech Commercial Code. The Business Corporation Act 90/2012 Coll. describes entrepreneurship as a legal entity as a business corporation. (Mzv.cz, 2018)

Moreover, it is essential for entrepreneurs to decide what form of a legal entity is the most suitable for their business and they must not be affected by their feelings or emotions. Even though it can be changed later, it might cause some minor problems for the company because it is costly as well as organizationally demanding. More precisely the process of
changing legal entity is called “transformation”. (Synek 1996, 23) When deciding the legal
form, the following primary factors have to be taken into consideration:

- necessary start-up capital
- tax burden
- control over the firm
- Start-up costs (Staňková, 2007, 78)

The following legal forms are all part of the Czech legal system as this business plan
deals with a Czech company.

**Limited Partnership**

This type of company has to carry the designation “komanditní společnost” or one of the abbreviations either “kom. spol.” or “k. s.” in its name and it also has to be founded by at least two associates. However, the maximum number of associates is not limited which can be considered an advantage. It is required that at least one of them has to be the limited partner and the second one has to be the general partner. The rule for this type of company is the fact that one or more general partners have unlimited liability whereas limited partners are liable up to their investment registered in the Commercial Register. The minimum amount of start-up investment for limited partners is CZK 5000. Profit is divided equally among limited partners and general partners. Therefore, limited partners split their share by the ratio of their paid contributions registered in the Commercial Register. And general partners share the profit equally. Nevertheless, the dividend structure can be modified in the shareholder’s agreement and can be different. General partners are also evenly responsible for debts generated by the company, and limited partners are liable up to the amount of their contribution registered in the Commercial Register unless the
shareholder's agreement states otherwise. (Srrová and Řehoř et al. 2010, 72-73; Dornseifer, 2005, 57)

**General Partnership**

General Partnership has to be established by at least two associates, and the maximum number of associates is not restricted. The name of the company has to carry the designation “veřejná obchodní společnost” or one of the abbreviations either “veř. obch. spol.” or “v.o.s.” which is also the most common one. Associates have equally unlimited liability for the company with all their assets. And as they are equally responsible for debts of the company they also share the profits in the same manner unless agreed otherwise. In this type of legal entity, it is important to choose partners carefully because it is complicated to end the relationship with other associates and it would be organizationally challenging and demanding. (Srrová and Řehoř et al. 2010, 70)

**Limited Liability Company**

Above all this form of legal entity is by far the most common one in the Czech Republic. The name of the company has to include the designation “společnost s ručením omezeným” or one of the abbreviations “spol. s.r.o.” or “s.r.o.”. Limited Liability Company can be established by a single person, and the maximum number of shareholders permitted by Czech law is fifty. Furthermore, Limited Liability Company can also be founded by another legal entity. On the other hand, the minimum initial investment registered in Commercial Register is 1 CZK by each of the associates, which is considered to be one of the advantages. An interesting fact is that a contribution can also be a tangible asset such as a machine, car or some tools. The company has full liability for debts and associates are responsible for the debts up to their outstanding obligations registered in the
business register at the moment when creditors demand their payment. Under the law, Limited Liability Companies are also obliged to create and maintain a reserve fund. The supreme body of a Limited Liability Company is the shareholder’s meeting where important decisions, such as the future steps of the company or how the profit will be divided, take place. Due to this, there have to be at least half of the votes to pass a resolution. Otherwise, it does not pass. (Srprová and Řehoř et al. 2010, 74-76; Dornseifer, 2005, 38-56)

**Joint Stock Company**

Joint Stock Company is a capital based-company which can be founded by a single shareholder but with the condition that this sole shareholder is a legal entity with an unlimited number of shareholders who are not responsible for debts of the company. Instead, the company has unlimited liability. This type of company has to carry the designation “akciová společnost” or one of the abbreviations either “akc. spol.” or “a.s.” in its name. The minimum registered capital for a Joint Stock Company is CZK 2,000,000, however, if the company is established by a public offering of shares the minimum amount to be raised is CZK 20,000,000. Joint Stock Companies can be considered one of the most complex forms of a legal entity which is also reflected in three statutory body system. There are three main parts all of which with different functions:

- general meeting of shareholders
- executive board of directors
- supervisory board

Furthermore, in a Joint Stock Company, it is also allowed by Czech law to establish different bodies. In general, Joint Stock Companies are stable and reliable for business partners. (Srprová and Řehoř et al. 2010, 78-81; Dornseifer, 2005, 15-26)
European Company

This type of company (in Latin Societas Europaea) is the result of the Czech Republic joining the EU in 2004. The company is regulated by EU law in the same way as by the law of the state where the company was registered. The minimum registered capital for the company is €120,000 and shareholders have liability up to the initial investment. The advantage of the European Company is the smooth organisational transfer of the headquarter to any EU member state. (Managementmania.com 2017)

European Economic Interest Grouping

The oldest entity regulated by the EU is European Economic Interest Grouping. The central objective of this legal form is to partner with other entrepreneurs from other European countries. (Businessinfo.cz 2014)
3 BUSINESS PLAN

A business plan is a crucial document of the company which has to be followed by an entrepreneur in order to succeed with his/her planned business. This written statement analyses, describes and gives detailed projections about its future. It also explains why this project even exists, what its long-term goals are, how the entrepreneur wants to achieve them and how the business will be run in general. It allows the entrepreneur to compare the plan with the real world, whether it differs from the reality, and if so then it helps identify how and why it differs. (Podnikatel.cz 2008) A business plan prevents entrepreneurs from jumping into business without deep thinking and analysis. However, it is essential to recognise that the added value of the business plan is not the document as such but rather the process of its preparation. It requires a critical and objective evaluation of the planned product or idea (Staňková 2007, 109). Because as Eugene Kleiner states (Abrams 2014, 4), sometimes after writing a business plan an entrepreneur might decide to change the approach or even decide that it is not the right time to go into a certain business. It is interesting that there is no precise regulation by Czech law about how a business plan is supposed to be structured and what it should include. Moreover, from the legal point of view, a business plan is not a prerequisite for establishing a business in the Czech business environment as Magdaléna Doležalová claims. (Podnikatel.cz 2008)

Although writing business plan requires a lot of work, effort and many hours, it will pay up in the long run because nothing can surprise an entrepreneur if every little detail is thought-out carefully. Additionally, it is better to find out about the mistakes and problems during the preparation rather than encountering them later on, losing a lot of money in the process or worse going bankrupt in the end. (McKeever 2010, 6-7)
3.1 Purpose of a business plan

If an entrepreneur wants to have a quality business plan, it has to be prepared systematically. Cornerstones of a quality business plan are three basic WH questions. Firstly where are we now? Secondly, where we would like to be at some point in the future? And thirdly how are we going to achieve it? (Koráb 2005, 24) Another aspect is that the structure of a business plan is important as it is a controlling tool for setting achievable objectives. And if these objectives are attractive enough to draw the attention of potential investors, the entrepreneur is close to securing the capital. Generally, there are two basic approaches to the purposes of a business plan: (Staňková 2007, 99)

Internal purposes

General internal purpose of a business plan is that it is a guide for the entrepreneurs themselves. A business plan is a controlling tool for successful leadership of the company; it helps to monitor the cash flow and sales or the performance of employees. From these basic indicators, entrepreneurs get an idea if the set goals are realistic and if the business expectations are met. If not, entrepreneurs should figure out the causes. (Staňková 2007, 99)

External purposes

It is almost impossible to get external resources without a proper business plan. The business plan is a description of the company, and it has to convince investors at first sight that it is the right place to invest their money. For instance, no bank will loan money to someone only because they have “a good idea” as banks analyse projects carefully regarding profitability and return of the loaned capital. (Staňková 2007, 99)

However, McKeever (2010, 6-7) has a slightly different approach to dividing the functions of business plans as he points out five major benefits of having one:
1. **Helps to get money** - business plan helps an entrepreneur to get a loan or to lease space from landlords

2. **Helps to decide whether to proceed or stop** - business plan helps to uncover and correct possible flaws

3. **Improves business concept** - different and financially more advantageous solutions might be implemented while preparing a business plan

4. **Improves odds of success** - businesses without a business plan are more likely to go bankrupt so it is beneficial to prepare one

5. **Helps to keep on track** - having prepared a business plan helps to face facts if things do not go as initially planned (McKeever 2010, 6-7)

### 3.2 Principles of writing a business plan

Czech law does not regulate how the business plan should be structured. However, certain patterns and rules should be used in order to either succeed with the company or raise the money. (Podnikatel.cz 2008) Since your business plan is not the only one external subjects will be handed but one of many, yours has to the one that will win their approval and will keep potential investors interested. There are few simple general principles which should be applied according to Blackwell (2011, 4-5) and Srpová with Řehoř (2010, 60):

- **Clarity and brevity** - when preparing a business plan, entrepreneurs should express their ideas in clear, simple language, not to contain too many ideas in one sentence, leaving only relevant information

- **Logic** - thoughts and ideas have to be presented in a clear and logical way backed by figures, ideally graphs and charts, it is important to make sure that what is claimed in one paragraph corresponds with the rest elsewhere

- **Truth** - truthfulness is a matter of course and the project should not be overstated
• **Respecting risks** - if obvious risk factors of the project are not taken into consideration in the business plan, external subjects may find it dubious and will not invest in the business as a result

### 3.3 Structure of a business plan

As it is important to follow general principles mentioned in the above-mentioned paragraph, it is also important to follow the certain standardised structure in a logical sequence. Because if a banker or manager reading the business plan gets bored in the process, they are not likely to be generous. Sometimes the golden rule applies which is functionality over originality. After an extensive research of viewpoints from authors like Pinson (2008), Srpová (2011), Staňková (2007) or Abrams (2014) it was concluded that a standard template should consist of the following individual parts:

- Title page
- The table of contents
- Executive summary
- Basic company description
- Organizational structure
- Target market and competition analysis
- Marketing plan
- Financial analysis
- Risk evaluation

#### 3.3.1 Title page

The first page of the business plan serves as the title page and should contain the following information: name of the company, name of the business plan, name of the founder and author, date of founding and also a logo, if it already exists, because it will enhance the front page nicely especially if it is coloured. It is also recommended to state
that all this information are private and it is prohibited to reproduce any part of this
document. (Pinson 2008, 18; Srpová 2011, 15)

3.3.2 The table of contents

It should be natural to include the table of contents in every business plan, however, it
is not always the case. It might be frustrating for some people if they cannot find the
information quickly in the business plan and it might eventually lower the chances of
getting the investor interested. The complexity of the table of contents determines the
length and ideal length is one page of A4 format (Srpová 2011, 15).

3.3.3 Executive summary

This part of a business plan functions as a thesis statement in an essay, and
however, it is written after the plan is completed it is often the first part where people look
when they open a business plan. Although the summary should be short, ideally around
one page long, it is the most important part of a business plan as entrepreneurs have to sell
their idea in this part. Entrepreneurs will sum up the essence of their business plan,
summarising the content, purpose and answering fundamental questions, who, what,
where, when, why and how the project will be ideally done. (Finch 2010, 23-24; Pinson
2008, 21-22)

An essential part of an executive summary is figures. Figures have to be included as
they are crucial evidence which will persuade the readers to read the whole document and
they also ensure that the readers understand what the project is all about. Ideally, after
reading the executive summary readers should know what the project is about without any
further questions and it should not take longer than ten minutes. (Finch 2010, 23-24; Pinson 2008, 21-22)
3.3.4 Basic company description

While the executive summary should persuade the readers that the project is going to be successful, basic company description has a different function. It should give the readers a quick summary of basic information such as the legal form of company, the name of the company which may sometimes vary or some companies can even have a mission statement. There may also be some different legal issues for instance patents, trademarks, licenses etc. (Abrams 2014, 68-71)

3.3.5 Company name

In many cases, companies do not have only one name, and it depends on to who the company is presented. The name may vary when the company is conducting business with another corporation and if they are doing business with the public or if the company has some products. All these names are supposed to be mentioned in this section. (Abrams 2014, 68-71)

3.3.6 Legal issues

There are two ways to run a business in the Czech business environment. Entrepreneurs can either conduct business as a natural person which is generally less demanding on paperwork or they can do business as a legal entity. It has advantages of having the possibility to raise funds more easily or in certain forms; liability is not unlimited. In addition, there are other legal considerations which might help to protect proprietary business assets in general well-being of the company. For instance trademarks, patents or copyrights. (Abrams 2014, 68-71)

3.3.7 Mission statement

Most of the large successful companies have their set of goals and values of the organisation clarifying their “philosophy” or “mission”. It should not be only a set of mere empty words as it is supposed to describe the nature of the business, financial goals,
company’s culture and how the company is expected to be viewed on the market. (Abrams 2014, 68-71)

3.3.8 Organizational structure

People are the most valuable asset of every company, and every CEO or president of a company has to have a good team behind him/her. If the business plan is crafted for financial purposes, this section has to be specially prepared with care because many investors and lenders make decisions based on the quality and experience of the team members behind the project. It is a known fact that skills and managerial experience have a great impact on the long-term success of quality of a product or a service. This section does not have to be necessarily comprehensive if the company is small, however, if the company is bigger this section has to be prepared in more detail. In general, it is important to choose the right people for right positions because it is the quality of the management team and ordinary employees who determine the success of the company eventually. Abrams (2014) once stated, “No matter what you sell, you’re selling your people.” This quote nicely illustrates the importance of the strong holding team. (Abrams 2014, 230)

3.3.9 Target market and competition analysis

A company can be successful only when there is a market which can accept the products or services. Therefore it is essential to understand the customers. In order to thrive, it is vital to understand who the customers are, what their needs are, what they want, how they behave, what they can afford and how to reach them. Without knowledge of these factors, it is risky to enter the market. In this section, it is expected to provide information about the overall market situation and the target market because banks and investors are very keen on these statistics when considering investing. (Abrams 2014, 104; Wupperfeild 2003, 63).
The objective of this section is to persuade readers that these customers exist and it is not just a mere estimate that there are enough of them and finally that they will actually buy the product or use the service. (Abrams 2007, 43) It is natural that the products and services provided cannot be accessible to everyone thus it is not possible to meet the needs of everybody in the market. This is the reason why entrepreneurs have to target their market. The definition of a target market must meet the following criteria:

- Definable - target market should have some specific characteristics, something which potential customers have in common
- Meaningful - these characteristics should directly trigger a purchase
- Sizable - the number of potential customers must be large enough to be profitable
- Reachable - a product or service should be accessible and available for a reasonable price (Abrams 2014, 105)

After identifying the market, it is important to take into consideration the competition. Because fresh entrepreneurs often think that there is no competition on the market in their field, but they do not realise that there are different ways how to solve the problems. For instance, you can travel to Berlin with varying means of transportation (cars, buses, trains and planes) not just the one he/she is providing. If there are many competitors on the market, it is often not possible to research them all because it would be financially demanding. And it is even usually not needed as a small fast food on the edge of a city is not a competitor to a luxury restaurant in the centre. Competitors should be divided into insignificant ones and direct competitors. Direct competitors are the ones who provide the same or similar products or services thus they play a major role on the market. (Wupperfeild 2003, 71) In general, when researching the competitors, attention should be paid to the health of their business, approach to marketing etc. It can be done by checking out their website, looking for specific information. Another way might be pretending to be
a customer investigating the quality and the prices of their products and services. It is essential for an entrepreneur to have an idea about competition’s weaknesses and strengths in order to penetrate the market. (Pinson 2008, 48)

3.3.10 Marketing plan

As MacKenzie (2010) says in his book: “Selling means you sell what you make, marketing means you make what you can sell.” Therefore, it is absolutely essential to have a good marketing strategy prepared because to have a good product or service is just one part. Marketing is the second one, and they are in mutual interconnection because they cannot be successful without one another.

This section must be prepared in detail as this part is read very carefully by potential lenders and investors because they want to know what is the strategy to get the product or service in the hands of the customers. (Abrams 2014, 158)

The purpose of a marketing plan is to help achieve the objectives of the company with the customer as a starting point. For instance, some companies even have their marketing plans posted on the intranet site so managers and employees from different departments can coordinate their steps. (Kotler and Armstrong 2014, 633)

The marketing mix is one of the fundamental marketing tools to achieve marketing objectives of the company. It is a set of basic elements how a company can influence demand for their products or services. This most used variant is 4P, and it consists of:

- **Product** - a description of a product or service which is going to be offered to customers
- **Price** - company pricing policy and price of a product or a service
- **Place** - a product or a service must be delivered by distributional channels
- **Promotion** - how a product or a service is going to be promoted (Management Mania 2016)
3.3.11 Financial analysis

This part of a business plan contains the ideal future financial performance of the company. It is not important just for the potential investors and lenders that the company is performing well, it is important for everybody involved including relatives, partners etc. (Staňková 2007, 110) This section starts to be in a numerical form unlike the previous part of the business plan. It should convince potential investors that this project has a future and it is possible to succeed in the real world of business. Funds are without a doubt needed when establishing a company because there are start-up costs such as the acquisition of fixed assets and current assets. Entrepreneurs also have to take into consideration and be prepared that they will be paying for everything on their own until the company starts making a profit. (Sr pová 2011, 28) The structure of a business plan is not regulated by law, however, according to Staňková (2007) and Sr pová (2010) the financial analysis should contain at least the following basic parts:

**Balance sheet**

A balance sheet is one of the essential financial documents which is supposed to be in the financial analysis section. It basically shows the financial structure of a company, what assets the company owns and how it is financed. A balance sheet is divided into asset side which is the left and liabilities side which is on the right. Assets can be either current or long-term. Both of them are covered by finances either from the entrepreneurs themselves or from sources which come outside the company (investors, lenders). (Sr pová and Řehoř 2010, 314-316)

**Income statement**

In other worlds also “Profit or loss statement” shows if the company is profitable or not after a period of time, usually a calendar year. However, it does not determine the overall worth of the company because companies can lose money and still own some
expensive assets. Alternatively, there can be issues with paying the bills because of problems with cash flow even though money is flowing into the company. (Abrams 2014, 295-304)

**Cash Flow**

Cash Flow analysis is perhaps the most important part of the financial analysis because if the company is not able to pay its employees, bills etc. they are going to get into serious trouble sooner or later. Cash flow is primarily about how much money the company has company on its bank account and can be used immediately and not about generated profit. It is important to monitor cash flow carefully because the company can get into a situation when they are generating profit, but at the same time they are not able to pay their obligations, because somebody else has not paid their obligations yet. (Abrams 2014, 305; Srpová and Řehoř, 2010, 321)

### 3.3.12 Risk evaluation

There is no business which does not involve risk, and even the best business plan ever can fail if risks are not evaluated correctly or not evaluated at all. Inexperienced entrepreneurs sometimes do not include risk analysis in their business plans on purpose because they do not want to scare potential investors and lenders. The truth is that from a well-prepared risk evaluation section smart investors can recognise if the entrepreneurs are aware of the threats and understand them. Then they are more likely to take steps which can prevent these threats thus there is bigger chance that the project is going to be successful. (Abrams 2014, 148-149) Abrams (2014) points out seven main risks which might cause trouble to a company:

- Market risk
- Competitive risk
- Technology risk
- Product risk
- Execution risk
- Capitalization risk
- Global risk
4 SUMMARY OF THE THEORETICAL PART

The theoretical part begins with the state of entrepreneurship before and after the fall of the Communist party in Czechoslovakia. Later, it deals with ways how business can be conducted in the Czech Republic. Subsequently, different types of legal forms are described, particularly Limited Partnership, General Partnership, Limited Liability Company, Joint Stock Company, European Company and European Economic Interest Grouping.

The third chapter analyses the business plan itself. General information about the business plan is provided as well as its purposes, structure and some interesting facts such as that the form of a business plan is not regulated by Czech law. Some principles which can be useful when writing a business plan are also included. Furthermore, general information about the business plan is followed by chapters with elements which should not be omitted in any business plan. This subchapter begins with basic information such as the title page, executive summary and basic company description where a reader who does not want to read the whole document but only wants to get the key information looks first. It describes the legal issues, mission statement and organisational structure of the company. Later, the business plan focuses on sections which have to be described in more detail such as the target market and competition analysis. The marketing plan is a key part of every business as it describes the tactics how to grab the attention of customers and persuade them to buy a product or a service. On the other hand, the financial analysis must be dealt with in detail because it has to be clear that a project is financially plausible. Last part of the theoretical segment is the evaluation of risks.
II. ANALYSIS
5 A BUSINESS PLAN FOR JEDLÍKOVO RESTAURANT, S.R.O.

5.1 Title page

Name of the company: Jedlikovo restaurant, s.r.o.
Legal form: Limited Liability Company
Owner: Dominik Frejvolt
Address: Fabrika Centro, Zlín, 760 05 Czech Republic
Telephone contact: +420 704 245 941
Mailing address: jedlikovo@gmail.com
Website: www.jedlikovo.cz

Company’s description: Jedlikovo restaurant, s.r.o. is an all-you-can-eat concept of a restaurant where customers pay once on their way in and then they can consume an unlimited amount of food until leaving the restaurant.

Logo:

![Logo](image)

Figure 1 - Logo (own creation)
5.2 Executive summary

Company description

Jedlíkovo restaurant is a gastronomic facility based on a modern concept when customers pay once and then can consume an unlimited amount of food. The restaurant is founded by a natural person Dominik Frejvolt who will also be the general manager of the restaurant. Legal form of the company will be Limited Liability Company. The restaurant will be situated in the planned shopping centre Fabrika which will be located next to the central train station.

Objectives of the company

Firstly, Jedlíkovo restaurant wants to set itself apart from ordinary gastronomic facilities. This is why the aim of the restaurant Jedlíkovo is to bring the western concept of all-you-can-eat restaurants into the Zlín region. Jedlíkovo restaurant wants to satisfy all customers with different kinds of unlimited food.

Product description

Jedlíkovo restaurant will offer different soups every day. The main courses menu will consist of following meals: chicken and pork schnitzels and roasted meats, chicken hot wings, fried cheese and pancakes. There are also going to be side dishes mainly Chinese noodles with soy sauce, fries, potato wedges, cooked potatoes, mash potatoes and rice. The restaurant Jedlíkovo will also offer different types of pizzas such as Margarita, Salami, Quattro Formaggi, Hawaii, Mushroom and Vegetable. Also different types of Sushi, Fruit salads, vegetable salads and cakes will also be included. A strength of this concept is that customers can mix all types of main courses and side dishes and they can create many different variations of meals followed and preceded and followed by soups and desserts. Drinks will be sold separately, and alcohol will not be offered. The menu will be changed dynamically based on seasons and prices of foodstuffs.
Mission statement

The slogan of the restaurant is: “Pojez co se vleze!”

Financial plan

The registered capital of the company is 1 144 000 CZK. It will be financed by the owner entirely as he will get a loan without interest from a family member. Please, see chapter 5.7 “Financial analysis” for detailed information about finances of the company.

5.3 Basic company description

Restaurant Jedlíkovo is a small establishment which is going to provide an unlimited amount of food for a fixed price. The restaurant is going to be located in the Fabrika shopping centre which is going to be in the centre of former Tomas Bata’s factory. The company will be wholly owned and operated by Dominik Frejvolt. The restaurant will offer different kinds of food ranging from traditional Czech schnitzel and Italian pizza to Asian noodles with different types of roasted meat and different kinds of sushi.

5.3.1 Opening hours

The restaurant will be open seven days a week from 11 am to 9 pm. The opening hours are going to be set like stated because customers can use the restaurant either to have lunch or dinner. The breakfast menu is not included because the restaurant opens at 11 am which is too late for breakfasts and at the same time breakfasts are not the focus of the restaurant. The restaurant will be closed and opening hours will be limited only on holidays such as the Christmas Eve, New Year’s Day and Easter Monday etc.

5.3.2 Legal form

Jedlíkovo restaurant is going to be established as a Limited Liability Company for several reasons. Firstly, it is intended to build a reputation for Jedlíkovo brand, which will increase its market price in the course of time. Secondly, it is a liability as the restaurant
will be liable up to the value of its asset. Unlike conducting business as a self-employed person when entrepreneurs have unlimited liability, exposing all their assets. The last reason is the low initial investment registered in the Commercial Register which is only one Czech crown.

5.3.3 Location

Restaurant Jedlíkovo will be located in the Fabrika shopping centre. However, the construction works have not yet begun; it should start in the next two years if everything goes according to the plans. The shopping centre is going to become a strategically important area of the city as thousands of people are going to visit the shopping centre every day. Building the shopping centre is going to change the face of the area of the former Bata’s factory dramatically. It is also going to contribute to the moving of the city centre from the area around the Main Square to the area of former Bata’s factory. It has been possible to spot this trend in the past few years for instance with the reconstruction of the building 32 or with Zlin’s “skyscraper” building number 21 and other adjacent reconstructed buildings. A similar phenomenon is also visible in Ostrava city with the building of the Forum Nová Karolína shopping centre.
Figure 2 - The location of premises (Source: Mapy.cz)

5.4 Organizational structure

The restaurant Jedlíkovo is owned by Dominik Frejvolt who is also the general manager. The owner is responsible for meeting financial objectives of the restaurant and company’s goals in general. The owner also takes care of human resources of the company. The owner began his restaurant career at the age of 17 and has since worked in several positions from a regular waiter to junior manager in several restaurants here in the Czech Republic and England.

Then there are going to be two managers/shift leaders. The first one is Adam Kolář who is an experienced manager who has worked as a manager of McDonald branch in Zlín for seven years with excellent results. The second one is Mgr. Lukáš Aleš who has worked in a managerial position at Pizza Hut in London and is coming back after six years abroad. They both are good leaders proven by their experience and results they have had in their careers. Their hourly wage will be 230CZK. Their responsibilities are going to be:
• Shift scheduling
• Supervising employees during the shifts
• Handling guest complains
• Ordering food supplies for the restaurant
• Weekly meetings with the general manager
• Usual responsibilities connected to the proper functioning of the restaurant
• Updating social media accounts.

The restaurant is going to have two chiefs, both to be hired. They will be paid 195 CZK per hour. Their responsibilities are going to be:

• Food preparation for the restaurant
• Maintaining the kitchen clean and meeting hygiene standards.

Also, there are going to be two interns from Střední škola gastronomie a obchodu Zlín working as kitchen porter and are going to be paid the minimum wage 75 CZK per hour and the chiefs will be responsible for them. They will provide them with assistance and do what will be needed.

Another position which needs to be filled is the cashier, and they will be hired on full-time. There will be two of them and they will be sitting at the entrance, welcoming customers in. Their remuneration for one hour will be 165 CZK. Their job description will be:

• Being responsible for money in the cash register
• Collecting money from guests.

Lastly, eight waiters/waitresses are needed for general duties. Four of them will work full time, and other four will be students from Střední škola gastronomie a obchodu Zlín secondary school. A full-time employee will be responsible for two interns on the shift,
and these students will change their positions after two hours. Two hours in the front and two hours in the back. Full-time waiters will be paid 165 CZK per hour, and interns will be paid 75 CZK per hour. In general, one full-time waiter takes care of two interns, and their duty is to clean and relay tables and help customers. The second full-time waiter will work behind the bar, selling drinks to customers. Waiter job is dynamic and flexible in the restaurant; therefore, if the bar is busy, other waiters can give a hand there. However, their primary responsibilities will be:

- Operating the dishwasher in the back
- Cleaning and relaying tables
- Refilling the stands with the food
- Working behind the bar
- Answering questions from customers
- Being responsible for money in the cash register.

In total, the company will have ten full-time employees and six part-time employees. They will work long and short weeks like in a usual restaurant. Four working days in a long week and three in a short week and in total, they will have 140 working hours per month. Usual shifts will consist of three interns, four ordinary employees and one manager. The organisational structure of such a shift will have the following scheme:
5.5 Target market and competition analysis

This subchapter deals with segmentation of the market along with an analysis of likely competition.

5.5.1 Segmentation

The gastronomic facility Jedlíkovo defines two basic groups of target customers. The first one contains every shopper in the Fabrika shopping centre because everyone who enters the building becomes a potential customer. Having a meal after hours of shopping becomes a habit these days, and Jedlíkovo restaurant will try to persuade customers to try something new because this concept of a restaurant is unusual in the Czech Republic. Simultaneously, their hunger will be satisfied. The second group of target customers will be people who have higher requirements on the size of portions and the fact that they can have different meals for one price. Jedlíkovo restaurant will focus on a group of people who likes to eat a lot. It will be done by a marketing campaign especially on social media.
such as Instagram, billboard and by spreading the good word of mouth. To build a good reputation among people is essential thus being regionally recognised is essential to penetrate the market.

5.5.2 Competition analysis

After researching the biggest shopping centres in Ostrava (Forum Nová Karolina), Olomouc (Galerie Šantovka) and Brno (Galerie Vaňkovka), it is likely that the following fast food chains will be the main competitors of Jedlíkovo restaurant.

McDonald’s

McDonald’s is an American fast food chain with a long history. They have long opening hours usually from 8 am to 10 pm on the weekends thus they offer breakfast menu which is their advantage. They also have newly opened restaurants the so-called Mc Café, therefore, they offer different types of coffees and desserts on their menu. Their disadvantage might be general reputation among people because people tend to think about McDonald’s as junk food. This perception remains even though McDonald’s has started a process of rebranding and they want to change the company’s identity.

KFC

Kentucky Fried Chicken is also a well-known American fast food chain. Their usual opening hours are from 8 am to 10 pm, and they also offer a breakfast menu. They strictly offer only chicken meat, and more demanding customers might not be satisfied with the variety of meat. Although KFC follows the latest trends and also has started the process of rebranding, people still classify KFC as junk food. This overall reputation might discourage some people and they may choose a different gastronomic facility instead. A big advantage of KFC is their bottomless drink which is included in the menu. Otherwise, bottomless drinks can be bought separately for 39 CZK.
Asian fast foods

It is highly likely that there will be one or more Asian fast foods in the Fabrika shopping centre. It is not possible to determine which ones in particular. Nevertheless, they are popular among people for several reasons, primarily because they are usually cheap. The second reason is that they offer quite large portions. Another reason is that they have a huge variety of meals, different types of noodles and meats, soups and they also usually offer classic stuff such as hamburgers, rolls, hot dogs or fried cheese with fries. Some of the chains even offer a wide variety of sushi which is on the other hand little more expensive. They also often offer draft beers which might give some disadvantage to Jedlíkovo restaurant. But it can be also reconsidered for discussions in the future plans of Jedlíkovo restaurant, same applies for wines.

5.6 Marketing plan

In order to penetrate and succeed in the market, it is essential to have a good marketing strategy prepared because marketing is selling. This particular business plan analyses restaurant by SWOT analysis and Jedlíkovo restaurant has prepared Marketing mix 4P.

5.6.1 SWOT Analysis

It is important to know and determine strengths, opportunities, threats and weaknesses of the restaurant. Therefore SWOT analysis is a part of the marketing plan of Jedlíkovo restaurant.
<table>
<thead>
<tr>
<th>STRENGTHS</th>
<th>THREATS</th>
</tr>
</thead>
<tbody>
<tr>
<td>• unlimited amount of food</td>
<td>• possibility of recession</td>
</tr>
<tr>
<td>• location</td>
<td>• summer season</td>
</tr>
<tr>
<td>• modern facilities</td>
<td>• competition of other fast foods</td>
</tr>
<tr>
<td>• new business</td>
<td>• the conservative behaviour of the population</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>WEAKNESSES</td>
<td>OPPORTUNITIES</td>
</tr>
<tr>
<td>• no reputation of the brand</td>
<td>• regional recognition</td>
</tr>
<tr>
<td>• limited choice of meals</td>
<td>• expansion of offered meals and drinks</td>
</tr>
<tr>
<td>• higher price</td>
<td>• an opening of another restaurant</td>
</tr>
<tr>
<td>• possibility of failure</td>
<td></td>
</tr>
</tbody>
</table>

Table 1: SWOT analysis (own creation)

**Strengths**

Perhaps the biggest strength of the company is that it offers an unlimited amount of food and no competition offer anything similar. Another strength of the restaurant is its location. Furthermore, it is the modern facilities of the restaurant because it will be in new premises.

**Threats**

The first threat is the possibility of recession which is likely to come because the Czech economy is overheating. The second threat is summer time because many students are in their hometowns and not in Zlin. And lastly, it is the competition of other fast food chains which will be situated in the Fabrika shopping centre.

**Opportunities**

One of the opportunities is regional recognition as it is vital for the influx of new customers from nearby villages and towns. If everything goes according to plan, the
restaurant will broaden its offer of meals and drinks or even open a new restaurant somewhere else.

**Weaknesses**

The first weakness can only improve with time as it is the reputation of Jedlíkovo brand. For some people, another weakness might be higher prices and the fact that the choice of meals is limited. And lastly, it is the possibility of failure which is connected to every newly established company.

**5.6.2 Marketing mix**

A part of the marketing strategy is marketing mix which consists of 4Ps, product, price, place and promotion.

**Product**

Jedlíkovo restaurant serves different meals. From main courses, it will be roasted chicken and pork meat, chicken and pork schnitzel, chicken hot wings, fried cheese and pancakes. From side dishes, it will be Chinese noodles with soy sauce, fries, potato wedges, cooked potatoes, mash potatoes and rice. The restaurant will also offer several types of pizza like Margarita, Salami, Quattro Formaggi, Hawaii, Mushroom and Vegetable and different kinds of sushi will be offered. There is also going to be several fruit and vegetable salads and some cakes. Different types of soups will be offered every day. The restaurant will also provide several types of drink on the bar. There will be drinks such as Coca-Cola, Sprite, Fanta, different types of fruit juices and coffee. Beer or any alcohol will not be offered. It is important to mention that the menu will be changed dynamically based on seasons and the prices of foodstuffs.
Price

The restaurant Jedlíkovo will have a fixed price. One ticket will cost 350 CZK whole week. After establishing both the brand and reputation among people, there is a possibility of differentiating tariffs. Depending on how busy the restaurant will be at certain times of the week since there is a possibility that the restaurant will be busier on the weekends, especially at evening time. On the other hand, when it is not busy for instance lunchtime on Mondays, tickets might be less expensive. Prices of drinks will depend on wholesalers’ prices.

Place

Premises of Jedlikovo restaurant will be located in the Fabrika shopping centre. It is a strategically advantageous place as there will dozens of shops with fashion etc. Therefore, hundreds of people will pass by the restaurant every day. All the supplies for kitchen and bar will be from the wholesale, the nearest wholesale is Macro in Zlín-Malenovice. All the food will have to be consumed on the premises only, and only drinks will be allowed to take away. This means that the distribution channel will lead directly to customers.

Promotion

Right marketing strategy is important for every business and promotion has to start before the opening of the facility. Jedlikovo restaurant will use several types of promotions channels.

- **Social media** – Social networks play a huge role in today’s life, and many people spend a lot of time using them. There are two major networks which are used the most in the Czech Republic, and it is Facebook and Instagram. Jedlikovo restaurant will have accounts on both of them. However, Jedlikovo restaurant will focus primarily on Instagram as it is more user-friendly and paid advertisements have a higher reach. There are also possibilities of the “story” feature which will be used
frequently. Social networks will also be used for interactions with customers and informing about special offers, discounts etc.

- **Website** – A website is a key part of every business, and Jedlíkovo restaurant will have one as well. The website will be designed in a minimalistic way with company’s colours (as in the logo, yellow, orange and red). The website will inform about potential vacancies, offers, discounts and important information. Furthermore, there will be a section dedicated to the offered food and drinks.

- **Billboard** – Jedlíkovo restaurant is going to rent one of the billboards on the Třída Tomáše Bati Street as part of the marketing strategy. It is a strategically good place because thousands of people pass by daily. The billboard will carry the following information: the opening day, logo, slogan “pojez co se vleze”, a picture of a deliciously-looking food and a short sentence saying “Zaplať jednou a pojez kolik se vleze, přesvědč se sám”.

### 5.7 Financial analysis

The financial plan is not only important for potential investors and lenders but also for entrepreneurs themselves to know if the business is financially sound. All of the following sections are included in the financial analysis: required start-up costs, simplified balance sheet, calculation of operational costs and revenues. And last but not least, the income statement.

#### 5.7.1 Start-up costs

By start-up costs, the author means all the necessary expenses which are essential for opening the restaurant. It is not only long-term assets like kitchen appliances or furniture but also expenses required for marketing, licenses, merchandise etc. All the costs are estimates and are needed for compiling a balance sheet.
**Start-up costs in CZK** | **Amount**
--- | ---
Trade licenses | 2 000
Promotion (billboard) | 35 000
Appliances (bar and kitchen) | 177 000
Equipment (furniture, TV panel) | 402 000
Merchandise | 50 000
Company car | 50 000
**In total** | **716 000**

*Table 2: Start-up costs (own creation)*

Detailed calculation of machinery.

**Machinery in CZK** | **Amount**
--- | ---
Oven | 20 000
Kitchen refrigerator | 40 000
Bar refrigerator | 20 000
Fryers (2x) | 10 000
Induction cooker | 10 000
Coffee machine | 30 000
Cash register (2x) | 5 000
Dishwasher (2x) | 20 000
Wi-Fi Router | 2 000
Television | 15 000
Microwave | 5 000
**Total** | **182 000**

*Table 3: calculation of machinery (own creation)*
Detailed calculation of equipment.

<table>
<thead>
<tr>
<th>Equipment in CZK</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bar + bar equipment</td>
<td>80 000</td>
</tr>
<tr>
<td>Computer (2x)</td>
<td>15 000</td>
</tr>
<tr>
<td>Tables (20x)</td>
<td>100 000</td>
</tr>
<tr>
<td>Chairs (70x)</td>
<td>140 000</td>
</tr>
<tr>
<td>Stainless table</td>
<td>10 000</td>
</tr>
<tr>
<td>Kitchen equipment</td>
<td>15 000</td>
</tr>
<tr>
<td>Stainless food stands (6x)</td>
<td>42 000</td>
</tr>
<tr>
<td><strong>In total</strong></td>
<td><strong>377 000</strong></td>
</tr>
</tbody>
</table>

*Table 4: calculation of equipment (own creation)*

5.7.2 Simplified balance sheet

The simplified start-up balance sheet should not be omitted from a proper business plan, and it consists of assets (long-term and current) on the left side and liabilities (equity capital and borrowed capital) on the right side. The assets are going to be fully covered by registered capital which will be obtained from the owner and a loan without interest from the family member. Long-term assets are compiled of the costs of buying appliances, equipment and a company car. Current assets consist of money in inventory, cash and money on a bank account.
5.7.3 Labour costs

Jedlíkovo restaurant will employ ten full-time employees and six interns as mentioned in chapter 5.4 "Operational structure". Gross wage will be calculated by deduction of social security taxes (25%) and health insurance (9%) from super-gross wage which is also the tax base. Employees will work 140 hours and the gross wage for managers will be 32 200 CZK. The gross wage for chefs will be 27 300 CZK, and for waiters and cashiers, it will be 23 100 CZK. Interns will be paid 75 CZK per hour, and they will be sent 10 000 CZK every month if they work full 140 hours. In this case, the monthly surpluses of 500 CZK will be sent to them when they finish their practice. This will be practised because there are no social security and health insurance deductions if a student earns under 10 000 CZK a month.
Table 6: wages (own creation)

5.7.4 Operational costs

The following chart includes costs which will be paid periodically every month. These are the minimum figures which have to be earned in order to make a profit every month.

<table>
<thead>
<tr>
<th>Operational costs in CZK</th>
<th>Monthly</th>
<th>Annually</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rent</td>
<td>40 000</td>
<td>480 000</td>
</tr>
<tr>
<td>Energy consumption</td>
<td>15 000</td>
<td>180 000</td>
</tr>
<tr>
<td>Wages</td>
<td>447 332</td>
<td>5 367 984</td>
</tr>
<tr>
<td>Internet and mobile services</td>
<td>3 000</td>
<td>36 000</td>
</tr>
<tr>
<td>Purchase of merchandise</td>
<td>80 000</td>
<td>960 000</td>
</tr>
<tr>
<td>Purchase of raw materials</td>
<td>50 000</td>
<td>600 000</td>
</tr>
<tr>
<td>---------------------------</td>
<td>--------</td>
<td>---------</td>
</tr>
<tr>
<td>Insurance</td>
<td>1 000</td>
<td>12 000</td>
</tr>
<tr>
<td>Hygiene products</td>
<td>1 000</td>
<td>12 000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>637 332</strong></td>
<td><strong>7 647 984</strong></td>
</tr>
</tbody>
</table>

*Table 7: operational costs (own creation)*

### 5.7.1 Calculation of revenues

The following figures are calculated based on an educated guess. The calculation of revenues is done by segmenting customers into three segments. Firstly, it will be customers who like to eat a lot, and they will have about two portions on average. A customer from this segment will be referred to as “Customer A”. Secondly, it will be customers who will eat one regular portion on average, and such a customer will be referred to as “Customer B”, these customers are the ones who like to try new things, they have experience with similar concepts from abroad or their friends recommended the restaurant to them. The third segment of customers will be referred to as “Customer C”, and it is people who do not eat that much, or lead a healthy lifestyle hence they tend to choose low-fat and less expensive meals such as salads or sushi. Average portion weighs 250 grams.

<table>
<thead>
<tr>
<th>Customer</th>
<th>Expected consumption in grams</th>
<th>Cost of portions in CZK</th>
<th>Profit on customer in CZK</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>500</td>
<td>250</td>
<td>100</td>
</tr>
<tr>
<td>B</td>
<td>250</td>
<td>150</td>
<td>200</td>
</tr>
<tr>
<td>C</td>
<td>250</td>
<td>90</td>
<td>260</td>
</tr>
</tbody>
</table>

*Table 8: single customer consumption and profit (own creation)*
Jedlíkovo restaurant has prepared two possible scenarios. An optimistic scenario with 300 customers and a pessimistic one with 150 people visiting the facility every day on average. The second part of the table is daily sales distributed among our prototypical customers in CZK. All of the following figures are estimates based on an educated guess.

<table>
<thead>
<tr>
<th>Number of people</th>
<th>Pessimistic scenario</th>
<th>Optimistic scenario</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer A (50%)</td>
<td>75</td>
<td>150</td>
</tr>
<tr>
<td>Customer B (30%)</td>
<td>42</td>
<td>85</td>
</tr>
<tr>
<td>Customer C (20%)</td>
<td>33</td>
<td>65</td>
</tr>
<tr>
<td><strong>In total daily</strong></td>
<td><strong>150</strong></td>
<td><strong>300</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>In CZK</th>
<th>Pessimistic scenario</th>
<th>Optimistic scenario</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer A (50%)</td>
<td>7 500</td>
<td>15 000</td>
</tr>
<tr>
<td>Customer B (30%)</td>
<td>8 400</td>
<td>17 000</td>
</tr>
<tr>
<td>Customer C (20%)</td>
<td>8 580</td>
<td>16 900</td>
</tr>
<tr>
<td><strong>In total daily</strong></td>
<td><strong>24 480</strong></td>
<td><strong>48 900</strong></td>
</tr>
</tbody>
</table>

*Table 9: distribution of customers and sales (own creation)*
Based on an educated guess, it was concluded that on average every customer would buy a bottle of some drink. There are two scenarios prepared. The cost of a bottle (3 dl) will be around 15 CZK, and it will be sold for 35 CZK on average.

<table>
<thead>
<tr>
<th>Scenario</th>
<th>Number of guests</th>
<th>Cost of one drink</th>
<th>Profit on one drink</th>
<th>Total profit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Optimistic</td>
<td>300</td>
<td>15</td>
<td>20</td>
<td>6000</td>
</tr>
<tr>
<td>Pessimistic</td>
<td>150</td>
<td>15</td>
<td>20</td>
<td>3000</td>
</tr>
</tbody>
</table>

*Table 10: profit on drinks (own creation)*

Monthly and annual sales calculations are based on daily sales and the number of customers in both scenarios as displayed in the table number nine. The figures consist of the sales of tickets and drink sales.

<table>
<thead>
<tr>
<th></th>
<th>Pessimistic scenario</th>
<th>Optimistic scenario</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of customer</td>
<td>150</td>
<td>300</td>
</tr>
<tr>
<td>Daily sales (CZK)</td>
<td>27 480</td>
<td>54 900</td>
</tr>
<tr>
<td>Monthly sales (CZK)</td>
<td>824 400</td>
<td>1 647 000</td>
</tr>
<tr>
<td>Annually sales (CZK)</td>
<td>10 030 200</td>
<td>20 038 500</td>
</tr>
</tbody>
</table>

*Table 11: sales (own creation)*
5.7.2 Income statement

The following table shows estimated costs and revenues based on the above-mentioned tables. Firstly, costs must be deducted from revenues in order to get income before taxes (EBT). Then it is essential to deduct corporate tax which is 19% in the Czech Republic. Final bold figures are income after taxes (EAT).

<table>
<thead>
<tr>
<th>Revenues (CZK)</th>
<th>Pessimistic variant</th>
<th>Optimistic variant</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Monthly</td>
<td>Annually</td>
</tr>
<tr>
<td></td>
<td>824 000</td>
<td>10 030 200</td>
</tr>
<tr>
<td>Costs (CZK)</td>
<td>Monthly</td>
<td>Annually</td>
</tr>
<tr>
<td></td>
<td>637 332</td>
<td>7 647 984</td>
</tr>
<tr>
<td>EBT (CZK)</td>
<td>186 668</td>
<td>2 382 216</td>
</tr>
<tr>
<td>EAT (CZK)</td>
<td>151 201</td>
<td>1 929 594</td>
</tr>
</tbody>
</table>

*Table 11: income statement (own creation)*
5.8 Calculation of risks

All entrepreneurs should include a part dedicated to the evaluation of risks in the business plan to show the readers that they are aware of them.

Lack of information about Fabrika shopping centre

There is very few information available about the Fabrika shopping centre. If there is some information, it is usually general and not specific. Thus, some calculations are based on educational guesses and some of the results might differ in real process.

Lack of experience

Even though two experienced managers are going to be hired, the owner himself does not have experience of running a restaurant on his own. Therefore, he might make some insensitive and unreasonable decisions in the future. To prevent this scenario, the owner will be opened minded; he is going to listen to opinions of the managers and regular employees, and key decisions will be made after discussion.

Price fluctuations of foodstuffs

Price fluctuations of foodstuffs must be included in the list as the company is going to operate in the food and beverage industry. No significant foodstuffs prices fluctuations are expected, however, people still remember the sharp rise of butter prices. For instance, a sharp increase in meat prices or vegetable prices after a poor harvest might, of course, influence the costs to some extent.

Uniqueness of concept

This type of a gastronomic facility is unique in the Czech environment, and people do not have to accept the concept at first. Czech customers are generally conservative, and they still might prefer to buy food in traditional fast foods such as McDonald’s, KFC or in less expensive Asian fast foods which are popular thanks to their low price levels.
Low entry barriers in industry

Conditions set for entering the food and beverage market in the Czech Republic are optimistic for new entrepreneurs at the moment. Therefore, there is a chance that there will be a new restaurant opened in the area of former Bata’s factory or even in the Fabrika shopping centre with a different, unique concept and Jedlíkovo restaurant will lose their market share.
CONCLUSION

The main aim of this bachelor thesis was to write a business plan for a gastronomic facility called Jedlíkovo. In order to create such a business plan I had to understand the essence of a business plan, therefore, I worked with relevant literature and internet sources, and I compiled a theoretical part.

The theoretical part starts with a description of the situation of entrepreneurship in Czechoslovakia during the Communist era and the distribution of GDP across economic sectors in the Czech Republic nowadays. I also described different legal forms under which it is possible to conduct business in the Czech entrepreneurial environment. I decided to do business as Limited Liability Company. Later in the theoretical part, I compiled most important and most relevant parts of the structure of a business plan. I followed this structure in preparing my business plan for a gastronomic facility.

The business plan of Jedlíkovo restaurant starts with a title page and an executive summary. Next chapters such as company’s brief description, operational structure and marketing plan of the company follow. Moreover, possible competitors and risks were analysed.

Also, a financial plan was developed in the business plan. Operational costs were calculated along with calculations of revenues and start-up costs of the project. The most expensive item of operational costs are the wages of employees. Initial start-up costs are estimated to be over 700,000 CZK.

In the introduction, I mentioned that the objective of this bachelor thesis is to create a business plan for a gastronomic facility and assess its feasibility. Based on research and prepared analysis, the business plan is, in my opinion, feasible and can be successful.
BIBLIOGRAPHY

BOOKS:


ONLINE SOURCES


LIST OF ABBREVIATIONS

CZK    Czech crown
EAT    Earnings after taxes
EBT    Earnings before taxes
EU     European Union
et al. Et alia – and others
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