

A Business Plan for a Selected Company

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ABSTRAKT

Účelem této bakalářské práce je sestavení podnikatelského plánu cestovní agentury, specializující se na zprostředkovávání služeb cestovního ruchu svým klientům. Práce je rozdělena na teoretickou a praktickou část. První, teoretická část práce je zaměřena na objasnění základní terminologie podnikatelského prostředí a na popis podnikatelského plánu včetně typů analýz využitých při jeho sestavování jako například STP analýza, SWOT analýza, apod. Praktická část práce je věnována vypracování podnikatelského plánu včetně popisu společnosti, marketingového, organizačního a finančního plánu, a také zhodnocení rentability za použití ROI indikátoru. Celá práce je zakončena zhodnocením rizik a omezení plánu. Cílem této bakalářské práce je zhodnocení potenciální rentability vytvořeného podnikatelského plánu. Po provedení všech nezbytných výpočtů a úkonů jsme došli k závěru, že s výjimkou pesimistického scénáře je plán rentabilní.

Klíčová slova: podnikatelský plán, cestování, podnikání, rentabilita, analýza, cestovní agentura, Maledivy

ABSTRACT

This bachelor's thesis aims to compile a business plan for a travel agency specialising in mediating tourism services to its clients. The thesis is divided into theoretical and practical parts. The first theoretical part of the thesis focuses on the explanation of the basic terminology of the business environment and the description of the business plan, including the types of analyses, such as STP analysis, SWOT analysis, etc., used in the business plan. The practical part of the thesis elaborates on the business plan, including a description of the company, marketing, organisational and financial strategy, and an evaluation of profitability using the ROI indicator. The work concludes with an assessment of the risks and limitations of the plan. This bachelor's thesis aims to evaluate the potential rentability of the created business plan. After carrying out all the necessary calculations and operations, we have concluded that the plan is profitable except for the pessimistic scenario.

Keywords: business plan, travel, entrepreneurship, rentability, analysis, travel agency, Maldives

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

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INTRODUCTION

Being an entrepreneur brings us unlimited opportunities, especially in the 21st century, when modern technologies are all around us and are an essential part of our daily lives. We can be the masters not only of our personal lives and free time but also the ones who have the opportunity to use their experience, knowledge, passions and ideas. With these abilities, we can create something that will become a breakthrough moment for not only our life but also for the lives of other people, whether in a positive or negative sense - but this depends primarily on us.

How can we achieve that? To succeed in your field, of course, it requires hard work, focus, and a small quantity of luck, but above all, creating a thorough and well-thought-out business plan is necessary.

During the global pandemic, many sectors faced obstacles that perhaps we could never have imagined, even in the most utopian of fantasies. One of the most affected fields was the tourism industry. For many people from different parts of our planet, holidays were an escape from the daily stress and repetitive routine. Still, like a bolt from the blue, we were forbidden to travel and experience different cultures, meet new people, and discover new places. It was during this period that I understood the meaning of the phrase "crisis is the greatest business opportunity" - numerous hotels around the world took this period as an opportunity to change their concepts, make renovations, work on their shortcomings, and take their services to an even higher level, and so do we. The main objective of this bachelor thesis is to develop a business plan for a travel agency **Male2Go** and to assess the rentability of this business concept, which will not "only" arrange tours for its clients but will also allow them to realise their dream vacation in paradise on earth – in the Maldives.

The thesis is divided into two parts, theoretical and practical. The theoretical one outlines the essential terms such as entrepreneurship and entrepreneur, clarifies the difference between tour operators and travel agencies and defines the legal forms of businesses in the Czech Republic divided into two main groups – the business of a Natural Person and a Legal Entity. This section also includes an explanation of the business plan and, as importantly, an interpretation of the analyses used to compile the business plan.

The second practical part aims at a thorough description of the company, its financial, marketing, and organisational plan, market analysis and the whole thesis is finished with an assessment of the risks and profitability.

I. THEORY

1 BUSINESS

The term business means something different to every individual, so there is probably no one general definition that everyone can agree on. However, the vast majority of people agree that businesses are set up with the vision of profit and future success in that particular area of business. However, many need to remember that for a business to be profitable and not be swallowed up by corporations, it is not enough to have an initial idea, creativity, finances, etc., but more importantly, knowledge of fundamental concepts and terms.

1.1 Entrepreneurship

Bessant and Tidd (2018, 12) elaborate entrepreneurship as a potent mixture of more factors such as vision, commitment, risk-taking, etc., which in the end, provides the motive power behind the innovation process.

Bhatt (2016, 17-18) claims that no precise definition explains the meaning of entrepreneurship and divides this issue into extremes. He argues that on the one hand, each individual that wants to work is considered an entrepreneur, on the other extreme, an entrepreneur is a person with unique abilities and qualities not seen in a large population and also has the capabilities to be a pioneer of significant change.

However, according to him, almost all the perspectives on the question have a common aspect, a kind of behaviour that includes three essential things:

- Initiative taking.
- Organising and reorganising resources (social/economic).
- Acceptance of risk or failure.

1.1.1 Process of Entrepreneurship

Robert Hisrich (1985) defined entrepreneurship as: *“A process of creating something different with value by devoting the necessary time and effort assuming the accompanying financial, psychological, and social risks, and receiving the resulting rewards of monetary and personal satisfaction.”* Based on this definition, the whole process of Entrepreneurship is highlighted by four important aspects (Bhatt 2016, 18):

- 1) **Creation process** - need to develop something that will have relevance not only for the entrepreneur but also for the target audience.
- 2) **The devotion of the necessary time and effort** - The whole process must go through the necessary development, which requires enough time and effort to make the final product successful.

- 3) **Assuming the necessary risks** – During entrepreneurship, risks in various areas (especially financial or social) must be considered, and their exact form always depends on the business sector.
- 4) **Rewards** – the final part of the process which brings the entrepreneur personal satisfaction, independence and, above all, money– the indicator of success for most people.

1.2 Entrepreneur

Although it may seem that entrepreneurship requires little time and effort at first glance, the contrary is true. Instead, entrepreneurs are likened, for instance, to Olympic athletes, who constantly strive to push themselves and their limits further while knowing that they are walking on the fine line between success and failure to reach the top and be perceived as modern heroes by the outside world - and the same goes for entrepreneurs who are crowned as heroes of today's marketplace. This argument will undoubtedly raise many questions and doubts about why entrepreneurs are addressed in such a celebratory form.

However, if we think about it, apart from large companies, these individuals are considered to be the driving force of the economy for a simple reason. Entrepreneurs are the ones who have been instrumental in expanding the market with a more extensive portfolio of services on offer, giving people a large variety of choices of whom to turn to according to their preferences when they need to use a particular service. Nevertheless, equally important is the fact that, for example, thanks to these new companies, people can find work and thus provide care for themselves and their loved ones in the future, especially in these days of modern technology, when people with countless years of experience are often replaced by machines and robots (Frederick et al. 2018, 3).

Small businesses and entrepreneurs are responsible for inventing things we could not imagine our lives without, such as the zipper that we have on our clothes, the FM radio we listen to in our car on our way to work, an airplane that can bring us to the opposite part of the world, or an elevator, that enables disabled people to get to places where they would not otherwise (Scarborough 2012, 12).

Scarborough (2012, 17) also claims that more people want to become entrepreneurs for lifestyle reasons. They want to be responsible for their choice of where they live so they do not need the move to another city or country because of their work, they want to be masters of their own time, and most importantly, they want to be in charge of what they do. Some workers experience a great deal of work-related stress, which can negatively affect their

health, personal and professional lives, and effectiveness. For many people, entrepreneurship is thus an opportunity to express their creativity, thoughts and strengths to create something extraordinary.

Veber and Srpová (2012, 169-177) created a "ten commandments" of a typical trait that a good entrepreneur should have to make his business successful:

- 1) **Perseverance.**
- 2) **Self-confidence.**
- 3) **Responsibility.**
- 4) **Know-how.**
- 5) **Initiative behaviour.**
- 6) **Monitoring and utilisation of opportunities.**
- 7) **The conception of a prize–quality–time.**
- 8) **Striving for success.**
- 9) **Rational behaviour.**
- 10) **Respect for the surrounding reality.**

Šafrová Drážilová (2019, 51-52) divides entrepreneurs into two main groups - the first group could be called "**enthusiasts**" according to their characteristics - the hallmark of these entrepreneurs is their passion for the idea, belief, and finally, their drive, which drives them further towards their dream goal. These qualities can play a pivotal role at the very beginning when potential pitfalls and challenges need to be anticipated and faced. However, this can also be counterproductive, as these entrepreneurs can over-idealise everything. The second category of business owners are the so-called "**chronic entrepreneurs**" – they are 100 % certain they want to establish their own business and feel that being someone else's employee is not the right option for them.

These are usually entrepreneurs who already have some insight into how businesses operate and work on several projects simultaneously to find the ideal project that will become their "heart thing" and to which they will devote their full attention.

1.2.1 Qualities of Entrepreneur

According to Bello (2018, 43-46), a proper and creative entrepreneur on his way towards successful entrepreneurship should have four essential abilities:

- 1) **Entrepreneurial ability**
 - **Self-driven Passion** – one of the essential qualities of an entrepreneur because this passion drives the pace and creativity of an entrepreneur, which results in creating a

product that will reach the target audience by deploying a suitable and appropriate marketing strategy.

- **Enterprise Management** – the business owner is responsible for adequately functioning all company sectors. Also integral is the ability to be prepared to make crucial decisions regarding finances, employees, and the company's direction towards the future.
- **Communication** – Communication is an integral part of a successful business. It is a crucial ability for establishing cooperation not only with other partners in a joint business but also for establishing good relations with your clients through marketing or correctly handling necessary official formalities.

2) New Business Innovation

Creative entrepreneurs usually innovate older and bring new products, ideas, and services. After that, they are either responsible for marketing these products, or their innovation is adopted by industrial customers who then use these innovations to create new goods for the market.

3) Leadership and Social Responsibility

Leadership is one of the most essential abilities to succeed in the business environment. Using it, you have to inspire other people or make them feel they should follow your vision. Also, without a proper plan, your chances of success diminish. Another important aspect connected with leadership is also social responsibility. Suppose you want to be a successful entrepreneur. In that case, you need to have the ability to bring some value to the community while trying to find and enable solutions for local problems.

4) Knowledge of the Market

An integral part of success is also a knowledge of the market. As a creative entrepreneur, you need to have an overview of the business environment in which you operate and try to find the gap in the particular market to strengthen your business.

1.3 Difference between tour operator and travel agency

To fully understand the concept of this thesis, it is necessary to clarify the difference between tour operators and travel agencies. For many, these two terms may have the same meaning, but each term and service means something different.

1.3.1 Tour Operator

A tour operator specialises in planning and providing pre-planned trips (packages) or vacations, sold to the end customers indirectly under the company's name or with the help of travel agencies or franchises. The tour operator may also operate a travel agency (Bhatia 2006, 386; Palatková 2013, 26-27). An example in the Czech Republic territory is the travel agency eTravel.cz, a registered trademark of Czech tour operator Fischer.

Components of a package tours

According to Archer and Syrratt (2003, 6), a package tour has six components (sorted according to the sequence of services). The first three are considered essential, another three are optional:

- 1) **Transportation** - airplane, ferry, coach, rail, etc., to the destination and vice versa.
- 2) **Transfers** – transferring the clients, their luggage, etc., between the airport/port and hotel (individually for additional payment or in bulk with other clients.
- 3) **Accommodation** – hotel, apartments.
- 4) **Sightseeing tours** – providing tours, tickets, etc., for the clients that bought additional trip.
- 5) **Insurance** – health insurance, liability for damages.
- 6) **Car rental** – for business or personal purposes.

Palatková (2013, 26-27) states that the general definition of a package tour has gradually changed over the years but that the services that make up a tour have remained more or less the same. However, Palatková (2013, 27-29) points out that to constitute a tour, it must be a combination of at least two services (accommodation, transfer, etc.), and it must be a service that extends over a time horizon of at least 24 hours or more.

1.3.2 Travel Agency

This type of business specialises in mediating products and services of airlines, hotels and tour operators to the end-user customers. In addition, most travel agencies also focus on special travel arrangements for companies and business travellers.

Travel agencies, unlike tour operator, which sell pre-planned trip (package), sells the individual parts of that trip – for example, coach, airplane tickets, accommodation, etc., which in the end means that they are more capable of creating a journey according to the preferences of the customer or a group. (Term, length, additional services), because more prominent tour operators primarily focus on mass selling their own products (charter flights

package, where they prepaid the airplanes and hotel rooms from their partnered hotels) (Singh 2008, 1-6).

Outline to group tour operating

Concerning the above information from Singh (2008), travel agencies often organise group tours for golf clubs, athletic clubs, etc.

Archer and Syrratt (2003, 6) give a concise and comprehensible outline of organising a group tour in seven steps.

- 1) **Market research** – detailed studying of the market to find the suitable option based on the preferences and parameters given by a group.
- 2) **Determine destinations, dates, hotels, etc.** – Decide what you will offer to the client after obtaining the data from the research.
- 3) **Set up contracts with principals** – agree on the tariffs with the principals and complete the contract.
- 4) **Calculate the tour cost** – calculate all the costs, such as flight, transfer, sightseeing, hotel, etc., while adding the markup (flexible, we should compare the prices with similar tours on the market).
- 5) **Brochure production** – create a simple presentation/leaflet with the details about the tour – date, destination, itinerary, and price.
- 6) **Advertising campaign** – advertise your product, think about the target audience – for seniors (radio, magazines, newspapers, posters), for the younger generation (internet, videos, social networks such as Instagram, Tik Tok, Twitter).
- 7) **Documentation** - issue tickets, vouchers, itineraries, giving other helpful information.

Travel Agency Operations

Bhatia (2006, 89) points out some of the important Travel Agency Operations:

- Advising potential travellers.
- Making reservations for all travel requirements.
- Issuing travel tickets and vouchers.
- Planning itineraries.

Palatková (2013, 33) adds that the job of a travel agency is to offer services that do not meet the general definition of package tours provided by tour operators, such as one-day trips (popular especially before Christmas), etc.

2 TYPES OF BUSINESSES

Before establishing a business, it is also essential to decide the legal form of the business. By the law, in the Czech Republic, we differentiate two legal forms: **Business of a natural person** and **Business of a legal entity**. It is possible to change the legal form of the business over time. Still, you will probably encounter the time and administrative complexity of this change and its associated costs (Srpová and Řehoř 2010, 67).

Srpová (2020) claim that According to the Civil Code, an entrepreneur (whether a natural person or legal entity) is a person:

- Who is registered in the Commercial Register.
- Carrying on business based on another authorisation under a special regulation.
- Operating on the basis of a trade licence.
- Who carries out agricultural production and is registered in the register according to a special regulation.

According to Šafrová Drážilová (2019, 686 - 691), we should decide on the legal form based on the answers to these important questions:

- **How many people will be setting up a business?** If we decide that we need a partner for the company's growth, it is crucial to think carefully about who the partner will be because you need to choose someone with whom you can resolve any problems and disagreements we might face in the future.
- **What will the business deal with?** In some industries, customers prefer to work with a larger company as they may perceive them as more stable and trustworthy partners.
- **What are the risks in terms of surety and potential commitment?** Businesses with a legal form of a natural person are based on guaranteeing the entrepreneur's entire assets but with lower taxes. On the other hand, if you decide on the form of a legal entity, there is a strict separation of private and business assets, so the more significant the risks of large commitments to the business, the more we should separate our personal interests from our business.
- **What does the surrounding of the business look like?** There are certain forms of business where there is a greater risk that customers will not pay for the service or goods, that it is a sector of industry with significant liabilities to the state, etc.

- **What will be the business size at the beginning and as time passes?** The proper form of business should be based not only on the size of the business when it is established but also on its potential expansion.
- **What is the current financial background?** We also need to decide if we want to insert our funds or capital into the business or if we want an investor to come into the business.

2.1 BUSINESS OF A NATURAL PERSON

Entrepreneur, a natural person who wants to run their own business in the Czech Republic, is called own-account worker (osoba samostatně výdělečně činná, OSVČ) – for example, sole trader, forensic expert, etc. (Srpová 2020, 650).

Natural persons wishing to set up a business must first obtain a trade licence to be entitled to carry out that particular activity. First of all, it is necessary to verify whether the person in question meets all the required conditions given by the Trade Licensing Act, namely:

- Minimum age of 18 years.
- Criminal integrity.
- Capacity to perform legal acts.

The trade itself is then subsequently divided into two basic groups, namely, **notifiable** and **licensed** (Srpová and Řehoř 2010, 68).

Natural person, however, in some instances do not have to run a business solely and exclusively with a trade licence, Šafrová Drážilová (2019, 693) mentions several of these occupations:

- Agricultural production.
- Water and forestry economy.
- Freelance professions (such as writers, actors, musicians, etc.).
- Activities and business according to special regulations (such as attorneys, tax advisors, etc.).

2.1.1 Notifiable Trades

Notifiable trades are established based on a notification to the Trade Licensing Office and are subsequently certified as an extract from the Trade Register. These trades are then divided into three groups (Srpová 2020, 652):

- **Craft trades** – it is required to have education in that relevant field or prove a professional competence - altogether at a minimum of six years (butcher, bricklayer, etc.).
- **Qualified trades** – it is necessary to demonstrate professional competence in the given field with a minimum length of 4 years (accountancy, massage services, etc.).
- **Free trades** – no demonstration of professional competence is required, entrepreneurs have to choose the scope of activity from the annexe in the Trade Licensing Act. (animal breeding, accommodation services, etc.) (Synek 2011, 38).

2.1.2 Permitted Trades

For fields that belong to permitted trades, a permit from the state is required to run a business, primarily because these fields belong to the trades with a high risk of damage to health, property or public interests of the state and society, such as the weapon or ammunition industry, operating of a funeral service, etc. Unlike the notifiable trades, if the state decides not to give permission, an entrepreneur cannot run this type of business (Srpová 2020, 655). The main advantages and benefits of doing business as a natural person are unquestionably the time and financial ease of setting up a business. Additional aspects include, for example, the need to pay only personal income tax and the more straightforward process of bookkeeping. Anyway, as is well known, there are always two sides to every coin, and without exception, the same applies in this case. Natural individuals are liable with their entire assets, as previously stated in this thesis section. Thus, in the event of a problem with the business, the entrepreneur could lose all of their assets, including personal. If the entrepreneur wants to run the business solely without a partner and does not have enough capital to launch the business, it is also challenging to obtain credit from the bank (Šafrová Drážilová 2019, 694).

2.2 BUSINESS OF A LEGAL ENTITY

The second possible legal form of business is a legal entity. Regardless of which type of legal entity is chosen, it is inevitable and mandatory to be registered in the commercial register, which suggests from the beginning that the process is more time-consuming and legislatively more difficult in this case (Srpová and Řehoř 2010, 69).

Act on Commercial Companies and Cooperatives, which came into force on 1.1.2014, defines two fundamental types of legal entities (zakonyprolidi.cz, 2023):

- **Commercial companies** (capital companies and partnerships, European Economic Interest Grouping and European Company).
- **Cooperatives** (cooperative, European Cooperative Society).

According to Veber and Srpová (2012, 228), it is crucial to choose the legal form also in terms of the minimum share capital set by law:

- **No** minimum share capital for a limited partnership (until 2014, the minimum share was 5,000 CZK).
- **1 CZK** at minimum for a limited liability company (until 2014, the minimum share capital was 200,000 CZK).
- **2,000,000 CZK** at minimum for a joint-stock company.

Veber and Srpová (2012, 228) also highlight other essential features and questions we should take into account:

- How many people will set up a business – if we are willing to run the business alone or with partners.
- The difficulty of establishment – expenses related to establishing the business and the necessary time for dealing with authorities.
- Degree of law regulation – how frequently it is required to meet with the company's board of directors.
- Liability of the entrepreneur for obligations related to the business.

2.2.1 Partnerships

This type of legal entity includes **Limited partnership (k.s.)** and **General partnership (v.o.s.)**, and, as a rule, in these types of companies, it is assumed that the entrepreneur will personally participate in the management of the business and in most cases, also be liable for the company's commitments (Srpová and Řehoř 2010, 69).

Limited partnership (komanditní společnost)

In the case of a limited partnership (k.s.), it is required to be set up at least by two natural or legal persons. Therefore, a limited partnership cannot be established by a separate legal entity. This legal entity comprises **limited partners (komanditisté)** and **general partners (komplementáři)**. The general partners are the company's statutory body (unless otherwise stated in the social contract), and they are not required to invest any capital at the beginning of the business. Still, it is vital to note that they are liable with all their assets. Until 2014, limited partners had to invest at least 5,000 CZK when establishing a business, however, at

present, the minimum share capital deposit is not set up by law, it is specified in the memorandum of association, and limited partners are liable only up to the amount of the outstanding deposit. The core document for a limited partnership is the aforementioned memorandum of association, which stipulates how the company's profits will be divided. However, if this information is not listed there, the profit is margined between the firm and general partners (Šafrová Dráčilová 2019, 699).

Pros and cons of limited partnership

Veber and Srpová (2012, 233-234) point out some of the advantages and disadvantages of Limited partnership:

Advantages

- Relatively low start-up capital.
- Profit is divided by the social contract.

Disadvantages

- Administratively demanding process (thorough drafting of memorandum of association).
- Different levels of risk for limited and general partners.

General partnership (veřejná Obchodní společnost)

The basis of a public company is (just as in the case of a limited partnership) that the company must be established by at least two natural or legal persons. However, what makes a public company different is that all the entrepreneurs are jointly and fully liable for the company's obligations with all their assets. The core document for general partnership is again a memorandum of association. The company's profit is divided equally between the partners, who are also (unless the memorandum states otherwise) the company's statutory body (Veber and Srpová 2012, 232).

Pros and cons of a limited partnership

Since, of course, a public company also has its advantages and disadvantages, (Šafrová Dráčilová 2019, 697) points out some of them:

Advantages

- Equal dividing of the profit.
- Greater opportunity to meet the qualification requirements for a trade (Craft and qualified).

Disadvantages

- Joint liability (one of the entrepreneurs may not have such a stable property ratio, which might bring out a risk for the partner).

2.2.2 Capital Companies

According to Srpová and Řehoř (2010, 69), companions are obliged to contribute financially to the business. However, they are only partially liable for the company's commitments or not required to be liable at all. Capital companies are either **Limited liability companies (s.r.o.)** or **joint stock companies (a.s.)**.

Limited liability company (společnost s ručením omezeným)

In the case of a limited liability company, we are talking about the most common form of legal entity business in the Czech Republic, which can be, unlike a partnership, formed by a single legal or natural person. In earlier times, as Veber and Srpová (2012, 234) mention, the maximum number of partners was limited to fifty. However, over the years, there has been a change, and as Šafrová Drážilová (2019, 701) states, the maximum number of shareholders is currently not limited.

Until 2014, the minimum deposit for establishing a limited liability company was 200,000 CZK. Still, now for the establishment (and this is probably the reason why the limited liability company is the most common form of legal entity), a deposit of just 1 CZK is required. In any case, from a realistic point of view, to cover all administrative and legal costs, it is necessary to have a capital of at least several thousand CZK. The Limited liability company itself is liable with all its assets, but the shareholders are liable only up to the amount of the outstanding contribution. The core document is once again a memorandum of association or founder's deed (if one person founds the company). The highest company's body is a general assembly which appoints the executive directors who are then responsible for the day-to-day operations of the company and, if necessary (especially for larger companies), a supervisory board accountable for supervising the managing director may also be appointed (Šafrová Drážilová 2019, 706).

Pros and cons of Limited liability company

Srpová and Řehoř (2010, 79) claim some of the advantages and disadvantages of a limited liability company, Šafrová Drážilová (2019, 706) also brings into account one significant benefit, which is boldly highlighted:

Advantages

- Limited liability of the shareholders.
- Possibility of appointing a supervisory board.
- **Only 1 CZK of the deposit is required.**

Disadvantages

- Administratively demanding and time-consuming process.
- More time is demanded to operate the company – convening a general meeting etc.

A Joint Stock company (akciová společnost)

The joint stock company is considered one of the oldest legal forms of a capital company. Despite its long tradition, we encounter it primarily in the case of large companies, mainly because of two reasons: administrative complexity and, above all, capital intensity. Compared with a limited liability company, where the required deposit is 1 CZK, a minimum deposit of a joint stock company is 2,000,000 CZK. The company's profit is then divided among the shareholders according to the number and amount of shares they hold. A joint stock company shares several common features with LLC, such as that one legal person may establish the company or that the company itself is liable with all its assets. However, what is different is that the shareholders are not liable for the company's commitments at all. Another distinct aspect is that the company's basic document, in this case, is no longer a memorandum of association but **Articles of Association** (Veber and Srpová 2012, 235).

Since 2014, a joint stock company may have two different organisational structures:

- **Dualistic** - The highest body of the company is a General Assembly, which elects and, if necessary, dismisses the Board of Directors, the company's statutory body. The dualistic structure also includes a Supervisory Board, the last of the company's bodies supervising the Directors Board.
- **Monistic** - Organizational structure, which is not so common in the Czech Republic but is also possible. The highest body is again a General Assembly and then only the Administrative Board with the CEO (Chief Executive Officer) in charge, which has both an executive and controlling role. Supervisory Board is then no longer part of this structure (Šafrová Drážilová 2019, 710-711).

Pros and cons of a joint stock company

Just like other types of legal entities, a joint stock company have its pros and cons, which Šafrová Drášilová (2019, 707) or Srpová and Řehoř (2010, 82) sum up in a few points:

Advantages

- Very well perceived by potential partners.
- Shareholders are not liable for the company's commitments.

Disadvantages

- A high amount of capital is required.
- High administrative complexity in all aspects (compiling the annual report, etc).

2.2.3 European Company

It is a legal form based on European Community law known in society primarily by its Latin name *Societas Europaea (SE)*. The primary purpose of this form of business is to simplify the flow of capital within the territory of the countries belonging to the European Union. This form of business is partly similar to a joint stock company, and the most common structure of the organisation is the aforementioned monistic system (Vochozka and Mulač 2012, 148-149).

Vochozka and Mulač (2012, 149-150) insist that there are only five ways in which a European company can be established:

- 1) Fusion of two joint stock companies.
- 2) Forming a holding company.
- 3) Creation of a subsidiary.
- 4) Change of legal form from a joint stock company to SE.
- 5) Become a subsidiary of another SE.

Pros and cons of European Company

Advantages

- Greater capital manoeuvrability.
- Everything is governed by European Community law.

Disadvantages

- It is necessary to have an already-established company.

2.2.4 European Economic Interest Grouping

This legal form was created at the initiative of the EU primarily to promote and support cooperation between small and medium-sized companies from different parts of the EU.

Unlike other legal forms created for profit, the European Economic Interest Grouping has the opposite purpose. The core document of this legal form is a **memorandum of association**. **Unless** the association itself assumes liability after registration in the relevant register, the founders are liable with their entire assets without limitation. Regarding organisational structure, the European Economic Interest grouping comprises a General Assembly and executive directors (Vochozka and Mulač 2012, 168-171).

Advantages and Disadvantages of European Economic Interest Grouping

Advantages	Disadvantages
<ul style="list-style-type: none"> - Possible cooperation with the company from another state of the EU. - Opportunities for opening other markets that are not typical in the Czech Republic. 	<ul style="list-style-type: none"> - The primary purpose is not profit, yet the entrepreneur is liable with entire assets. - More complex organisational structure.

2.2.5 Cooperative

Cooperatives (družstva)

The primary purpose and importance of the cooperative are to bring together people who share a common passion and enthusiasm for the entrepreneurship of its members' social, economic or other needs. The main distinguishing feature of the cooperative is that the members themselves are also employees of the company and influence its management. The minimum number of members to form a cooperative is three; the upper limit is not specified. Therefore, joining a cooperative does not involve any complicated and lengthy process, the only condition being the deposit requirement. The minimum deposit requirement is not set by law. Still, it must be the same for all members without distinction and recorded in the Articles of Association, which are the core document of the Cooperative. As regards liability for the company's obligations, the same system applies as in the case of a public limited company. The company itself is liable with all its assets, however, the cooperative members are not liable at all. The cooperative itself has the following organisational business structure: the highest body is the general assembly, which is responsible for electing the Board of Directors, which is tasked with managing and organising the entire cooperative.

The supervisory board is also, in this case, part of the business with the task of overseeing the board of directors (Šafrová Drážilová 2019, 707).

Advantages and Disadvantages of Cooperatives

Even though a Cooperatives is a community that is not only based on profit but also the welfare of its members, according to Veber and Srpová (2012, 235), it also has its advantages and disadvantages:

Advantages

- Members are not liable for the company's commitments.
- Ease of entry and exit from the cooperative.
- Equality for all members.

Disadvantages

- Creation of an indivisible fund.
- Forbidding of the competitive environment for members of the management structure.

European Cooperative Society (evropská družstevní společnost)

This type of cooperative, better known as Societas Cooperativa European (SCE), has its primary function, like a traditional cooperative, to meet its members' needs and care for their cultural and social development. It can be founded either by at least five natural persons or at least two legal persons, even from different EU countries. In addition to the above, it may also be formed by merging cooperatives or their transformation. The core document is a memorandum of association that also lists the cooperative's organisational structure, which consists of a general assembly (highest authority), a Board of directors, which consists of at minimum three members, including the chairman, who is in charge of its activities (Schwartzhoffová 2018, 40).

Advantages and Disadvantages of the European Cooperative Societ

Advantages

- Focus on the welfare of the members.
- Enormous potential for the future (cooperation with other members of the EU).

Disadvantages

- Minimum entry capital of 30,000 €.
- Required knowledge of legislation and laws of other countries in case of a change of the cooperative's registered office.

3 BUSINESS PLAN

Drawing up the right business plan is essential for the company's proper functioning not only in the short term but also in the long term because, as Abrams (2019, 31) claims: ***“If you do not know where you are going, how will you know when you are lost?”***. In this chapter of the thesis, I will sum up the goals of a business plan and its benefits for entrepreneurs. Then I will continuously move to the description of each particular business plan chapter. However, first of all, we need to clarify what the business plan is. The business plan is a document written to describe and analyse a given business while considering future projections. It consists of several parts and includes, for example, a detailed description of the company, a marketing and financial plan and, just as importantly, a risk analysis (McKeever 2018, 3).

Abrams (2019, 37) defines a business plan as a ***“Key to success”*** – she claims that this process is essential for starting the business and its subsequent expansion and development.

According to Finch (2019, 5), writing a thorough and thoughtful business plan is necessary to attract potential customers or business partners. He then supports this claim with an illustrative case from the business world - imagine a situation where you arrange a meeting with a potential future partner or investor. Making a good first impression is always important, which is doubly true for business. When you propose your business backed up with a thorough business plan, you will make a great first impression and be ready to answer potentially important questions. On the other hand, imagine the awkward situation when a business plan does not back up your proposal, you will get lost in your thoughts even when you think that your project is perfect and flawless, and you will not be able to answer important questions – in this case, you will probably not make a good impression. Since big companies are connected and know each other in business, it may also happen that other companies will not even want to start any negotiations with your company after this reference.

Šafrová Drážilová (2019, 125) points out that although we have the initial enthusiasm and inspiration for a new business, it is only through the business plan that we will know if we are on the right track, as it is only when writing it that we encounter natural obstacles and complications which we have to face. She concludes this statement with an essential and instructive sentence ***“We always have to find a way to monetise the idea, as otherwise, it is not a business, it is just a hobby.”***

3.1 GOALS AND BENEFITS OF A BUSINESS PLAN

To get on the right track, we also need a clearly defined goal to be our point of contact on the road to success and a checkpoint to see if we are moving away from our goals. To set the right goal and not one that will lead us to a dead end, according to Šafrová Drážilová (2019, 127), the so-called **SMART** method is used.

- **Specific** – The objective must be clearly stated to be understandable and not subject to multiple interpretations.
- **Measurable** – The objective must be measurable to determine whether it has been met and to what extent.
- **Accepted** – The goal must express something we are already comfortable with and want to achieve with certainty, especially when more entrepreneurs set up the business.
- **Realistic** - although we live in a time of almost unlimited possibilities, the goal must be realistic as we invest our time, energy, and finances in the business.
- **Timed** - It is necessary to have a clearly defined time horizon of performance, otherwise, the whole business may fail due to procrastination, etc.

A business plan can simultaneously serve internal and external purposes, which should also be considered when drawing up the plan. In the case of internal purposes, it serves the business, for example, as a control tool to check whether the business is going where it was intended or, in some cases, it is also shared among employees (of course, in a concise form and excluding important internal data) so that they can understand the company's goals and culture in more detail. For external purposes, it is compiled primarily for the benefit of banks and potential investors who may require this document when negotiating to enter the business (Srpová 2020, 841).

Abrams (2019, 32) sees as one of the most significant benefits that, thanks to the business plan, we can come across components and parts that, in the end, will need to be changed. It is better to be aware of these things when drawing up the plan and only has to delete or tear one page than to be mindful of all this later when we have already invested our finances and time in our business.

Srpová and Řehoř (2010, 60) compare a business plan to a “road atlas” that helps us get our bearings and get us to our destination – this simile is still used and mentioned by Srpová in her book “*Začínáme podnikat*” (2020) written almost ten years later.

McKeever (2018, 7) shares the same view on the goals and benefits of a business plan but adds one important aspect we should consider. In today's competition of big companies, it is not easy to break through and become successful, so many small companies end up bankrupt and in debt. Nevertheless, this is not always the case since it is a David and Goliath fight - if we perceived it this way from the beginning, entering the business is pointless. For many companies, especially small ones, the business fails because they do not have a business plan. Naturally, a business plan itself is no guarantee of 100% success, but why not improve our odds of success by writing it?

3.2 CHAPTERS OF BUSINESS PLAN

As we already know, each business deals with something different, has a different form of business and is run by an entrepreneur who always has a specific mindset - this is also reflected in the business plan and its structure not excluding - no business plan is the same and is essentially unique. Still, despite all this, we can say that there are certain parts that every project should contain and that should not be left out (Srpková 2020, 858).

Veber and Srpková (2012), Abrams (2019), and Šafrová Drážilová (2019), for example, agree that a proper business plan should include the following parts:

- Title page.
- The Executive Summary.
- Description of the company and product.
- Market Analysis.
- Competition Analysis.
- Organisational Structure.
- Marketing Plan.
- Financial Plan.
- Risk Assessment.

3.2.1 Title Page

Although the cover page begins the entire business plan, it is the first thing the reader notices. We all know from everyday life that the first impression is fundamental, and this should be kept in mind when writing a business plan, as this first page can already have a significant influence on the expectations and feelings of potential investors and shareholders (Šafrová Drážilová 2019, 170).

The name of the company itself, its legal form, the names of the author(s), the company logo, which can significantly attract attention, and of course, essential contact details such as email or phone contact, the address of the company's registered office or the website link should not be missing on the front page. We can also add the company's slogan or motto to this page to attract readers (Barrow et al. 2018, 322).

3.2.2 The Executive Summary

According to Srpová (2019, 859), the primary purpose of the Executive summary is to arouse the enthusiasm and interest of the reader to read the whole business plan and to pay attention to the details. Srpová also claims that this section should contain, for example, information about what the company does, what its product is, what value it has for the customer, etc. Although it may sound contradictory to the last sentence, this section should be written last, as its main purpose is to summarise the main thrust and contents of the business plan. This section is considered one of the most important of the business plan for a simple reason - many readers will read this section and decide whether to continue reading (Ekanem 2017, 6-7).

3.2.3 Description of the Company and Product

McKeever (2018, 35-36) states that to convince a customer to buy/use our product or service, we must clearly and understandably describe how our business plan can solve their problem or need. Srpová and Řehoř (2010, 62) point out, however, that it is necessary to consider that readers may be laymen in that particular field. Therefore, we should be aware not to use too many technical terms but only a few essential features to make the description understandable, even for an impartial reader.

According to Veber and Srpová (2012, 317-320), in this chapter, we should focus on three essentials aspects:

- 1) Brief product description.
- 2) The competitive advantage of the product.
- 3) The benefit of the product for the customer.

An essential part of the plan is also a company description. Abrams (2019, 68) claims that here we should be able to briefly describe in a few sentences the basic principles of the company's operation as well as the philosophy of the business itself, such as relationship to community or environment, range of Products and its price and quality, etc. Abrams also

adds that in this section, we should describe the origin or intent behind the choice of the company name - for example, what we were inspired by when choosing the name.

3.2.4 Market Analysis

Before starting the business, we must analyse the market we plan to enter. Through detailed market analysis, we reach a point where we find a market that will be suitable for our product or service and which also has the potential for growth or more remarkable development in the future (Srpková 2020, 867). Srpková also quotes the vital fact that “Investors or potential partners are very interested in facts about potential markets and their growth opportunities.”. Srpková and Řehoř (2010, 61-62) distinguish the factors into two main groups – **macro-environment** and **micro-environment**.

Macro-environment factors

These factors, also known as "**factors of the general environment**", are factors that, according to Srpková (2020, 870) in the final sum, are essentially impossible to influence in any way, such as:

- **Political factors** – current political situation and its prediction of development.
- **Economic factors** – influence of the national and international economy on aspects such as unemployment, interest rates, and inflation.
- **Social Factors** – education level, lifestyle and standard of living of the population.
- **Technological factors** - technological innovation in the world and the associated impacts on society.

To monitor and analyse macro-environmental factors, we can use, for example, PEST analysis, which is an acronym for the four factors mentioned above (Srpková 2020, 870).

Micro-environment factors

An equally important part of the market analysis is also Micro-environment factors. As in the case of micro-environmental factors, these factors can be monitored and analysed by applying a method “**5F – Porter’s Five Forces**” (Srpková 2020, 875). However, we will address this in the upcoming part of the thesis dedicated to Analyses used in the business plan.

According to Srpková and Řehoř (2010, 62), there are two fundamental factors of the micro-environment – **customers** and **competition**. Srpková and Řehoř (2010, 62) also mention at several points what microanalysis should, for example, address:

- To which customers we will provide which products.
- What motives to use to persuade the customer to buy the product/service.
- The customer's shopping behaviour (how frequently and which product the customer is buying).

3.2.5 Competition Analysis

After conducting a market analysis, you must also research and analyse potential competitors. However, it is essential to understand that this analysis is not to somehow "denigrate" the competitors but rather to understand the market we want to enter so that we can adapt to it and, at a later stage, be successful in it (Šafrová Drážilová 2019, 176).

At the very beginning of the process, we should be able to identify who provides the service or sells a similar product. The ideal situation is to identify and list all of our competitors - but as good entrepreneurs, we should determine which ones are our closest competitors and, thus, whom we should study thoroughly (Srpková 2020, 877-878).

Finch (2019, 35-36) views competitors as entrepreneurs whose mission and desire will be to drive out potential competitors from their market decisively and also draws attention to the critical fact that we must take into account not only existing competitors but also potential new competitors who may yet enter the market. However, we can defend ourselves against new competitors by Barriers to Entry, according to Abrams (2019, 124), and these are, for example, patents, high start-up costs, Market saturation, etc. Abrams (2019, 121) also points out that competition does not only come from within a given nation but can also come in the form of foreign companies, which often can provide their services or products at a price that is more attractive to the customer and can thus gain a competitive advantage.

3.2.6 Organisational Structure

Of course, every successful company also needs its employees. Therefore, this section focuses on the organisational structure of the company. At the very beginning, it is necessary to determine the enterprise's tasks and activities. Once this has been accomplished, we must decide how many people will be needed to carry out the activities, divide the tasks among them, and determine who will be responsible for them. Since some activities require subject matter experts for proper functioning, it is necessary to determine what all the employees must be capable of. Then we need to adjust their salary to correspond to it (Šafrová Drážilová 2019, 176).

3.2.7 Marketing Plan

A marketing plan is another indispensable part of the business plan. To enter the market with our product or service and be successful, we must also be able to determine what the target group of our customers will be, what their preferences or interests are and, last but not least, what their buying behaviour is (Šafrová Drážilová 2019, 166-177).

This is what the marketing plan is for because, thanks to the correct use of the marketing strategy and marketing mix, we can then determine the price of our product and the method of promotion, which would affect not only the general public but especially the selected target audience. The marketing strategy focuses on three fundamental issues: **Target market selection, determining the market position of a product and marketing mix** (Srpová 2020, 877-878).

Target Market Selection

The first important step of a marketing strategy is choosing the right target market so that we can modify or change the product to match the target group as closely as possible and thus have the best chance of success. However, we have to consider that it is not suitable for business and, in the long term, not even possible to tailor the product to each customer's individual needs and preferences - and this is why we use the so-called **segmentation**. Segmentation can be used to divide customers into several groups according to predetermined criteria, such as demographic criteria (age, gender, occupation), geographic criteria (breakdown by city, municipality or state), or behavioural criteria (buying behaviour). Hereafter, we have to decide on one or more segments that are most suitable for our business, and that promise higher profits in the future (Srpová 2020, 878-880).

Market Position Determining

We also have to choose our position among other competitors on the market, which will enable us to get our product into the consciousness of our customers. Srpová (2020, 880) divides this process into three steps:

- 1) Identification of our product's advantages over competitors.
- 2) Choosing a suitable competitive advantage that will be advantageous or interesting for the end customer.
- 3) Promotion of selected competitive advantage.

Marketing Mix

The marketing mix is the end of the whole process, having already considered decisions on the two previous items – target market selection and determining the market position. The most well-known and used marketing mix is the so-called “4P”. The name 4P is derived from the four acronyms of the four instruments that make up the mix – *Product*, *Place*, *Promotion*, and *Price*. These four tools are the basic building blocks of the mix, but some companies also use an extended version called 7P, which includes *Politics*, *People*, and *Public opinion* (Srpová 2020, 883).

Part of the marketing mix is the service mix, which does not deal with the P model, but replaces it with the so-called "4C" model before connecting it to 4P. This mix is primarily focused on the customer, and its building blocks are (Přikrylová 2019, 37-40):

- *Customer value* - understanding the customer value and offering a **P**roduct.
- *Customer costs* - the whole process related to what the customer has to do to acquire the product, connected to instrument **P**rice.
- *Convenience* - the entire product distribution process from its manufacturer to the intended customer and its associated activities, connected to the instrument **P**lace.
- *Communications* - conveying important information to the customer (where the product can be purchased, its value, etc.), connected to instrument **P**romotion.

3.2.8 Financial Plan

As Abrams (2019, 267) states: “*Numbers are merely the reflection of decisions you make.*” To make the right decisions, we also need a financial plan. McKeever (2018, 100) adds that to win over potential partners and investors, we need to build trust with them and prove to them that we can use our commitment and experience to meet the goals we have set and show them that it is the right choice for them to work with us and enter our business.

When setting up a plan, we must consider that something can happen in the market. Therefore, we need to prepare and take into account three possible variations of the project - optimistic, realistic and also pessimistic (Šafrová Drážilová 2019, 179-180).

Several aspects matter when developing a financial plan. First, we must distinguish whether we are dealing with a completely new business or entering an already established one. Subsequently, it is necessary to determine who will be the beneficiary and reader of the whole plan - for example, if it will be someone from the finance sector, it is necessary to provide more detailed and comprehensive details about the finances. Ultimately, the size of the company is also important. In the case of a small business that will operate in a small

market, there is no need to describe all the details compared to a situation where we would be setting up with a large company (Finch 2019, 89).

The financial plan of a business consists of several parts – the whole process starts with the **founding budget**, followed by the **balance sheet**, **cash flow**, the **profit and loss statement**, and everything is concluded with the **break-even point** and its calculation (Srpová 2020, 888).

Founding Budget

We are establishing a founding budget to determine what we need to set up the business and how much funding will be required. Srpová (2020, 891) divides the expenses into three groups:

- Establishment expenses - official business and the fees connected with dealing with it.
- Investment expenses - purchase of equipment, vehicles, etc.
- Operating expenses - wages, energy, fuel, promotion.

Srpová (2020, 893) also points out that we must bear in mind unforeseen circumstances and expenses, so it is necessary to create a financial reserve.

Balance Sheet

With the help of the balance sheet, we can find out the overall worth of the company. Each business has its assets and liabilities, the assets are shown on the left-hand side of the balance sheet, while the liabilities (sources) used to finance the assets are recorded on the opposite side. For the balance sheet to be correct, assets must equal liabilities in producing a balance sheet equation. However, it is possible that initially, assets and liabilities will not be equal - but this is essentially the desired state since, at this point, earnings are generated. The firm is, therefore, in the plus numbers. After this profit is distributed, either to the business owners or for the company's future budget, we will record this in the liability items and thus create a mentioned balance sheet equation (Abrams 2019, 289; Srpová 2020, 897-898).

Cash-flow

Cash flow primarily provides a detailed overview of our income and expenditure.

McKeever (2018, 158) stresses that this is not unusual if our forecast shows that we will stagnate for the first few months after the business is established. Still, it is necessary to have sufficient capital and financial reserve at the start of the business. However, if there is a

situation where the prediction shows this stagnant trend for a more extended period, we should strongly reconsider our entire plan.

Income statement

The income statement is designed to give us a comprehensive picture of whether our business is and will be profitable in future years. Therefore, in the income statement, we focus on work with costs and revenues, respectively, outputs and consumptions. However, Abrams (2019, 279-281) points out that this part of the financial plans only reveals this fact to us, it does not show us the overall worth of our entire business.

Break-even point

The break-even point calculation is used to help us determine how much of the product we need to produce to prevent and keep the company from making a loss. The calculation is done using the following formula below (Srpová 2020, 895-896):

$$q = F / (p-b)$$

- **q** = break-even point
- **F** = fixed costs
- **P** = product price
- **b** = variable costs per unit

3.2.9 Risk Assessment

Every business inevitably comes with risks. Some entrepreneurs need to pay more attention to this as they think their plan is perfectly thought out and nothing such as risks can surprise or threaten them. With the help of risk analysis, we can not only gain insight into the likelihood of arising of these risk situations, but we can prepare for such situations and create a plan to deal with them. This part of the plan is also important when presenting our project, as it shows that we have thought about the idea from all possible sides and are prepared for these situations (Srpová 2020, 900-901; Šafrová Drážilová 2019, 179-180).

Abrams (2019, 141) mentions several types of risks, including examples such as:

- **Product risk** – the created product will not work properly or be completed within the given timeframe.
- **Global risk** – unexpected situations abroad and problems with distribution, suppliers, etc.
- **Competitive risk** – new competitors will enter the market, they will improve their product, etc.
- **Capitalisation risk** - running out of funds due to a bad financial plan, etc.

4 ANALYSES USED IN THE BUSINESS PLAN

In an earlier section of this thesis, I mentioned some of the analyses used for market analysis and dealing with Macro and micro-environmental factors. This last theoretical part is dedicated to a detailed description of the analyses that I will later use in the practical part of my thesis: SWOT analysis, STP analysis and, just as notably, Porter's Five Forces.

4.1 SWOT

The first analysis is the so-called SWOT analysis. As I mentioned earlier, PEST analysis or the 5F model is used to analyse external factors. SWOT analysis, however, links external factors (opportunities and threats) and, conversely, factors from the internal environment (strengths, weaknesses). The SWOT analysis is divided into four parts, whose acronyms form the name of the whole analysis (Šafrová Drážilová 2019, 280):

- **Strengths** - staff expertise, unique product, low costs.
- **Weaknesses** - staff shortage, know-how, low capital.
- **Opportunities** - increasing demand, reaching a new target group, and new partnerships.
- **Threats** - new competition, increase in costs, market barriers.

Finch (2019, 142) argues that in many cases, entrepreneurs do not think about SWOT analysis in detail at all and provide misinformation to impress a potential customer or investor.

After the SWOT analysis, the evaluation is the most crucial part of the whole process. We register frequent cases when this essential part is missing, and then we can consider the final analysis incomplete. After careful consideration of all the variables, four possible output situations arise (Srpková and Řehoř 2010, 134; Šafrová Drážilová 2019, 282):

- 1) **SO** (strengths and opportunities) - our strengths help us take advantage of opportunities that arise.
- 2) **ST** (strengths and threats) - we use our strengths to ward off the threat.
- 3) **OW** (opportunities and weaknesses) - we try to eliminate our shortcomings to make the most of the opportunities that arise, also known as "*turnaround strategy*".
- 4) **WT** (weaknesses and threats) - We focus on eliminating our weaknesses to minimise threats.

4.2 Porter's Five Forces (5F)

Porter's Five Forces is one of the analyses used to analyse the micro-environment factors. Central to this analysis is Porter's idea that competition and its associated intensity depend on five main interacting forces (Šafrová Dráčilová 2019, 246).

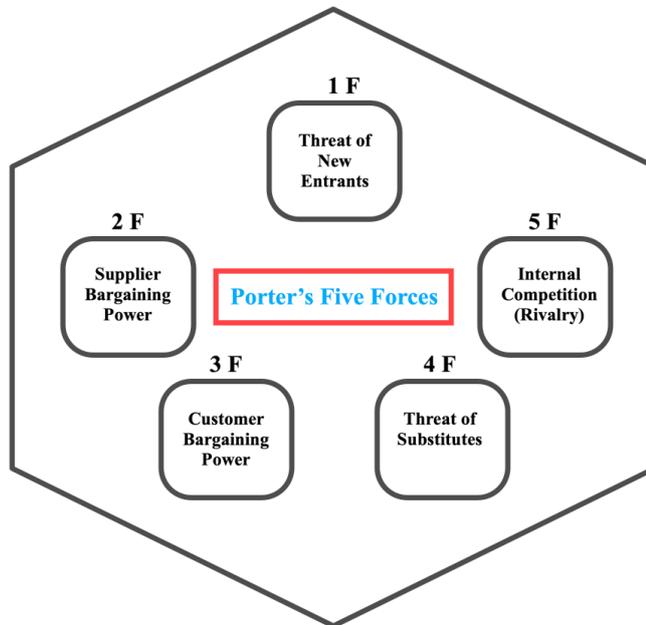


Figure 1: Porter's Five Forces model (own creation)

4.2.1 1F – Threat of New Entrants

The first force is a potential new competition. We have to take into account that although we may not have as much competition at the moment, this will change in the future. Smaller entrepreneurs and the "big players" in the market monitor the situation in various markets and are a potential threat to us. Should the opportunity arise to enter a market that is expanding, has good prospects for the future or where we can see the growth and success of another company before our eyes, they will certainly not hesitate to enter the market, and we must be prepared for this (Šafrová Dráčilová 2019, 249-251). Šafrová Dráčilová (2019, 251) gives a quote that we should think about in this analysis: *"Is there really no competition in the market? Never mind, either just wait a while or think about why"*.

4.2.2 2F – Supplier Bargaining Power

Suppliers of various materials etc., are also an integral part of any business. It all depends on the industry, and it does not apply to all sectors, but in most cases, thanks to the crisis/recession, this force is not as much of a threat as other forces. Although suppliers also want to make a profit, due to the aforementioned recession, in some industries, the demand for a given service may not be at such a high level and, therefore, these companies are

grateful for any contract, even though it may not be as profitable for them and in the past, they would have refused the such offer (Červený 2014, 81).

4.2.3 3F – Customer Bargaining Power

In the case of this force, the situation is similar to that of suppliers. The emphasis here is on the bargaining power of customers, and according to Šafrová Dráčilová (2019, 263-264), in terms of risk, we distinguish two counterpoints:

- 1) Customers with a low share of revenues – In this case, the customer's bargaining power is low, as the customer essentially has no choice but to accept the terms and price of the product.
- 2) Customers with a high share of revenues or multiple choices – We may encounter a situation where we have only a few customers but with a large share of the revenue. In this case, the bargaining power of the customer increases, creating a threat to our business. This situation can arise, for example, if the customer has more choices in a given industry, and thus, we risk switching to a competitor.

4.2.4 4F - Threat of Substitutes

In addition to similar or identical products, there are also potential substitutes in competition, but their occurrence is difficult to predict in some industries (Červený 2014, 81-82).

Šafrová Dráčilová (2019, 256-257) warns that substitutes are often neglected and not given the importance they should be. This subsequently leads to a situation where entrepreneurs are not interested in substitutes at all, but ultimately this can be a massive risk to their entrepreneurship. It is important to note that clients do not differentiate between products for some needs, but what is primarily important to them is how to solve their problem - this is where substitutes might play a considerable role.

4.2.5 5F – Internal Competition (Rivalry)

The market includes not only our company but also our other competitors. In situations where demand for a given service or product is high to the point where each company has enough work and demand, this force is not very noticeable. However, if we find ourselves in a situation where demand drops (either due to high prices, market saturation, etc.) or other competitors enter the market, everything can change dramatically. Thus, we need to find a solution to minimise this threat (Červený 2014, 82).

4.3 STP

STP is a form of "targeted marketing" which is very popular with companies and consists of 3 steps (Kozel et al. 2011, 130):

- 1) Segmentation.
- 2) Targeting.
- 3) Positioning.

4.3.1 Segmentation

Each customer is an individual and has its own needs and preferences – to understand and identify customers and the market itself correctly, we use segmentation to divide these customers into several groups (segments). According to Šafrová Drážilová (2019, 329), once our segmentation process is completed, all target segments should identically meet the criteria of being:

- **Measurable** – we can determine the number of customers in a given segment.
- **Demonstrably distinguishable** – segments are different in some aspects.
- **Accessible** – it is a market area that we can really enter.
- **Sufficiently large** – must have sufficient capacity to raise the result and make the market more transparent.
- **Sufficiently small** – the segment's capacity must be so large that we can handle it.

Segmentation criteria

The segmentation must have a certain order, which is what segmentation criteria are used for. Šafrová Drážilová (2019, 322-333) points out some of them:

- Demographic - age, gender, relationship status.
- Ethnographic - race, nationality, religion.
- Geographic - living environment, lifestyle.
- Socioeconomic - income, occupation.
- Behavioural - motivation, loyalty to a brand.

4.3.2 Targeting

Once the segmentation is complete, the second phase, "targeting", follows. This phase aims to choose a specific segment to focus our attention on. This is achieved, in Šafrová Drážilová (2019, 347-348) opinion by assessing the segments created from the following perspectives:

- **Size** – the sufficient size of the segment (not too large, on the other hand, not too small).

- Potential – potential of the field considering not only the present but also the future.
- Rentability – The segment that brings the highest profits is the most lucrative for us.
- Risk – if it is a riskier market, at least the profits should be in the corresponding value.

After all the evaluation, we can move on to the actual targeting - there are several models of market selection (Šafrová Dráčilová 2019, 352-357):

- **Single-segment concentration** – From all segments, we select the only one to which we will perfectly adapt the product to match the customer's expectations.
- **Product specialisation** – our product is perfected to such a level that, thanks to its versatility, we can offer it to several segments.
- **Market specialisation** - Similar to concentrating on one segment, we focus here on one specific segment. Still, we are capable of providing more services at the same time and solving more customer problems.
- **Selective specialisation** – In the case of selective specialisation, on the other hand, we choose several segments at the same time, but we provide each with a completely different product. We must consider the higher time intensity of both marketing and overall activity. Therefore, we must consider whether we have enough resources and capacity for this method.
- **Full coverage** - In most cases, the full coverage strategy is only used by large enterprises, as they serve many segments simultaneously and offer them a large variety of products. It is, therefore, the strategy that can ultimately be the most profitable, but on the other hand, it also carries numerous risks and is very demanding.

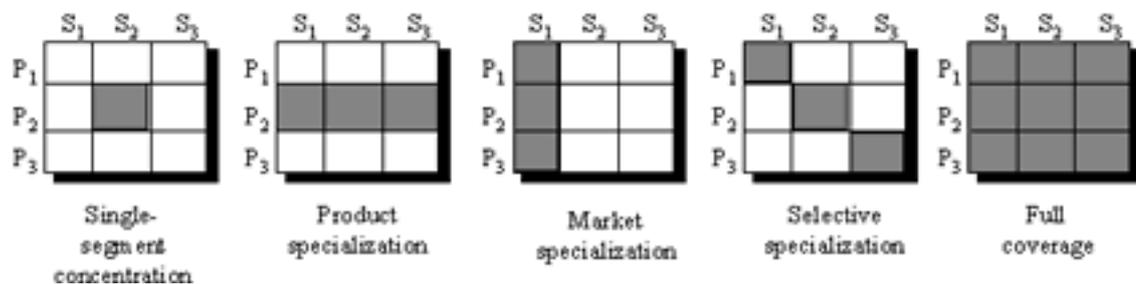


Figure 2: Segmentation Coverage Patterns (marketingprofs.com)

4.3.3 Positioning

After completing the two previous steps, i.e., segmentation and targeting, come positioning, for which we should use the data and information obtained from the first two steps of STP analysis. Positioning is used in STP analysis to formulate what our product is, what makes

our creation different from the competition, what makes it interesting, and why potential customers should choose our product over the product of the competition. Proper positioning should meet the basic characteristics, as reported by Šafrová Drášilová (2019, 364):

- Importance (from the point of view of the customer).
- Significance.
- Uniqueness.
- Price Affordability.
- Profitability.

II. ANALYSIS

5 INTERNAL AND EXTERNAL ANALYSES

To develop the right strategy for the operation of our company, we need to conduct a market and competitive analysis. For this purpose, we use analyses of the external and internal environment, such as SWOT, 5F, STP or PEST analysis.

5.1 PEST Analysis of the relevant market

PEST analysis is used for to analysis of the macroenvironmental factors. It consists of the political, economic, social and technological factors. Since these are external factors, we have no strength to influence them, but on the other hand, these factors can affect our business.

Political factors

If we set up a company, we need to follow the laws and legislation of the country where we will have our registered office - in our case, it is the Czech Republic. The last election to the Chamber of Deputies occurred in 2021, so the next one will follow in two years, i.e., in 2025. The political situation is, therefore, relatively stable now, and there should be no drastic changes in the law and the direction of our country until then.

Since we have chosen a limited liability company as our legal form of business and are therefore doing business as a legal entity, it is important to remember what we must pay the state. As a legal entity, we are obliged to pay income tax to the state, which is currently 19%. We may also encounter a situation where we divide the profit between several persons. However, this is only partially advantageous because we will still have to pay the state a 15% withholding tax. For a legal entity, if we have employees, it is mandatory to pay for them social insurance to the state at the rate of 24,8 %, the minimum amount of which for 2023 is 4,291 CZK per month, and health insurance at the rate of 9 % with a minimum amount of 1,557 CZK (penize.cz, 2023).

We must also go through the legislative process to set up a company as an LLC. At the very beginning, it is necessary to draw up either a memorandum of association (if there are several shareholders) or a founder's deed (if there is one founder), which will be in the form of a notarial deed according to the law. The following is the composition of the starting capital. If the company's assets are greater than 20,000 CZK, it is necessary to open a bank account. Otherwise, the deposit can be settled, for example, with the help of a notary who will deposit it with the custodian of the deposit (zaloztesro.cz, 2023).

This step is followed by registration in the commercial register, which a notary or the registry court can do. We also need a trade license to operate the business as an LLC. Since 2023, the legislation has been amended. This authorisation can only be obtained after registration in the Commercial Register and is conditional on paying an administrative fee of 1,000 CZK (jake-james.cz, 2022).

Since, as a company, we provide our services and product to end customers, we must be familiar with and comply with Act No. 634/1992 Coll. on Consumer Protection, which defines, for example, obligations in the sale of products and services, introductory provisions of this Act, describes the out-of-court resolution of consumer disputes, etc. (zakonyprolidi.cz, 2023).

Economic factors

In terms of economic factors, we can see quite dramatic changes in all aspects in 2023, which are interconnected. If we focus, for example, on the Moravian-Silesian region, where our company is based, the average wage in the fourth quarter of 2022 increased by 7.8% compared to the last quarter of 2021 to 39,563 CZK - an increase of 2,877 CZK. However, this is a considerably below-average figure compared to the national average, with a difference of 3,800 CZK. If we compare this average with Prague, we can see a difference of 12,650 CZK at the beginning of the first quarter of 2023, which is slowly approaching the value of the mandatory minimum wage (kurzy.cz, 2023).

**Tab. 1 Počet zaměstnanců a průměrné hrubé měsíční mzdy podle krajů¹⁾
ve 4. čtvrtletí 2022**

(předběžné výsledky)

ČR, kraje	Průměrný evidenční počet zaměstnanců přepočtený na plně zaměstnané			Průměrná hrubá měsíční mzda na přepočtené počty zaměstnanců		
	tis. osob	přírůstek (úbytek) proti stej- nému období minulého roku		Kč	přírůstek (úbytek) proti stej- nému období minulého roku	
		tis. osob	%		Kč	%
Česká republika¹⁾	4 049,2	34,8	0,9	43 412	3 188	7,9
Hl. m. Praha	869,7	28,2	3,3	52 213	3 757	7,8
Středočeský	418,0	3,1	0,8	43 730	3 436	8,5
Jihočeský	219,4	0,0	0,0	40 328	3 093	8,3
Plzeňský	214,8	3,6	1,7	41 520	2 608	6,7
Karlovarský	82,4	0,3	0,3	38 019	2 330	6,5
Ústecký	241,0	-1,7	-0,7	40 612	3 089	8,2
Liberecký	144,1	0,0	0,0	39 752	2 612	7,0
Královéhradecký	196,2	0,8	0,4	41 062	2 868	7,5
Pardubický	182,7	0,6	0,4	39 345	2 470	6,7
Vysočina	170,8	-0,1	-0,1	40 291	2 954	7,9
Jihomoravský	467,4	2,2	0,5	43 092	3 214	8,1
Olomoucký	218,6	-0,8	-0,4	39 594	2 666	7,2
Zlínský	203,4	-0,7	-0,4	39 505	2 883	7,9
Moravskoslezský	417,6	-0,7	-0,2	39 563	2 877	7,8

¹⁾ územní třídění je provedeno podle místa skutečného pracoviště zaměstnanců tzv. „pracovištní metodou“

¹⁾ zahrnuti jsou i zaměstnanci sledovaných subjektů pracující mimo území ČR, proto součet za kraje nemusí souhlasit s ČR celkem

Figure 3: Number of employees and average gross monthly wages by region in Q4 2022

(kurzy.cz)

Another economic factor is unemployment. The unemployment rate increased by 0.4% compared to last year. However, there are several reasons for this. One is the increase in job seekers (mainly due to Ukrainian citizens wanting to integrate into society). Still, on the other hand, the number of job vacancies has fallen by almost 80,000. However, we still register a higher proportion of job vacancies compared to job seekers. Still, this fact is not very telling as not all have sufficient qualifications for the fields they are looking for. However, we still register a higher proportion of job vacancies compared to job seekers. Still, this fact is not very telling as not all of them have sufficient qualifications for the particular fields (kurzy.cz, 2023).

We are also facing increased inflation, resulting in higher prices for groceries and other products. Although there has been an increase in the average wage, this is unfortunately not positively felt due to the high prices of products. Due to high costs, employers select their new employees more carefully, and fewer job vacancies are available.

The development of energy prices is another factor that should not be forgotten. Europe, in particular, depended largely on gas supplies from Russia, etc. However, due to the armed conflict, numerous sanctions have been imposed on this country, and we now have to look

for new energy supply options - which is why energy prices have risen so dramatically, which has a significant impact not only on families but also on employers, who have to take austerity measures.

Social factors

Regarding social factors, we can mention, for example, the demographic development of the population in the Czech Republic. As of 31.12.2022, the Czech Republic had a population of 10,533,399 inhabitants. In terms of the ratio of total population growth to population loss, an increase of 16,692 is recorded for 2022. In the last three years, unfortunately, we have recorded a relatively high natural population loss, mainly due to the Covid-19 pandemic, during which many people unfortunately died. Still, according to statistics, this figure is now gradually increasing. Due to the fading effects of this pandemic and high energy prices, the 2022 migration increase is also down by 12,904 from 2021 (cszo.cz, 2023).

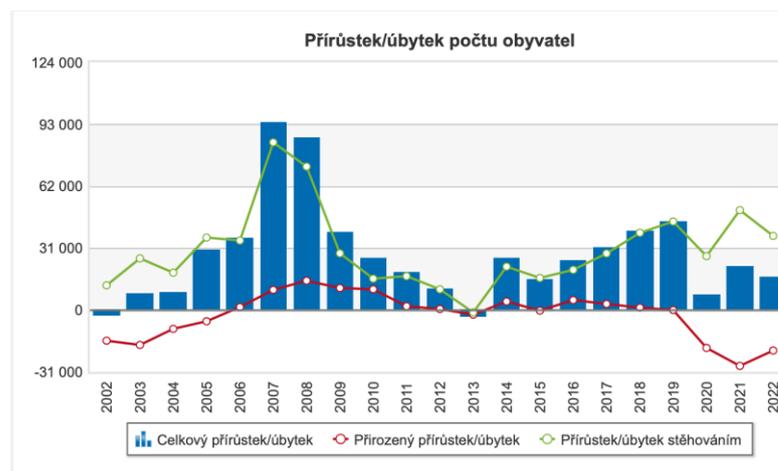


Figure 4: Population increase/decrease (cszo.cz)

The level of education is another social factor. The results of the latest census in the Czech Republic in 2021 indicate that our country's education level is increasing. Compared to earlier years, we can register an increase in almost all forms of education, except for secondary schools without matriculation and persons with only completed primary education.

Rok sčítání	Obyvatelstvo ve věku 15 a více let	v tom nejvyšší dosažené vzdělání						
		bez vzdělání	základní vč. neukončeného	střední vč. vyučení (bez maturity)	úplné střední (s maturitou), vč. nástavbového a pomaturitního	vyšší odborné, konzervatoř	vysokoškolské	nezjištěno
1991	8 136 422	27 768	2 695 812	2 878 564	1 857 815	9 138	582 821	84 504
2001	8 571 715	37 922	1 974 781	3 254 921	2 322 623	108 111	762 235	111 122
2011	8 912 005	41 632	1 568 732	2 948 280	2 670 725	116 988	1 113 887	451 761
2021	8 832 407	56 100	1 107 860	2 736 983	2 729 091	138 588	1 552 407	511 378

Figure 5: Population aged 15 and over by highest educational attainment, 1991 to 2021
(czso.cz)

Another equally important factor is access to work and leisure. Many people know that in this day and age of modern technology, and when we are experiencing generally higher prices for all services and groceries, it is essential to be mindful of our approach to our work. Due to the abovementioned factors, people do not want to lose their jobs and be replaced by someone else, as many promising candidates are waiting in the labour market. However, the result can be a situation where our personal and professional lives are not very balanced, which can cause problems in terms of both aspects and lead to burnout. Especially nowadays, ensuring the right balance between work and leisure is necessary.

Technological factors

We live in an era of full technological possibilities, where in some sectors, machines have even replaced the human factor as they are more economically advantageous. However, this does not apply in such a large amount to tourism. Of course, the development of technology has brought new possibilities into our lives, and thanks to it, we can operate as a company in an online environment. However, there are still activities that cannot be replaced by modern technology, such as having a personal presence for the customer at the destination, etc. From my experience, I can confirm that most clients, to feel relaxed and happy on holiday, need a personal presence of a person they can turn to in case of need or problem.

Discovery of new technologies can also be a threat to us. Artificial intelligence, even though its development is still in its early stages, can create in seconds the programme of an entire holiday that would otherwise take days and weeks to plan. We must therefore make a bond with our customers so that they continue to use our services despite the development of technology, as the threat is not only to our industry but to other industries as well.

Technological factors are also linked to the speed or rate of obsolescence. Due to advances in technology and new inventions, the rate of obsolescence is not so high

nowadays. With technological advancements, certain tools or machines can also be kept in the best possible condition, and maintenance can be carried out to meet the set standards best.

Evaluation: The PEST analysis in this case clearly shows us that we need to study all the factors thoroughly to make our business work and not deal with any legislative issues etc.

We have to consider our obligations to the state in terms of taxes or laws or the economic factors that affect not only the prices of products and services but also the level of unemployment, etc.

The PEST analysis tells us, among other things, that educational attainment in our country is on the rise and that demographic trends have been dramatically slowed by the covid 19 pandemic. This analysis also encourages us to reflect on the development and direction of modern technology.

5.2 Porter Analysis of Competition

With the help of Porter's five forces analysis, we can analyse our competitors and the micro-environmental background of the company. These five forces are a threat of new entrants, supplier bargaining power, customer bargaining power, threat of substitutes, and internal competition.

1F – Threat of New Entrants

Tourism is an unpredictable industry, and everything can change in a blink of an eye. Examples include the eruption of Iceland's Eyjafjallajökull volcano in 2010, which caused the total collapse of air travel and the cancellation of more than 100,000 flights worldwide, the grounding of Boeing 737 MAX aircraft due to several tragic crashes in 2019, or the well-known Covid-19 pandemic. Despite all this, however, tourism is a proven and necessary business sector, as there has always been, is, and, in my opinion, will always be a great interest in travel. Therefore, there is always a risk of potential new competitors entering this market, especially now that customer demand for vacation is growing again. Large companies or entrepreneurs with much experience in tourism, whose business has gone bankrupt, can also enter this market with the prospect of profit. Still, they may invent a new concept and want to return to the market again. From my own experience, I can say that tourism is a matter of the heart industry, and people who were previously part of it will sooner or later find their way back into the industry, even after several failures. In this case,

our company must have thoroughly thought out the entire product and marketing so that the entry of new competitors does not threaten our sales and market position.

On the other hand, however, we can say that this business requires professional competence or experience in the field, so it is not possible for anyone to enter the market who has zero experience with this business.

2F – Supplier Bargaining Power

Cooperation with suppliers in the tourism industry is based on the B2B business model - suppliers of services are mainly airlines or transport companies, hoteliers, insurance companies, etc. However, since hoteliers, especially carriers, know that without their participation, tourism could only operate in a very limited mode and, for example, in our Maldives, they would have no way to reach the destination, their influence and power are enormous. For example, airlines often reserve the right to change flight schedules, cancel flights, etc., and travel agents, unfortunately, cannot do much about it in the end. The situation can escalate, for example, to the point where the prices of air tickets are several times higher than their actual price due to demand. Even though the tour operator sells the tour at a high price, their final margin is almost zero. So, in our case, we will repeatedly pay attention to the price trends of the suppliers and form a plan of when is the best time and time to get their product and thus mitigate the threat of this force.

3F – Customer Bargaining Power

Our company operates in an industry where customers have a wide variety of products to choose from. If unsatisfied with our services, they can use our competitors' services. Since one of our central values is a satisfied customer, we want to approach each customer individually and offer them a tailor-made product to make them satisfied with our product. Personal experience is one of the main aspects of the client to use the services of our company again, even though competitors may subsequently have lower prices, more favourable conditions, etc.

4F - Threat of Substitutes

We must also not forget the threat of substitutes. We are mindful that other companies may offer a similar product. Still, we do not believe that a full-fledged substitute, except for the services of large travel agencies, is as much a threat to us as the other forces included in this analysis. On the other hand, we are aware of travel agencies that operate on a similar

principle as our company but focus on a different destination, and we know that they may extend their reach to the Maldives, so we are monitoring the situation so that we can intervene in advance if necessary.

5F – Internal Competition (Rivalry)

Since our company is not a tour operator that provides package tours to its customers, but we operate as a small travel agency in an online environment, I consider our competitors as companies that operate on a similar basis. As our biggest competitors, I consider two businesses, which also partly inspired us to create our own business – *NA.Maledivy* and *Maledivy by Island story*.

NA.Maledivy

This is a project of two ladies - Adela and Natalia and probably the most famous company operating in the online environment in the Czech Republic, which we want to be part of. As I mentioned in the introduction of this thesis, a crisis is the greatest business opportunity, and this was also the case with this, in my opinion, our biggest competitor. These two ladies met for the first time on holiday in the Maldives when the Covid-19 pandemic started and therefore decided to stay in the Maldives, where at that time, the situation was better than in Central Europe. As a result, the Maldives became a matter of their hearts, and they decided to create a project that would help clients visit this paradise at a better price than tour operators offer. Over the years, they have built a steady clientele and reputation in the market. This project has also recently expanded its scope from social networks to website, which can attract even more potential customers. The owners also offer an exciting concept of stays aimed, for example, purely for customers who do not have a partner and are travelling alone, etc. (namaledivy.fun)

Maledivy by Island story

The second closest competitor in our market is the project Maledivy by Island story. With each new stage of life comes new challenges and pitfalls, but it is important to persevere, and then we can make our dreams come true. This project was founded by Petra, who, a few years before and for very low remuneration, was working in the Maldives in professions already challenging in Central Europe and Asia even more. However, during this period, she could travel all over the Maldives and learn the local culture, and she is now using this to her advantage. (islandstory.cz)

Although both of the projects mentioned above inspired the creation of our company Male2Go, we have in mind that they are our biggest and already well-established and successful competitors, which we want to surpass in the future with the quality of our services.

Evaluation: Thanks to 5F analysis, we have been able to identify which of the five forces mentioned has an impact on our business.

After carefully considering all aspects, we have concluded that the 1F, 2F and 3F forces are the biggest threat to us as they significantly impact the tourism industry. These three forces can also change the product's final price so that we can compete in the market and customers are interested in our product.

5.3 SWOT Analysis

S = Strengths	W = Weaknesses
Individual approach to customers	Being the newcomers on the market
Experience in the tourism industry	Focus on one specific destination
Low operating costs	Operating a company in the online environment
O = Opportunities	T = Threats
Enthusiasm for travelling	Possibility of another wave of Covid-19 pandemic
Expanding the target audience	Change in customers buying behaviour
Providing an exclusive product	Competitive power of large tour operators

Table 1: SWOT analysis (own creation)

Just like any other business, our company has its strengths and weaknesses. This micro-environmental analysis serves to help us identify our strengths and exploit them as much as possible. On the other hand, shortcomings are also essential to identify so that we can work on them and adapt our business so that they do not negatively impact it. Opportunities and potential threats are also an integral part of the business.

Strengths

One of our strengths is undoubtedly our individual approach to customers. Every company will likely mention this aspect as a strength, but in our case, it is fundamental to the whole business. From my experience in the travel industry, I can confirm that this approach is required by customers when buying more expensive tours. This is mainly because these are

destinations that many clients, unlike, for example, Egypt, Greece, etc., have less knowledge about and need to clarify any questions in detail. The personal approach has its justification also for the entrepreneur himself because if clients are satisfied with the services, there is a high probability that they will contact our company again or recommend it to their friends.

Another strength of our company is the aforementioned personal experience working in the tourism industry. In our case, it combines two essential qualities and experiences. One of the employees has several years of experience in training exotic destinations in one of the largest tour operators in the Czech Republic. The owner has several years of experience selling exotic and other destinations for the travel agency and, later on, for the tour operator.

A final strength of our company is its low operating costs, as it is primarily an online travel agency that uses communication channels for its business that is mostly free of charge, and it is a travel agency without branches.

Weaknesses

Probably the biggest weakness of our business is that we are a newcomer on the market and do not have a permanent clientele. It is, therefore, necessary to count on a slower start-up at the beginning, as it is essential to gain customers' trust and good references and ratings.

As mentioned at the beginning of this thesis, our company is a travel agency that focuses on one specific destination – the Maldives. Our weakness is, therefore, the lower variability of the products we offer.

Another weakness of our business is what was associated with the low operating costs - operating a company in an online environment. Nowadays, a large group of people still prefer personal contact when arranging a tour - especially the older age group, who have always been used to this method and do not trust the online environment as much.

Opportunities

Thanks to the Covid-19 disease pandemic that has hit us in recent years, there have been strict entry requirements for travelling, with some countries even banned from tourism altogether. Many people have not travelled anywhere in recent years, and now that all regulations have been relaxed or abolished, they want to make up for it. Renewed enthusiasm for travelling is, therefore, one of the biggest opportunities.

Due to price increases for European destinations, such as Bulgaria, etc., the price differences between these and exotic destinations are no longer so abysmal. Exotic destinations, such as the Maldives, are now more affordable even for clients who would not

have wanted to travel here before the pandemic. As an outcome, expanding the target audience is another opportunity for our business.

Despite the rise in popularity, the Maldives is one destination that the vast majority of people have not yet visited, so it is still an Exclusive product that even nowadays is not offered by some well-known tour operators.

Threats

Although it is no longer such a relevant topic, the threat of another wave of the Covid-19 pandemic still hangs over the world, and over tourism in particular. This period was a real test for many tour operators, including those with a long history. Despite being previously economically stable entities, tour operators fell into debt, often leading to bankruptcy.

Another potential threat associated with the above is a change in customers buying behaviour. Many customers are reluctant to purchase holidays in advance because they are worried about the future. The travel industry is experiencing growth in the business life cycle, and travel agents are reaching their best results. Still, due to the economic crisis and high energy prices, customers may stop repurchasing tours, and we will have to face another crisis.

The competitive power of large tour operators is another threat we must consider. Large tour operators have a strong market position, favourable agreements with destination partners, and a steady clientele. As an outcome, if we do not have a well-thought-out business plan to convince potential customers, they may use competitors' services because of these aspects despite there would be a higher price, less favourable conditions, etc.

5.4 STP analysis

The STP analysis is a marketing model that serves us to think thoroughly about whom we will actually provide our product to, how we will target the target group and ultimately, how the whole process will be carried out. This analysis includes three processes whose acronyms form the name of the entire analysis - **segmentation**, **targeting** and **positioning**, i.e., STP.

Segmentation

Within the segmentation, we want to focus mainly on demographic, geographic and socioeconomic criteria, based on which we will create segments A, B, C and D.

Segment A - Students

The first segment is students aged 19 to 26. It is the segment of customers who want to actively spend their student years before they start their full-time job. Due to their studies, not all of them have a stable income and are looking for cheap travel options to their dream destinations, so they often do not travel with travel agencies but instead travel on their own, buying airline tickets at bargain prices and then using various portals to find accommodation. Given the lifestyle of this segment, these are often larger groups of friends who are less committed in terms of age and can, therefore, easily adapt to tour dates etc.

- Advantages of this segment: their lifestyle motivates them to travel, Adaptability within tour dates, often larger groups of passengers.
- Disadvantages of this segment: lower price budget, more complicated communication.

Segment B – Adults

In this case, we refer to the 27–38 age segment. These are mainly young couples or spouses who do not have children yet and want to go to these destinations before this life milestone. Sometimes, they may be newlyweds having their honeymoon in the Maldives. Regarding income and lifestyle, this segment has a stable job with some commitments, but it is still a relatively adaptable group regarding vacation dates, etc. Compared to the A segment, they more often prefer the services of travel agencies and thus do not travel as much on their own.

- Advantages of this segment: financial stability, more travel experience and the associated easier communication.
- Disadvantages of this segment: increased expenses (mortgage, loans, etc.), less time for planning the vacation.

Segment C – Families with children

This segment combines two age groups - children under 18 and their parents. The age of the children also greatly influences holiday preferences. In the case of travel with small children or toddlers, it is important for this segment that everything goes safely and according to plan, while it is usually a relaxing holiday. On the other hand, if the family is travelling with older children, this segment prefers a combination of exploration and relaxation. A holiday for this segment often means a true and proper rest, as their commitments in their private or professional life may not allow them to do so as much.

- Advantages of this segment: higher price budget, the potential to recommend our services to other families.
- Disadvantages of this segment: the difficulty of conformity within preferences, relatively strict term limits.

Segment D – Middle-aged people

This is the segment of customers around the age of 50 and beyond. These people usually have a financial reserve thanks to their stable income, which they then use, for example, for a holiday in the Maldives. As they have often had long working careers and their offspring are now adults, they are more flexible and want to explore destinations they have not yet visited and often, at this age, in their words, start to "live life to the full". The impulse to visit this destination can also be, for example, a wedding anniversary, etc.

- Advantages of this segment: enthusiasm for exploring new things, fewer commitments in terms of professional life and the associated flexibility.
- Disadvantages of this segment: occasional mistrust of the services provided, a more sophisticated marketing approach to this segment.

Targeting

Once the segmentation is complete, the next stage is to decide which segments to target, and for this step, targeting is used. After considering all the details, in our case, we have decided to focus on providing one product for segments A, B and D. In terms of segmentation coverage patterns, as an outcome, we will aim for product specialisation.

PRODUCT	1	2	3
Segment A - Students	◆◆◆◆		
Segment B - Adults	◆◆◆◆		
Segment C - Families with children			
Segment D - Middle-aged people	◆◆◆◆		

Figure 6: Segmentation Coverage Pattern (own creation)

*Decision-making evaluation**- Segment A ✓*

We decided to focus on this entity primarily based on the abovementioned advantages and disadvantages. This segment is ideal not only in terms of size but also primarily because of its potential, as the popularity of travel among people in this age group continues to grow and thus holds great promise for the future.

We believe that focusing on this segment will not be as risky as in the case of other segments, but we keep in mind that in terms of profitability, this segment will rank instead at the bottom of our three segments.

- Segment B ✓

We also want to focus on this segment, as it meets our requirements the most and thus has the highest chance of profitability. As for the potential for further development, we believe that the influence of this group will continue to grow, thanks in part to the resolution of the Covid-19 pandemic. From our point of view, this is the least risky segment, as most vacation buyers belong to this age group.

- Segment C ×

This decision may surprise some, but in our opinion, this is the riskiest and most unpredictable segment. I can confirm from my experience that these customers have diverse preferences, which are unfortunately almost impossible to satisfy in some cases. Although this is an ideal sector in terms of profitability, it is difficult to predict the future potential of this segment. Since these are families travelling with children, in the vast majority of cases, these families seek out a resort with an aquapark and water slides, which is not precisely the main focus of the Maldives. The decision-making abilities of this segment are unpredictable in advance, as clients are often not comfortable with the dates, flight times and lengths + possible layovers, etc.

However, we certainly do not want to write off this target group, and we are prepared to provide them with the same quality of service.

- Segment D ✓

We have noticed a gradual increase in the popularity of exotic destinations within this segment, and, therefore, we want to offer our product to this group as well.

We believe this will be a successful segment in terms of profitability. Still, on the other hand, we will continue to monitor the development of interest in this age group to avoid the potential risk of a gradual decline of interest in this segment.

Positioning

According to them, our competitors are characterised by an individual approach to the customer. Of course, we do not disagree with this, but in their case, in my opinion, the product is beginning to resemble the services of tour operators. We keep in mind that every customer is different, and for a holiday in the Maldives to be a true paradise on earth, everything must be perfectly planned.

Our customers belong to different age groups, and although modern technology is already incredible, we cannot use the same marketing tools for all clients. We will target the youngest group primarily through Instagram, where this segment spends a significant portion of its time. We want to focus on the adult group on other social networks such as Twitter and Facebook, and we will also use websites to promote to the middle and older generations. There will also be photos and videos from our clients, reviews, and, ultimately, a webchat through which clients can connect with us.

6 BUSINESS PLAN

6.1 Title Page



Figure 7: Male2Go company logo (author: D. Truxa)

Name of the company: Male2Go

Legal form: Limited Liability Company

Starting capital: 250,000 CZK

Founder: Dominik Vjačka

Phone: +420 725 332 262

E-mail: dominik.vjacka@male2go.cz

Website: Male2Go.cz

Establishment date: 14.2.2024

Contact address: Prokešovo náměstí 2020/6, Ostrava 702 00

Slogan: Live the dream you want to tell

6.2 The Executive Summary

This business plan aims to establish a travel agency Male2Go, which will be based in the Czech Republic but will provide vacation in the Maldives with the help of an external partner agency. The legal form of our business will be a limited liability company established by one owner with the help of his employee who shares the same passion for tourism and this destination. An initial deposit of 250,000 CZK, made up of the savings, will be made into the business.

The Maldives are hundreds of exotic islands in the Indian Ocean. According to many travel guides, it is a tropical paradise bathed in turquoise water that you will not find anywhere else in the world. Our clients who visit the Maldives can look forward to extraordinary white sands, iconic beaches lined with coconut palms offering pleasant shade, tropical plants, crystal lagoons filled with coral, fish, turtles, and unique scenery, as well as endless lounging in hammocks.

The product we have chosen to focus on is an authentic experience provided by our company to our clients. A holiday is a pleasant affair in itself, often bringing memories to last a lifetime. Many of us spend a long time thinking about where we will go for a holiday next season. People dream of the countries and tropical paradises they would like to visit and experience the local culture. Furthermore, we all dream a little differently. Just like everyone's dream, each atoll is a bit different and offers a different variety of fun and experiences. At the same time, just as our dreams are fleeting, the Maldives is gradually disappearing from the world map, so we need to experience this tropical paradise while we can. For this reason, the central vision of our company will be to create a complete tailor-made holiday for the client in this paradise on earth.

We will focus on various segments of clients, from students to seniors, and we will provide our services to clients every day from Monday to Friday from 10:00 a.m. to 8:00 p.m. or by individual agreement via social networks, online chat, telephone and, of course, email. In addition, clients will also be able to submit an enquiry form, which will then be dealt with.

6.3 Description of the Company and Product

Initially, I would like to explain why we named our company Male2Go. This idea was born during my work in a travel agency when we had an opportunity to meet with representatives of hoteliers from the Maldives, and we agreed that this is definitely a place we want to visit. Once we travelled to Maldives, we met the director of the Maldivian partnership company of the tour operator we are working for. During the conversation, we also got to the question of business. When we presented our plan and know-how to them, they were interested enough in the project to offer us business cooperation. We have thus gained a strong business partner directly in the destination. Well, since Male is the capital of the Maldives, the name Male2Go was born.

We aim to provide clients with a complete service from the beginning of the enquiry, recommending accommodation which includes accommodation for ten nights, breakfast and

sunbeds, towels, and umbrellas on the beach. Then we can advise the ideal time to travel to the destination, arrange transfers and accommodation with the help of Maldivian partners, set up a programme by ourselves, and with their help, actively assist them during their stay.

At the very beginning of the enquiry, we can help clients with flights and transfers at the destination and between islands. Once the holiday has started, we present clients with a tailor-made itinerary reflecting their requirements into real experiences and offer them specific excursions near the place of stay and on the surrounding islands.

Among other things, our partners guide our clients around the island and introduce them to the local culture and customs. Because we are personally present on some of the terms, we also organise, on our initiative, beyond the cooperation with a partner agency, a barbecue on the seashore or a sunset dinner on the beach.

We recommend accommodation based on our personal experience. Regarding optional excursions, we again work with a local agency that has run these accompanying events for many years. We can also arrange a car rental at the destination as an additional service.

6.4 Marketing Plan

To get our company in front of customers and attract new customers, we must also have a marketing strategy. This strategy aims to identify the end customer, describe and price our product, and then describe how we will present our business to the public through advertising. In our case, we use STP analysis and the 4P macro mix to do this.

6.4.1 Target Market

In the fifth main part of this thesis, we have constructed an STP analysis to identify four main segments based on the criteria of age, lifestyle, occupation, etc. Those to recall were students, adults, families with children and middle-aged people. After carefully considering all variables, we decided that we wanted to cover all segments except families with children for the reasons stated in the analytical section of this STP model.

However, this does not mean we do not want to provide our services to this and possibly other segments. Our company values all customers equally regardless of age, profession, race, wealth, etc. and is ready to provide 100% equal service to each customer.

6.4.2 4P Marketing Mix

Using the four marketing tools - Product, Place, Promotion, and Price, we create a "marketing mix" for the company to develop a marketing plan to persuade end customers to buy and use our product.

Product

The product of our company Male2Go is to provide our clients with a dream holiday in paradise on earth. Either way, clients can purchase a "package deal" based on their needs. By this, we mean, e.g., accommodation and arranging a car rental, or, for example, a combination of accommodation, creating an itinerary + help buying flights, etc. It will always depend on each customer's decision and choice.

Place

As mentioned, we will be doing business primarily through the online environment due to lower costs. All communication between us and the end customer (except when clients are already at the destination where our partners are available for them) will be online. By prior arrangement, we can also meet the client in person. In the travel industry, the vast majority of administration is already done (also to speed up the process from the customer's point of view) via email - e.g., sending offers, contracts, airplane tickets, travel instructions, etc.

At the same time, by this step, we want to support the environment and reduce the consumption of paper, etc.

Price

Setting the right marketing strategy also includes pricing our services. We decided on these prices after researching our competitors' prices, consultation with partners, and considering our work experience in a travel agency where we have also dealt with these individual requests and thus know the approximate prices of these services. As stated several times, we tailor our offer to each client. Some clients may only want accommodation without any additional services etc. For this purpose and for customer clarity and simplicity, we have decided that each of our services will have a set price.

The basis of our product is accommodation. The price of this service starts at 14,990 CZK/person, on which our margin would be 30%. The price is always based on the customer's preferences and needs. We can prepare a quotation if the customer is interested in a higher accommodation category or requires other special services.

As an additional service, without the help of partners, we offer for an additional fee of 1,500 CZK the compilation of an individual itinerary or the possibility of finding and buying tickets for a specific date and route for CZK 500. We also cooperate with car rental companies in the destination, so we can arrange a car rental for a nominal fee of 500 CZK. Added value for the customer is also a personal presence of our partner in the destination

and guide, free of charge by prior arrangement. Upon request and agreement, providing additional services to customers is possible. All prices listed below are subject to change based on group size, program difficulty, etc.

Service	Price from (in CZK)
Accommodation	14,990 (per person) = 30 % margin
Itinerary	1,500 (per group)
Airplane tickets	500 (per at max 4 person)
Car rental	500 (per car)
Additional services	Upon request

Table 2: Price list of services in CZK (own creation)

Promotion

We want to use all social networks that we know have the potential to attract customers to promote our company and product. These primarily include Facebook, Twitter, and Instagram. We also want to use websites where we will target SEO optimisation and specific keywords that we know people search for extensively online.

We also want to use Sklik and Google AdWords to make our website even more visible on the top positions of search engines like Google and Seznam. For this purpose, we also employ a marketing specialist with experience with these tools.

Another tool that allows us to target customers more effectively is Google Analytics, which gives us more detailed information about the customer's movements on our website.

The last form of promotion, which is also free and is considered by many to be the most effective, is word of mouth.

6.5 Organisational Structure

As for the organisational structure, Male2Go will be a limited liability company founded by one owner - Dominik Vjačka, who will be the company's managing director and personally involved in the business. The managing director will not receive any salary for his activities.

With the help of his female partner, who, as I mentioned earlier in this thesis, has extensive experience in training this destination and will be the only full-time employee, they will take care of the entire operation of the company's services. On top of that, part of the pair's job description will also include communicating with customers, maintaining social networks, and publishing posts on these platforms.

An integral part of the business is also the management of accounting. Since it is not cost-effective for us to have an employee exclusively in the position of accountant, we will use the services of an external company for this. As we need somebody to be in charge of all marketing (monitoring of competitors, market research, optimisation of the website and visibility of the company as such), we will again cooperate with external marketers.

6.6 Financial Plan

To start a business, we need seed capital. However, money plays a significant role after the company is established. In this section, we will present a financial plan for the company, including a founding budget, balance sheet, income statement, brake-even point, and, finally, an assessment of the company's profitability using the ROI indicator. All the data are in CZK.

6.6.1 Founding Budget

Start-up capital is required to start a business. This includes the furniture, the initial rent of the office and the security deposit. Other costs are company incorporation fees (notary + registration in the Commercial Register), advertising (we split this amount as needed for Instagram, Facebook, Google Ads, etc.), domain purchase, services of lawyer and website development. To function properly, we also need to purchase a company phone, computer and printer, plus an MS Office electronic license.

Since our initial deposit is 250,000 CZK and the initial costs are 74,500 CZK, we will be left with a substantial financial reserve of 165,500 CZK after covering these costs.

Item	Price (in CZK)
MS office electronic licence	3,500
Company incorporation fees	10,000
Advertisement	20,000
Website establishment	5,000
Electronic devices and gadgets	16,000
Rent of office (25 m ²)	5,000
Furniture	5,000
Lawyer	10,000
Total	74,500

Table 3: Founding budget (own creation)

6.6.2 Fixed and Variable Costs

Within each month, we also have to consider fixed and variable costs.

The fixed costs are the same every month, in our case it is the rent of a 25 m² office including utilities, telephone and internet charges, as well as a dedicated amount for expanding our horizons through various courses, external accountant and marketer, office equipment, and last but not least the salary of our employee + social and health insurance.

Variable costs include costs that can vary, such as operating expenses (transport, etc.) and a fee for our reservation system. So, in our case, we will have only low variable costs.

Fixed costs	Price (in CZK)	Variable Costs	Price (in CZK)
Rent (including utilities)	5,000	Operating costs	5,000
Telephone	1,000	Reservation system	1,000
Internet	750		
Knowledge development	1,500		
Wage	30,000		
Social insurance for employee	7,440		
Health insurance for employee	2,700		
External accountant	2,000		
Office equipment	1,000		
External marketer	5,000		
Total	56,390	Total	6,000

Table 4: Fixed and Variable costs per month(own creation)

6.6.3 Evaluation of profitability + ROI indicator

We compile an income statement to determine whether it will be profitable in the coming years - this includes a pessimistic, realistic and optimistic study. Then we can use an ROI indicator to count the Return on Investment.

Evaluation of gross profit

In order to evaluate the profit/loss statement, we must first calculate the gross profit. In the calculation, we focus on three scenarios that can arise, namely the pessimistic, realistic and optimistic.

As we mentioned, our main product is accommodation brokerage. Clients can also purchase the other services mentioned in section 6.4.2. However, under the pessimistic scenario, we expect that only ten customers will be interested in the product and will only want to purchase accommodation.

In the case of a realistic scenario, we assume that 20 clients will use our services per month, and at least half of them will use one of our additional services, such as itinerary creation, etc.

The scenario we are most hopeful for is an optimistic one, where we believe that most of our customers will purchase, alongside accommodation, one or more additional services.

Item	Pessimistic scenario	Realistic scenario	Optimistic scenario
Accommodation	10	20	30
Itinerary	0	10	20
Airplane tickets	0	5	10
Car rental	0	5	10
Fixed costs / month	56,390	56,390	56,390
Variable costs / month	3,000	6,000	9,000
Revenues per month/day	44,970 / 1,499	109,940 / 3,665	174,910 / 5,830
Gross margin / month	41,970	103,940	165,910
Gross margin/year	503,640	1,247,280	1,990,920

Table 5: Gross profit calculation (own creation)

Profit/loss statement

Once we have calculated the gross margin, we can move on to the profit/loss statement.

Concerning the current wording of the Act No. 235/2004 Coll. on Value Added Tax valid from 1st January 2023, we as a legal entity do not have to pay this tax since, according to the calculation, our monthly turnover does not exceed 2,000,000 CZK (zakonyprolidi.cz, 2023).

Pessimistic profit/loss scenario (in CZK)

Under the pessimistic scenario, we can see that if only ten or fewer people purchase our product without any additional services, we will experience a significant loss in the first month, mainly due to start-up costs. Although the following months would be better, we would still generate a loss throughout the year, and our business would be unsustainable in the long run.

	First month	Other months	Initial year
Gross profit	41,970	41,970	503,640
Start-up costs	74,500	-	74,500
Fixed costs	56,390	56,390	676,680

Total expenditure	130,890	56,390	751,180
Profit or loss	- 88,920	-14,420	-247,540

Table 6: Pessimistic profit/loss scenario (own creation)

Realistic scenario (in CZK)

In a realistic scenario, we work with a situation where some customers would purchase not only our main product but also additional services. In the first month, we would not generate profit due to start-up costs, but in the following months, our business would become profitable and, therefore, sustainable.

	First month	Other months	Initial year
Gross profit	103,940	103,940	1,247,280
Start-up costs	74,500	-	74,500
Fixed costs	56,390	56,390	676,680
Total expenditure	130,890	56,390	751,180
Profit or loss	-26,950	47,550	496,100

Table 7: Realistic profit/loss scenario (own creation)

Optimistic scenario (in CZK)

As we work in an industry where references, reviews and personal experience are essential, this scenario, as much as we would like to achieve it, is not very realistic due to being the newcomers on the market. If we had at least 30 customers and most of them purchased one or more services within the first month, our business would be profitable, and for the whole year, the profit would exceed 1,250,000 CZK.

	First month	Other months	Initial year
Gross profit	165,910	165,910	1,990,920
Start-up costs	74,500	-	74,500
Fixed costs	56,390	56,390	676,680
Total expenditure	130,890	56,390	751,180
Profit or loss	35,020	109,520	1,239,740

Table 8: Optimistic profit/loss scenario (own creation)

ROI indicator

Alongside evaluating profit/loss, we should also use the ROI indicator, which calculates the return on our investment in the business according to the formula below.

$$\text{ROI} = (\text{Gain from the investment} - \text{costs of the investment}) / (\text{cost of the Investment}) \times 100$$

Since I consider the realistic scenario the most realistic during the first year of entrepreneurship, I decided to use this scenario for calculation.

$$\text{ROI (realistic)} = (496,100 - 250,000) / (250,000) \times 100 = \mathbf{98.44 \%}$$

In the case of the data from the realistic scenario used to calculate the ROI, we arrive at the result that our investment will be recovered after the first year.

7 RISK ASSESSMENT

Risks, limiting factors, and threats are associated with any business, whatever the industry. These risks can arise from both the internal and external environment. Therefore, it is necessary to identify these risks, evaluate them and, if necessary, create a plan to avoid them or minimise their negative impact.

7.1 External Risks

Environment

Closely linked to tourism is the issue of the environment, which is a big topic nowadays. It is no secret, for example, that aircraft consume around 12 tonnes of fuel per hour of flight (about 240 full tanks of vehicles). Given the number of aircraft flying above us in the clouds, the particles emitted greatly impact the environment.

Overtourism

Many countries survive mainly thanks to tourism (e.g., Egypt). The problem of overtourism is thus becoming more and more urgent. Some destinations are so overloaded with tourists that the situation is becoming unmanageable, and holidays are not relaxing but rather stressful.

Seychelles, for example, is fighting this by regulating tourism or charging higher prices to avoid mass tourism and protect the uniqueness of their country.

Unpredictable situations

Tourism is a business significantly affected by the situation in the world. We have already mentioned some examples in chapter 5.2 for Porter's analysis, such as Covid-19, the grounding of Boeing 737 Max, etc. As the most time-relevant event, we can mention the armed conflict in Ukraine and the associated airspace closure, or, for example, the strong earthquakes in February 2023 in Turkey.

Unfortunately, we are dealing with external environmental situations for which we cannot prepare in advance, affecting the whole world, regardless of whether the event happens in Africa, Asia or Europe.

7.2 Internal Risks

Different views on the company's direction

In the case of our business, it is a small company. For it to prosper and for everything to work as it should, we must share or at least agree on most of the essential issues concerning the company's direction. As time passes, these views may diverge and therefore, it is

necessary to maintain cooperation at all times and, if any problems arise, to solve them at the beginning.

Insufficient capital

Financial health and literacy are essential not only in private life but also in the case of a business. It is always crucial for a company to have some financial reserve in case a crisis or a problem occurs. Many companies overestimate their possibilities and use their profits, for example, to buy new machines, goods, etc., but they do not keep a capital reserve, they balance on edge, and in case something goes wrong, or for example, the aforementioned crisis arrives, they get into large debts and then go bankrupt. Therefore, we must carefully plan what we can afford and under what conditions.

High expectations

Another internal risk is, for example, high expectations. Many start businesses with the vision of immediate profit and wealth. However, it is essential to remember that entrepreneurship takes time and patience, as profits may take several years, and the first few years will be rather non-profitable.

7.3 Limiting Factors of business plan

There are also factors that, although they may not directly influence the formulation of the business plan, have an impact on its subsequent realistic form.

Inexperience with business

Practice is vital in any job or activity, and the same is true in business. If we are just starting out in business, even though we may attend various courses, etc., we may be limited by a lack of experience, which we will only gain over time. While we can base our business plan on various articles and claims, the reality can look completely different due to the unpredictability of business. We need to be prepared for that since we have little entrepreneurship experience.

Constructing calculations based on estimation

We always base our profitability and other calculations on estimates, as we cannot predict 100% accurate numbers in advance. Therefore, another limiting factor is that although our calculations may look positive for the firm, in reality, this may no longer be the case.

Brainstorming

Another factor is, for example, brainstorming. Since, in most cases, it is not possible to write a business plan independently (especially at the beginning of a business) without the help of other people, we use, for example, our manager, colleagues, friends or family to

communicate their subjective opinion on a particular issue. In most cases, however, we do not want to share our business plan with the general public but only with people we trust. Thus, we get the subjective opinion of only a small group of people who are usually uninvolved in the business and do not have that much insight into it.

CONCLUSION

This bachelor's thesis aimed to compile a business plan for the travel agency Male2Go. The purpose of this plan was to determine whether our agency's project is profitable and implementable. The author of this thesis will also be the founder of this limited liability company. The bachelor thesis consists of two parts – theoretical and practical.

The theoretical part of the thesis is divided into four main chapters. The first one explains the term entrepreneur and business and clarifies the difference between a tour operator and a travel agency. The second part focuses on two basic types of business - the business of a natural person and of a legal entity. It describes the types of individual forms of business, including advantages and disadvantages. The third part deals directly with the description of the business plan, the advantages of its preparation and the characterisation of the project's individual components. The theoretical part is then concluded with the last part, where we can find a description of the individual analyses later used in the practical part.

After the theoretical part comes the practical part. Here, the author concentrates on using the acquired knowledge from the theoretical part to draw up the business plan itself. This practical part includes three main parts, the first of which the author prepared for his business the analysis of the external and internal environment, i.e., STP, SWOT, 5F and PEST. The next part is the compilation of the plan itself, where the author describes his company and product, the marketing plan, the organisational structure of the company and last but not least, the financial plan. On the data obtained, the author then calculated the profitability and ROI indicator, based on which we concluded that the project is profitable in the case of the constructed realistic and optimistic scenarios.

As risks are also an essential part of businesses, the last section of the theoretical part and the whole thesis focuses on risk assessment of external and internal environments such as insufficient capital, environment, or overtourism and limiting factors of the business plan.

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LIST OF ABBREVIATIONS

LLC Limited Liability Company

CEO Chief Executive Officer

B2B Business-to-business

i.e. Id est

et al. Et alia

Etc. Et cetera

e.g. Exempli gratia

ROI Return on investment

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