

A Business Plan for a New Café

Aneta Harudová

Bachelor Thesis
2016



Tomas Bata University in Zlín
Faculty of Humanities

Univerzita Tomáše Bati ve Zlíně
Fakulta humanitních studií
Ústav moderních jazyků a literatur
akademický rok: 2015/2016

ZADÁNÍ BAKALÁŘSKÉ PRÁCE

(PROJEKTU, UMĚLECKÉHO DÍLA, UMĚLECKÉHO VÝKONU)

Jméno a příjmení: **Aneta Harudová**
Osobní číslo: **H13406**
Studijní program: **B7310 Filologie**
Studijní obor: **Anglický jazyk pro manažerskou praxi**
Forma studia: **prezenční**

Téma práce: **Podnikatelský záměr pro novou kavárnu**

Zásady pro vypracování:

Vymezte jednotlivé teoretické aspekty podniku.
Provedte analýzu současného trhu.
Vypracujte podnikatelský plán.
Zpracujte finanční plán pro nově vznikající podnik.
Provedte rizikovou analýzu podniku.

Rozsah bakalářské práce:

Rozsah příloh:

Forma zpracování bakalářské práce: **tištěná/elektronická**

Seznam odborné literatury:

Abrams, Rhonda. 2010. Successful Business Plan: Secrets and Strategies. 5th ed. Palo Alto: The Planning Shop.

Covello, A. Joseph, and Brian J. Hazelgren. 2006. The Complete Book of Business Plans: Simple Steps Writing Powerful Business Plans. 2nd ed. Neperville: Sourcebooks.

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McKeever, Mike. 2010. How to Write a Business Plan. 10th ed. Berkeley: Nolo.

Synek, Miloslav, and Eva Kislingerová. 2010. Podniková ekonomika. 5th ed. Praha: C. H. Beck.

Vedoucí bakalářské práce:

Ing. Šárka Papadaki, Ph.D.

Ústav podnikové ekonomiky

Datum zadání bakalářské práce:

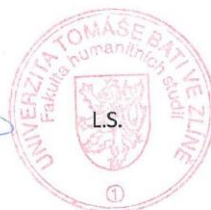
13. listopadu 2015

Termín odevzdání bakalářské práce:

6. května 2016

Ve Zlíně dne 6. ledna 2016


doc. Ing. Anežka Lengalová, Ph.D.
děkanka




PhDr. Katarína Nemčoková, Ph.D.
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ABSTRAKT

Hlavním cílem mé bakalářské práce bylo vytvoření podnikatelského plánu pro fiktivní založení nové kavárny v Jindřichově Hradci. Na toto téma se práce zaměřila ze dvou úhlů pohledu, a to z teoretického a praktického. Teoretická část se zabývá základními pojmy souvisejícími s podnikatelskou činností i samotným podnikatelským plánem. Praktická část obsahuje vypracovaný plan pro založení kavárny. Mým cílem je posoudit, zda lze podnikatelský záměr zrealizovat.

Klíčová slova: podnikatelský plan, podnikatelská činnost, založení podniku, realizovatelnost, kavárna.

ABSTRACT

The main goal of my bachelor's thesis is to create a business plan for fictitious establishing of a new café in Jindřichův Hradec. This topic is approached both from theoretical and practical aspects. The theoretical part focuses on the key terms related to the entrepreneurship and business plan theory. The practical part comprises of business plan specifically created for an establishment of a kavárna. The aim is to evaluate whether the business idea is feasible.

Keywords: business plan, establishment, entrepreneurship, feasibility, café.

ACKNOWLEDGEMENTS

I would like to thank my advisor Ing. Bc. Šárka Papadaki, Ph.D. for her valuable advice, comments, suggestions and support. Moreover, I would also like to thank to everyone who provided me with the information needed to complete this thesis.

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INTRODUCTION

As a topic of my thesis I have chosen a business plan for a new company. The idea of writing a business plan for a new café was created on the basis of my passion for coffee, chocolate, and baking. I have always dreamed of running my own small café. But establishing even a small café is not easy. Therefore, it is necessary to write a real business plan in order to identify whether my business idea is worth it or not.

The business plan comprises of the important information related to the essential elements of business, for instance, strengths and weaknesses of the business, market and competition, target customers, sales and marketing strategy, financing, risks connected with the business, and the strategy which leads the company to meet its goals.

This thesis is divided into two parts. The theoretical part serves as a base of the practical part. The theoretical part focuses on the description of an entrepreneurship and an entrepreneur. Furthermore, it defines enterprise and different types of companies. Then the theoretical part deals with the business plan and it identifies its main parts. The practical section focuses on the creation of the business plan for kavárna. The finished business plan will not be used for raising the capital but it will hopefully guide the company towards the success.

I. THEORY

1 ENTREPRENEURSHIP

Nowadays, many definitions of the word “entrepreneurship” can be found in literature. From the legal perspective stated by The Czech Commercial Code, entrepreneurship is a systematic activity done individually by an entrepreneur who does this activity on his/her own name and is liable for it. The main purpose of the activity is to satisfy the needs of the customers and make a profit (Vochozka, 2012, 34).

According to Veber and Srpová (2012, 16), there are three other perspectives from which the term entrepreneurship could be seen. The first is economic perspective which focuses on managing firm resources in order to create a value. The second is psychological perspective which deals with motivation and desire to achieve goals and also with self-realization. The last is sociological perspective which is associated with the creation of job opportunities and prosperity for all stakeholders.

1.1 Entrepreneur

Although some people held the view that entrepreneurs are born and not learned, Srpová and Řehoř (2010, 21) claim that most of the people have a great ability to develop and gain needed knowledge. Of course, everything is interconnected with the particular person’s will, desire, motivation, and ability to learn. Srpová and Řehoř admit that the personal attitude towards entrepreneurship, such as abilities based on personal experience or personal opinions, cannot be learned. However, the knowledge of the processes, such as methods, steps, managing, and planning, can be learned.

The Czech Commercial Code characterizes an entrepreneur as a natural or legal person registered with the Register of the Companies who runs the business on the basis of the trade license or different license under the special conditions (Synek and Kislingerová, 2010, 12).

Based on Verber and Srpová (2012, 15) the entrepreneur could also be seen as:

- a person, who has an ability to find new opportunities and gaps in the market
- a person, who has organizational skills and self-confidence
- a person, who is able to secure financial means for his/her business
- a person, who is willing to take a risk

2 ENTERPRISE

In general, enterprise is an entity in which capital and labor (inputs) transform into goods and services (outputs). Based on legal perspective, enterprise is a set of tangible, intangible, and personal components of business. All things, rights, and other assets, which the entrepreneur owns and uses for entrepreneurship, belong to the company. (Švarcová 2008, 61) According to Vochozka and Mulač (2012, 35) the enterprise serves several functions. Firstly, there is production function which includes manufacturing and producing of a certain product or service. The second is a contractor's function which involves satisfaction of the specific needs of a market. Thirdly, there is a scientific and technical function which covers a usage of new scientific knowledge and new technologies. The fourth is an economic function which involves a generation of profit through meeting needs of other people. Then there is a safety function which includes health and safety requirements and environmental protection. Moreover, there are social, political, educational, and cultural functions.

2.1 A typology of enterprises

Synek (2010, 75) claims that there are different types of enterprises. All types of business have common fundamental characteristics. The enterprises could be characterized on the basis of different aspects. The often used aspects for categorization are for example size of the business, legal form, or economic sectors.

2.1.1 The size of the business

The first classification is based on the size of the business. There are three main categories:

- Small enterprises
- Medium enterprises
- Large enterprises

The categorization varies in terms of employment, scale of productivity, operation, and investment (Kumar 2008, 7). Based on Synek (2015, 88), the most frequently used criterion is probably employment. In the Czech Republic, the combined criteria of employment and scale of productivity are contemporarily used. According to the Czech Union of industry, small enterprise is a company which has less than 100 employees and its annual scale of productivity does not reach 30 million CZK. The company which would be considered as a

medium enterprise has less than 500 employees and the annual scale of productivity is lower than 100 million CZK. The rest of the companies are reckoned as large enterprises.

2.1.2 Legal form

The second way how the businesses could be categorized is based on a legal form. Czech Commercial code identifies two following types of legal forms of business:

Business of natural person

Business of natural person is the enterprise owned by an individual business person who runs the business on her/his own responsibility. Natural person is the head of the business, the person who brings required initial deposit and the person who stands for the work force. Furthermore, natural person is a part of the law relation (Zámečník 2008, 33). As Švarcová (2015, 62) says, the registration to the Register of Companies is under certain conditions obligatory, otherwise it depends on the entrepreneur's choice.

The entrepreneur usually operates the business on the basis of the trade license or different license under the special conditions. The entrepreneur who wants to run the trade has to meet the stipulated requirements (minimal age of 18, legal capacity, clean record, professional competence) and pay relevant fee. There are two main types of trade licenses. To begin with, there is unqualified notifiable trade where the entrepreneur has to notify the relevant Trade Licensing Office to get the right to carry on the trade. The second one is licensed trade where the right to conduct the trade results from getting the license from Trade Licensing Office (Synek 2015, 80).

Business of legal entity

It is defined as the enterprise created and owned by legal entity which runs the business on its own name and own responsibility. The legal entity is established by two or more companions or an individual, who bring required initial deposit. Nevertheless, they do not have to necessarily work for the company. Only the organization itself is part of the law relation, not the companions. Every business of legal entity is obliged to be registered with the Register of the Companies (Zámečník 2011, 33).

In the Czech Republic there are these types of legal entities:

- private companies
- capital companies

- cooperatives
- the European Company
- the European Economic Interest Grouping (Švarcová 2015, 68-70)

Private Companies

There are two forms of private companies: General Commercial Partnership and Limited Partnership.

General Commercial Partnership

Czech term for General Commercial Partnership is “veřejná obchodní společnost.” However, abbreviations “v.o.s.” or “veř. obch. spol.” are often used. The company shall be established by at least two persons. The companions run the business under the joint firm and all of them have unlimited liability for obligation. They are liable with all their property and also with all the firm’s assets. The companions have no obligation to contribute to the initial capital. The rights, obligations, and shares of the companions are equal unless there are some changes set by the partnership agreement. When somebody wants to make a change in the partnership agreement he or she needs to have agreement from every companion. The profit is equally divided among all companions. The statutory body comprises of all companions (Švarcová 2015, 68).

Limited Partnership

The Czech term for Limited Partnership is “komanditní společnost.” Very often, abbreviation “k.s.” or “kom. spol.” is also used. The company shall be established at least by one limited partner and one general partner. Limited partner has a limited liability. General partner has an unlimited liability which means that he/she is liable with his/her own property. Limited partner has the duty of initial capital; on the other hand, general partner does not. Usually one half of the profit or loss goes to the company and another half goes to the general partner unless the partnership agreement determines some changes. After the taxation, the part of the company's profit is divided between limited partners according to the proportion which is stated in partnership agreement. The statutory body of the company consists of all general partners. This means that they can act on behalf of the entire business and they are involved in running the company (Švarcová 2015, 68).

Capital companies

There are two forms of capital companies: Limited Liability Company and Joint Stock Company.

Limited Liability Company

Czech term for Limited Liability Company is “společnost s ručením omezeným.” Very often, abbreviation “s.r.o.” or “spol. s.r.o.” is also used. This form of company can be established by one or more persons. The liability of the company is limited. The companions are liable for debts in amount of the unpaid deposit which is recorded in Register of Companies. The fundamental document of this type of company is Memorandum of Association. The document can allow the company to establish various types of commercial share. The minimal initial deposit is 1 CZK (Zakonyvkapse.cz 2014). The general meeting of the company represents the company’s supreme authority. The statutory body represents the executive director and the supervisory body represents the supervisory board. The duty of the executive director is to summon the general meeting at least once per an accounting period. All the companions can participate in operating of their business. The general meeting makes the decision about how the profit would be shared and divided between the companions in proportion to their commercial shares. Each companion has one vote for 1 CZK of commercial share. The decision of the general meeting can be passed when the companions with at least half of the votes are present (Švarcová 2015, 68).

Join Stock Company

Czech term for Joint Stock Company is “akciová společnost.” Very often, abbreviation “a. s.” or “akc. spol.” is also used. The foundation of Joint Stock Company is based on one legal action – the approval of the company's articles of association. A minimal value of the registered capital is 2, 000, 000 CZK or 80 000 Euro. The capital stock is divided into number of shares with a certain nominal value. Shares are securities, entitling their owners to participate in the running of the business, profit, and liquidation balance in case of liquidation of company. The company shall treat all the shareholders equally (Zakonyvkapse.cz 2014).

The company’s supreme body is the general meeting of the shareholders. The articles of the association define the type of an internal structure of the company, which could be

represented by a monistic system or a dualistic system. When the company opts for the monistic system, the statutory body would be represented by the office of the managing director and the administrative board would hold the position of controlling body. When the company opts for the dualistic system, the statutory body would be represented by the board of directors and the supervisory board would hold the position of the controlling body (Zákonyvkapse.cz 2014).

Cooperatives

Czech term for a cooperative is “družstvo.” Cooperative is a community which shall consist of at least three members. Otherwise the number of the members is not restricted. The cooperative can accept new members anytime. “Družstvo” is created for the business purposes or in order to mutually support its members or third parties. The restricted capital comprises of the equal contributions from each and every member. The authorities of the cooperative are members' meeting, managing board, and audit commission (Švarcová 2015, 71).

The European Company

Czech term for The European Company is “Evropská společnost.” Both Czech and English terms could be replaced by Latin name “Societas Europaea” or abbreviation “SE“. In fact, the European company is a type of public limited-liability company based on the law of the European Union. The European company shall be formed by at least two already existing companies which originate in different states of the European Union. The minimum of the capital must be 120 000 Euro (EUR-Lex.europa.eu 2014). According to Synek (2015, 81), foundation of this type of company is very complicated and lengthy. That is why there are ready-made companies designed for the next transfer.

European Economic Interest Grouping

Czech term for European Economic Interest Grouping or its abbreviation EEIG is “Evropské zájmové hospodářské sdružení.” Considering the web page EUR-Lex.europa.eu (2014), The EEIG can be established by companies, firms or other legal entities originating in the European Union and least two members of the grouping shall be from different member countries. Besides, it can be created by individuals operating in industry, craft, promotion, agriculture or services. The main purpose of EEIG is to pool members'

resources, skills, and activities in order to improve or facilitate their economic activities. It is not designed to make a profit for itself. But if the grouping makes some profit, it would be shared among the members and then taxed. The activities of EEIG must be connected with the economic activities of the members but cannot take over them. Not more than 500 people could be employed at the EEIG. The grouping shall have at minimum two organs: the managers and the members acting collectively.

2.1.3 Economic sectors

The enterprises could be also defined on the basis of economic sectors. As Synek (2010, 83) claims, the national economy could be split into various sectors. First of all, there is the primary sector. The companies which belong to this sector either harvest or extract their products from the earth. This means that all the activities related to agriculture, forestry, mining, and fishing are included in this sector. The businesses which are part of the secondary sector are manufacturing finished products or goods. Examples of the secondary activities are automobile production, food production, textile production, and industry. Tertiary sector focuses on services; for instance, wholesale and retail sales, transportation, restaurants, tourism, banking, law, etc. Next is quaternary sector which engages in intellectual activities and the last one is quinary sector.

3 THE BUSINESS PLAN

It cannot be denied that almost everything is possible in today's business world. Previously in history, the conditions for running a business have probably never been as convenient as they are now. As Klein (2015, 16) says, new business branches, business models, new revolutionary products, and services are created every day. Thanks to the internet and modern technology it might seem that starting a new business today is less difficult.

On the other hand, business world gives us numerous examples which confirm the saying that a great business idea is never enough to succeed. It is clear that more opportunities create an environment into which it is harder to break (Klein, 2015, 16). That is probably the reason why experts suggest that every entrepreneur should write a business plan to discover if the idea is realistic and viable (Srpková, 2011, 14).

According to Koráb (2005, 23), a business plan is basically a set of written documents which should help the entrepreneur to identify the company's goals and find a suitable way to achieve them. The ultimate purpose of creating the business plan is to define internal and external factors that are associated not just with the foundation of a new business but also with businesses which are already in operation.

3.1 The purpose of business plan

Koráb (2005, 24) claims that writing a business plan could be compared to planning a trip. The Business plan might be seen as a road map or navigation chart that guides you to your destination. At the beginning both traveler and entrepreneur should be able to answer three fundamental questions:

- Where am I?
- Where would I like to go?
- How do I get there?

Furthermore, the business plan should inform its reader about who the entrepreneur is, what he/she does and what his/her product or service is; who are the target consumers, or what business needs it would solve, and how many resources and how much money he/she needs in order to accomplish the plan (Fiore 2008, 19).

The business plans can be used by both the internal and external entities. Probably the main reason for writing the business plan is to create an internal document that will guide the entrepreneur throughout the life of the business. On the other hand, the business plan is

also very important while the entrepreneur is seeking for the capital. Simply put, the documents describe in detail how the desired loan or investment will help to reach the company's goals and increase the profits (Pinson 2008, 2.). Based on Fiore (2005, 11), a well written business plan can be an advantage while the entrepreneur communicates with accounts, suppliers, advertisers, lawyers, auditors, and business consultants.

3.2 Requirements of business plan

Although the business plan is very important for the entrepreneur, its framework is not determined. Nevertheless, there are various which the entrepreneur should follow during the writing. The following recommendations are based on Fotr (2000, 231):

- The business plan needs to be well organized and brief.
- The plan must be understandable for readers, even for those who are not experts in the field.
- The business plan should demonstrate benefits of products or services.
- The business plan shall focus on future. It should contain future strategy supported by analysis and facts about the company's history and achievements.
- The business plan needs to be credible and realistic.
- The business plan should point out the risks of the project and state how the company will deal with them.
- The business plan has to highlight the strengths and competitive advantages of company.

3.3 The main benefits of business plan

From writing of the business plan the entrepreneur derives various kinds of benefits. There are some examples:

- He/she reduces an emotional bias. The entrepreneur thinks through the pros and cons of the business idea and the process of creating the business plan helps him/her to make a decision whether to start and run his/her own business or not (Kumar 2008, 221).
- Next, the entrepreneur determines the company's goals, intents, and measurements to evaluate progress over time.
- Then he or she makes the key business decision that focuses on the company's activities and the increase of its resources.

- The entrepreneur comprehends the financial aspects of the business.
- He or she also acquires crucial data from analysis.
- The entrepreneur revises an efficient marketing strategy.
- Lastly, he/she anticipates and avoids the company's potential problems, risks, obstacles, and weaknesses (Fiore, 2005, 12; Abrams, 2010, 343; McKeever, 2010, 19).

3.4 Structure of the business plan

According to Fiore (2005, 25), the outcome of the business plan relies on what goes into it. The thriving implementation of a new business idea begins with a reliable plan. Moreover, the business plan should be realistic, simple, focused, complete, and well organized. Even though the business plan is a flexible document, there are some essential parts which every business plan should include.

- cover sheet
- table of contents
- executive summary
- description of the business
- description of product or services
- market analysis
- marketing plan
- organizational plan
- financial plan
- risks
- appendices (Srpová 2011, 14-15)

3.4.1 Cover sheet and table of contents

The main purpose of a cover sheet is to provide the first impression of the business plan for the reader. With this in mind, the title page should be clear and attractive. There the company's name, logo, address of the headquarters, phone number, web site, form of a business organization, name and contacts of the entrepreneurs are stated as well as the object clause and a month and a year in which the plan was published (Pinson 2008, 16).

As Pinson (2008, 18) says, the reader must easily find all the information he wants to know. Therefore, a well-organized table of contents is a must of every business plan.

3.4.2 Executive Summary

A summary is a very important part of the business plan. Its reader should get an idea about what is mentioned in the following pages. In other words, the summary basically sums up the purpose of a complete business plan. Another aim of the summary is to evoke a sense of curiosity in the reader so that he/she would like to continue reading. Although the summary occurs at the beginning of the business plan, it is usually recommended to write it after the rest of the plan is finished because then the entrepreneur has all the necessary information and data available (Pinson 2008, 19-20).

3.4.3 Description of the business

As DeThomas (2008, 26-29) states, this part of the business plan usually consists of the information about the company's background such as the industry and market in which the company operates, location and legal structure of the company, and details about the owner and the employees. It covers details about how the entrepreneur puts together his/her company in order to run a successful and efficient business. Afterwards, the company's primary reason for its existence as well as its vision and values are mentioned.

3.4.4 Description of the product or service

This section describes in detail how the offered products or services work and what makes them unique (Vyge 2013, 117). Vast majority of companies offers the products or services which are already available on the market. For this reason, a good description should contain information about how the product or service differs from that of the competitor (Lasher 2005, 56). Barrow (2012, 27) emphasizes that the description of a product or service has to be specific and clear so that everyone can understand it. Undoubtedly, some products and services need to be explained in greater detail than others. For example, if the entrepreneur has invented a new process of analyzing blood, the description of the process would include many details. By contrast, if the entrepreneur sells his/her services as a bookkeeper, he/she may just list the services he/she provides.

3.4.5 Market analysis

If the company wants to be successful it needs to understand its market - no matter how big the company is and whether the entrepreneur is creating business plan for a new business or for an already existing business he/she needs to understand its market. For this reason, market analysis should be definitely a part of every business plan (Pinson 2008, 41).

In particular, the analysis helps the entrepreneur to define the target market and it contains information about the market environment, competitors, customers, and suppliers. The analysis focuses not only on the present situation of the market, but it also needs to take into consideration the future development. The company should regularly renew its market analysis because the market is constantly changing (Podnikatel.cz 2009). According to Sergio Zeyman, market analysis can help to "sell more stuff, to more people, more often, for more money and more efficiently" (Podnikatel.cz 2014). There are different types of the informational sources that will help the entrepreneur to conduct the market research. Probably the easiest way how to gain information is to create questionnaires or use direct questioning.

As has already been mentioned, the market to which the entrepreneur needs to pay attention is the target market. The target market represents a group of people for which the company creates, implements, and maintains its products or services in order to satisfy needs and wants of that group (Lamb 2012, 274). It is recommended to divide the target market into parts or segments. The division of the market helps the company to target specific people and focus on their specific needs.

As O'Rourke says „the more you know about your competition, the better.” For this reason, the entrepreneur needs to investigate the potential competitors already before he/she settles the new business. (2009, 19) The analysis should focus on the competitors who provide similar products or services and represent the biggest threats for the company. At this point, it is necessary for the entrepreneur to answer the following questions:

- Who are my competitors?
- What are their present and past strategies and goals?
- How the competitors differ from my company?
- What is their market share?
- What are their strengths and weaknesses?
- How do they communicate with customers?

- What prospective opportunities do they make available for your business?
(Podnikatel.cz 2009)

According to Srpová (2011, 72), clients or customers are very important assets to the business. The satisfaction of their needs and wants is essential to the company's success. In the market analysis, it is important to describe and summarize the customers' needs which the company plans to meet. Last but not least, there are suppliers who are also key players in market analysis. In this part of the business plan, it is necessary to characterize each supplier and the entrepreneur should give the reason for the choice he/she made.

3.4.6 Marketing plan

A marketing plan involves selecting the right sales strategy and pricing policy, then choosing distribution channels and an appropriate promotion. Marketing plan determines marketing strategies which the company would use in order to attract the customers and keep them (Kotler 2006, 769). Before the entrepreneur starts to compile his/her marketing plan, it is essential to make a critical assessment of the business itself (Record 2003, 46). For this purpose, SWOT analysis is widely used, which helps the entrepreneur to organize all collected marketing data and information and builds the strong marketing strategy. It comprises both internal and external environment of the company. Strengths and weaknesses concentrate on the internal environment, which means that the entrepreneur has an opportunity to change them. On the other hand, opportunities and threats focus on external environment (Ferrell 2011, 120). In this case the entrepreneur does not have the ability to change them.

One of the most frequently used tactics connected with developing marketing strategy is also the marketing mix. Marketing mix links marketing tools which the company uses for the purpose of customizing the offer on the basis of needs and wants of the target market (Kotler 2004, 105). Marketing Mix called 4Ps comes from Jerry McCarthy and it sums up all the interactions between the customer and the company.

- Product – a characterization of the product or service;
- Place – where and how the product will be sold;
- Price – how much the product or service will cost;
- Promotion – how the product will be promoted.

Figure 1: Marketing Mix (own creation based on Kotler 2004, 106)



3.4.7 Management and Organization

Based on Pinson (2008, 32), this section of the business plan deals with personnel issues. It includes the company's organizational structure, information about ownership of the company, descriptions of employees and key staff or the characterizations of the company's management team. The management and staff needs to depend on the abilities of the owner, the amount of time which he/she is able to invest into the business, and the requests of the marketplace. In the case of a small business, the owners of the companies are mostly doing all of the work at the beginning. Eventually, as the business and sales increase the management and personnel needs will change as well.

3.4.8 Financial plan

A financial section is considered to be one of the most important components of the business plan, especially if the entrepreneur seeks for the investors or he/she needs to obtain a bank loan. The financial plan shall correspond with the rest of the business plan. According to Srpová (2011, 28), the financial part transforms the preceding parts into numbers. There the balance sheet, profit and loss statement, as well as cash flow and Break Even point should be mentioned.

Balance Sheet

A balance sheet is a financial statement which displays the financial status of the company. This part informs the readers about the company's total assets and liabilities. Obviously, assets mean all those owned by the company. On the contrary, liabilities show how the company finances them. In the ultimate sum that is also called net worth the assets and liabilities must be equal (Pinson 2008, 101).

Profit and loss statement

As Covello says (2006, 145), profit and loss statement demonstrates how much money the company is making or losing. In other words, it shows whether the company is profitable or unprofitable and it records the movement of cost and revenues.

Cash Flow

To put it simply, cash flow represents money which is coming in and flowing out of the business. The amount of money which comes into the firm is called income and the money which goes out is referred to as expenses. The positive cash flow arises when the income is higher than the expenses. The negative cash flow occurs when there is the opposite situation (McKeever 2010, 122). Cash flow can be calculated by two methods – direct and indirect method. In the case of the direct method the cash flow is created on the basis of all real payments (Knápková 2013, 59). Contrarily, the indirect method proceeds from annual final statement (Wöhe 2007, 680).

Break Even Point

Break Even point is the point at which the company's costs are equal to revenues which means that the company has not made any profit or loss yet. For this reason, Break Even point is also called a Zero dead point. This calculation is used when the entrepreneur wants to find out at which amount of the production the product starts to make a profit. Break Even point can be applied to homogenous and heterogeneous production.

Break Even point calculation in units based on Šiman (2010, 89):

$$\text{BEP} = \text{fixed cost} / (\text{price} - \text{variable cost})$$

3.4.9 Risks

Abrams (2010, 140-142) emphasizes that every business plan should contain the part where the entrepreneur determines risks and challenges of his/her business. Through this section, the entrepreneur shows to investors that he/she knows about the potential risks and he/she would do as much as possible in order to eliminate them. However, there is no need to

describe every possible risk. It is essential to discuss the most dangerous ones. The level of the risks could be low or high. Moreover, the risks are divided into various categories such as market risk, competitive risk, technology risk, product risk, and execution risk.

3.4.10 The Appendices

The appendix includes all the important supporting documents which back up the information presented in the previous chapters of the business plan. There are examples of documents which are commonly attached to the business plan:

- Personal Résumés of key persons
- Credit history
- Contracts
- Legal documents
- Market research results
- Work schedule
- Drawings of logos (McKeever 2010, 165)

4 CONCLUSION OF THEORETICAL PART

Firstly, the theoretical part explains the meaning of entrepreneurship. Then this part characterizes the entrepreneur and his/her qualities. This characterization is followed by the definition of enterprise and its functions. Moreover, the theoretical part describes the types of enterprise categorized on the basis of various aspects such as size of the business, legal forms or economic sectors. Each aspect is characterized in more details.

The last part of the theory characterizes the business plan, its benefits, purposes and required sections. It defines what the business plan literally is, what sections it should include and also how the plan supposed to look like. There are highlighted the most crucial parts of business plan such as description of the company, where entrepreneur describes the company, its location and main objectives. The second fundamental part of the business plan is financial plan, which shows whether the establishment of the certain business is worth it or not. Although the importance of the particular parts and structure of the business plan is defined by the purpose of the business plan.

II. ANALYSIS

5 FRONT PAGE

Figure 2: Logo of the company (own creation)



A Business Plan of a New Café

| | |
|----------------------------------|--|
| Name of the company: | kavárna |
| Legal form: | a limited liability company |
| Residence of the company: | Klásterská ulice, Jindřichův Hradec II |
| Date: | 1 May 2016 |
| Created by: | Aneta Harudová |
| Telephone: | 797991114 |
| Email: | anet.ha@hotmail.com |
| Address of the creator: | Palackého 701, Kardašova Řečice 378 21 |

6 EXECUTIVE SUMMARY

The description of the company and products:

KavÁrna is a limited liability company established by Aneta Harudová. The café is located in Jindřichův Hradec. The main goal of kavÁrna is to offer high-quality gourmet coffee prepared by trained baristas. Besides coffee, the customers could also try fresh homemade lemonades or other non-alcoholic and alcoholic drinks. On the top of that, kavÁrna offers delicious sweet & salty muffins or ciabattas.

The competition:

According to the questionnaire, there are four main competitors in the location of our café. However, the vast majority of the competitors is oriented to different target market and none of them has a trained and enthusiastic team of employees which reflects on the service and the quality of served coffee.

The objectives of the company:

As has already been mentioned, the main objective of kavÁrna is to serve cups of good coffee in the cozy and friendly environment. Another objective of kavÁrna is to encourage people to buy keep-cups or other to go cups in order to reduce usage of disposable cups which creates a shocking amount of waste.

Financial plan:

Start-up's expenses are going to be covered by the owner's savings, the money from her building society account, and a loan from the family. In the financial plan presented in the second half of the business plan, it is clear that kavÁrna can successfully operate and make profit. However, the owner needs to make sure that a sufficient number of customers visit the café every month otherwise it may not end up well for the café.

The registered capital of the company:

| | |
|----------------------------------|------------------|
| The owner's savings: | 50 000,- |
| Loan from the family: | 100 000,- |
| <u>Building society account:</u> | <u>150 000,-</u> |
| Total: | 300 000,- |

7 THE DESCRIPTION OF THE COMPANY

This section includes the description of the legal form of KavÁrna, location, main vision, key objectives of company, and opening hours.

7.1 Legal form

KavÁrna is a limited liability company owned by a natural person – Aneta Harudová. An entrepreneur meets the general conditions for the conduction of trade license – legal capacity, legal integrity, and the age over 18. In the case of this legal form, having a professional competence is necessary for the establishment of the company. The owner does not need education or professional experience. Therefore, the company must make a treat with a responsible representative. The responsible representative is a part-time worker Matěj Miláček who has graduated from the Hotel school and also has a culinary certificate. The amount of the registered capital of the company is 300 000 CZK.

7.2 Location

The café is located in the city center of the owner's home town Jindřichův Hradec. Jindřichův Hradec has been chosen because it is a lovely town which is, especially during the summer, filled with tourists. In the view of the fact that kavÁrna would be a student-centered café, it is very convenient that the café is located close to several secondary schools and the Faculty of Management, which is the only faculty of University of Economic in Prague located separately from the others.

7.3 Main vision

In particular, we would like to create a cozy place perfect for meeting friends, listening to good music or reading a book. The second goal of the café is to raise the quality of the offered coffee in Jindřichův Hradec. KavÁrna is determined to become a place where every coffee lover would go in the morning to pick up his or her first cup of coffee. This means that we would like to "teach" our customers to come in the morning and buy a coffee to go.

7.4 Key objectives of the company

- finding loyal customers
- maximization of our customers' satisfaction

- professional and well-trained staff
- good relationship with suppliers and other business partners

7.5 Opening hours

Since we would like to offer coffee to our customers before they go to work or school it is necessary to be opened from early morning. However, the opening hours might change especially during the summer. We will probably ask our customers what they think about our opening hours. In case that most of the asked people have some negative comments the team of kavárna will come up with a different schedule.

Table 1: Opening hours (own creation)

| | |
|------------------------|------------------|
| Monday - Friday | 6 – 18 h |
| Saturday | 10 – 20 h |
| Sunday | 13 – 18 h |

8 DESCRIPTION OF PRODUCT

KavÁrna offers coffee, homemade lemonades and other non-alcoholic and alcoholic drinks, desserts, sweet & salty muffins, ciabattas etc. Moreover, keep-cups and other to go cups are going to be sold.

8.1 Coffee

The coffee Gaetano Daneli served in kavÁrna consists of five types of Arabica. The coffee blend is made up mostly of the Arabica beans, which grow in the Central America-Costa Rica, then also from the beans coming from India and Kenya. Roasting brings out the fruity aroma and slightly dark-chocolate flavor. Our supplier of coffee is Gaetano s. r. o. The owner really cares about the quality of coffee which means that coffee will be always prepared from fresh coffee beans distributed directly from the roaster in Kamenice nad Lipou. Then baristas mill them using coffee grinder. Coffee is served in quality cups with the company's logo. The customers will have an option to make choice between skimmed, semi-skimmed or whole milk and they can also choose soya milk.

8.2 Drinks

Besides, the coffee customers can order other hot drinks such as Italian hot chocolate, chai latte, homemade baked tea, ginger tea, mint tea, grog, and mulled wine. Then the offer also includes refreshing drinks, for example pure tap water, tap water with lemon or mint, soda water, homemade lemonade, ice tea, and Kofola. Moreover, kavÁrna offers wine from the local supplier Kubín and other alcoholic drinks such as Tuzemák Jindřichohradecký - rum, eggnog, baileys, and Jack Daniel's whisky.

8.3 Sweet & Salty muffins

The sweet and salty muffins are homemade. Different tastes of muffins are going to be offered every day, for instance, apple pie muffins, blueberry muffins, vanilla muffins, nutella muffins, cheese and spinach muffins, zucchini muffins, bacon and cheddar muffins, Jalapeño cheddar cheese muffins and others.

8.4 Ciabattas

In addition kavárna would offer ciabattas. The baked goods will come from our supplier Pekařství Velíšek. Then I would prepare the rest myself. There will be two main types of ciabattas - with basil, tomato and mozzarella or with pesto, prosciutto, dried tomatoes, and rocket salad.

8.5 To go coffee cups

Since kavárna would like to support "zero waste" lifestyle at least a bit, customers could buy café in durable to go coffee cups. This means that instead of getting coffee in a disposable cup people would buy their own cup which they can use multiple times. On the top of that, keep-cups, which are going to be sold in the café, are first barista-standard reusable coffee cups. 'Barista standard' means that the cups have standard takeaway sizes that fit under the most of the group heads of espresso machines.

9 MARKET ANALYSIS

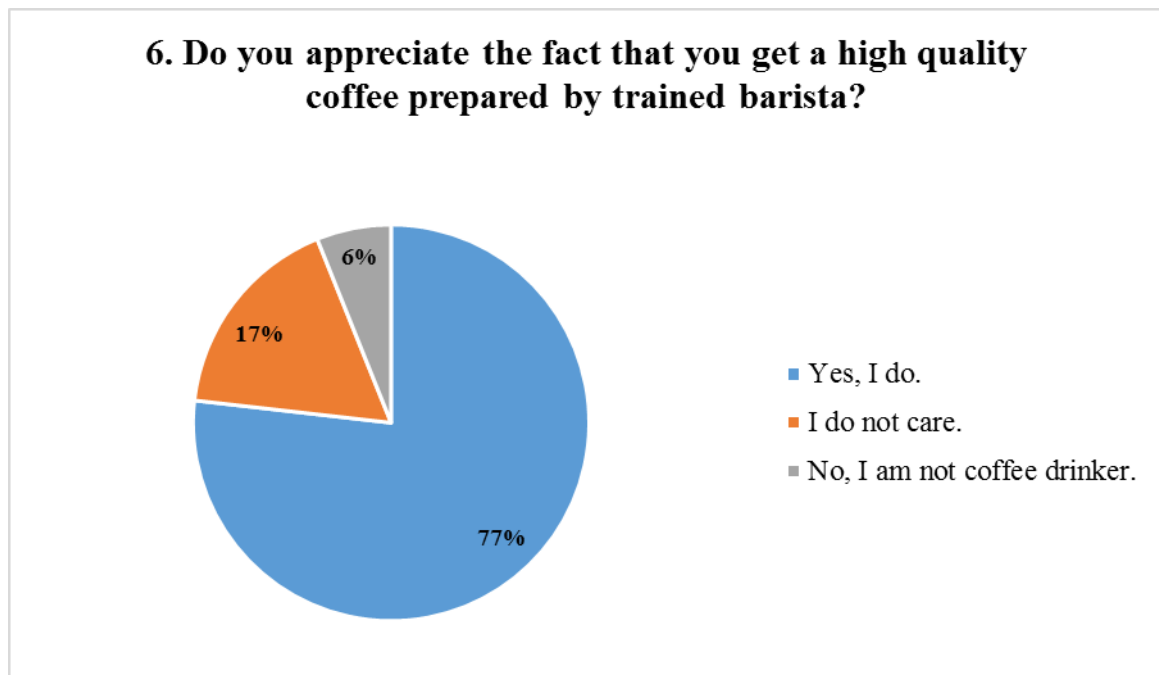
Market research is based on an online questionnaire. A total amount of respondents was 163. The research helped the owner to find out data about market, possible revenues, and information about the competition.

9.1 Market

Česká Televize states on its website that in 2013 the Czechs broke the record in the consumption of coffee. This year, more than 2 500 new cafés have been opened and in the past ten years the total number of cafés in the Czech Republic has doubled. On the Czech market, international café chains dominate. Many entrepreneurs agree that running a café is far from easy. The café market thickens up and Czech customers still probably focus more on the environment of the café than on the quality of coffee (Hrubá 2014, 27).

On the other hand, according to Eva Kulhánková (Mediaguru.cz 2014) from Costa Coffee, in general Czechs are slowly becoming to be more interested in coffee even from a professional point of view. As you can see in the figure 3, the responses to the question "Do you appreciate the fact that you get a high quality coffee prepared by trained barista?" just confirm what has been said by Ms Kulhánková because the vast majority of respondents answered "Yes, I do."

Figure 3: Customer's opinion about high quality coffee and service (own creation)



People usually get new information about the coffee in specialized cafés, restaurants and shops, Czech roasters or they attend coffee courses and barista competitions or coffee competitions for general public. To sum it up, the Czech café market is growing which brings some negative things with it, such as a growth of competition. However, it seems that the Czechs are becoming coffee gourmets, which is an advantage for our café because we are going to be oriented to coffee lovers (Hrubá 2014, 25-27).

9.2 Target market

The target customers of kavárna are residents of Jindřichův Hradec, surrounding villages and towns. Naturally, kavárna will also focus on tourists, because Jindřichův Hradec is a very frequently visited place. However, as I have already said in the description of the company, kavárna would concentrate mainly on students. One of the reasons is that the staff of kavárna is young. The main reason is that kavárna is located close to several secondary schools and the Faculty of Management. The café can be also visited by people working in the banks and offices located in the café's vicinity.

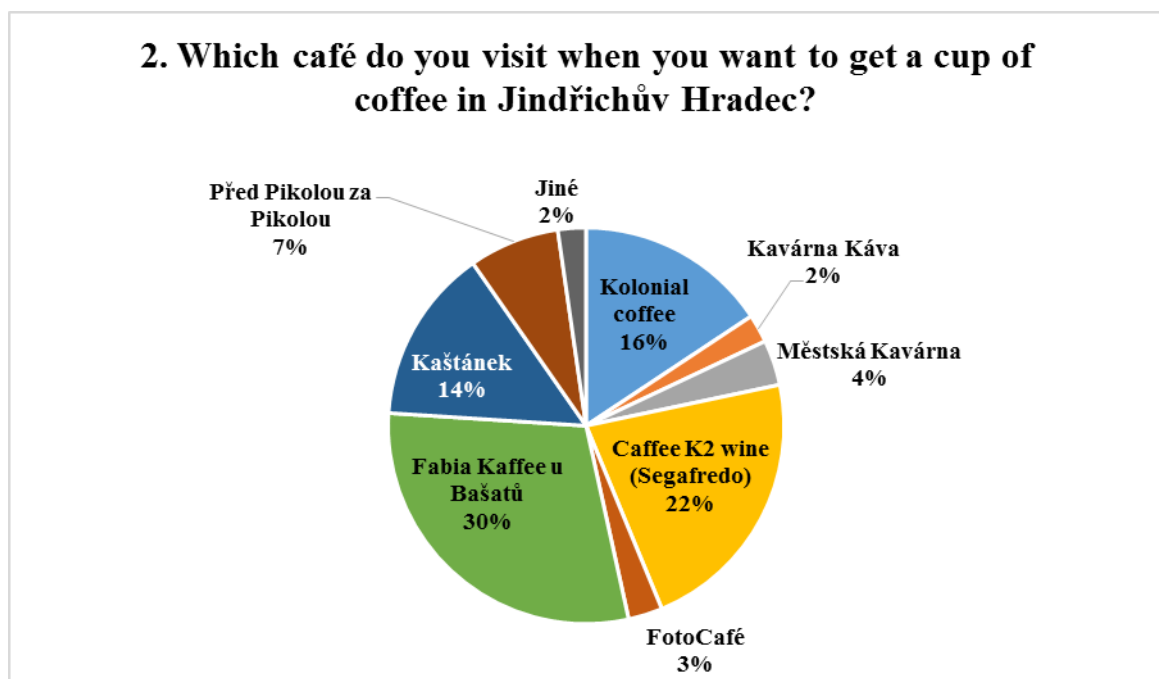
On working days, kavárna would open quite early in order to sell take-away coffee and breakfast to the customers on their way to school or work. Such early morning service is offered by only one café in Jindřichův Hradec and, as you can see in the graph included in appendices, more than half of the respondents buy take-away coffee. Therefore, offering this type of service might be a key to success. Based on the questionnaire, 62 % of respondents prefer non-smoking cafés and restaurants. For this reason, kavárna is going to be smoke-free. However, it does not mean that our customers cannot be smokers. They can always go outside to enjoy their cigarette. For more details look in the appendices section.

9.3 Competition

Based on the questionnaire, there are four main competitors located in Jindřichův Hradec. First of them is Fabia Kaffee u Bašatů, a café that is probably the most visited one in this location. Its main advantage is that the café is located in Panská Street - probably the busiest shopping street in Jindřichův Hradec. The café's main disadvantage is that most of its staff is untrained and not enthusiastic about the work, which of course reflects on service and quality of served coffee. Next competitor is Cafe K2 Vine. This café is also located right in the city center. It used to have a different name – Segafredo and as could be seen from the questionnaire not everyone knows the café's new name. The interior is

modern but rather dark. Another competitor is Kaštánek, which represents a classic Czech confectioner. The interior of Kaštánek is quite old-school and they have problems with employee fluctuation. The last of the competitors is Kolonial Coffee. The interior of this café is cozy and they roast their own coffee beans directly at the café. The café has a special section for children, where they can play. This could be seen as an advantage for mothers but also as a disadvantage for people who want to enjoy their coffee in a calm place. Moreover, they have terrible restrooms. In the following figure 4 you can see in greater detail which café people usually visit when they want to get a cup of coffee.

Figure 4: Competition (own creation)



9.4 Suppliers

The supplier of coffee is Mr. Sýkora, who owns company Gaetano s. r. o. He is a true professional who really takes care of the quality of coffee, for instance, he regularly visits the plantation of green coffee and controls the harvesting process. Additionally, Mr. Sýkora is a popular and respected coffee connoisseur even at an international level. Then the green beans of coffee need to be roasted. Kavárna cooperates with Pražírna Kávy, k. s. from Strmilov. A supplier of wine is Mr. Kubín – Vinotéka Vinný sklep. The other suppliers are mentioned in the tables below.

Table 2: Suppliers (own creation)

| Supplier | Characteristics |
|---|---------------------------------|
| Gaetano s. r. o. | Coffee beans |
| Pražírna Kávy, k. s. | Roasted coffee |
| Vinotéka Vinný sklep | Wine |
| Kofola a. s. | Cold drinks |
| Fruko-Schulz s. r. o. | Rum – Tuzemák jindřichohradecký |
| MAKRO Cash & Carry ČR s.r.o. and local farmers | Groceries and drinks |

In the following table there is all the equipment that we need to buy before we start to operate our café. All equipment will be paid via online bank transfer.

Table 3: Suppliers of equipment (own creation)

| Supplier | Characteristics |
|--|---|
| Angločeská s. r. o. | Detergents, toiletries, napkins, etc. |
| Mugs s. r. o., Keepcup.cz | Cups, mugs, to-go cups |
| Ikea ČR s. r. o., NANU-NANA | Furniture and decoration |
| A.W.I.S. Správa, systémy s. r. o. | Digital cashier (tablet + mobile printer) |
| Kavovary.cz | Espresso machine |
| | Equipment for baristas |
| | Hot chocolate maker |
| Kasa.cz | Kitchen equipment |
| | Fridge |
| | Show case for drinks |
| | Wine Cooler |
| CZC.cz | Wifi router |
| | Gramophone |

10 MARKETING PLAN

The marketing plan includes a SWOT analysis of kavárna and also ideas how to promote the business and information about the prices of products are mentioned.

10.1 SWOT analysis

Figure 5: SWOT analysis of kavárna (own creation)



A number-one priority of the café is to have a well-trained staff. Thanks to trained and motivated staff the customers will get delicious and high quality coffee served with a smile. Additional strength of the café is that the supplier and the roaster have been carefully chosen. This means that they always deliver the best coffee. In order to serve fresh coffee, the team of the café makes sure that roasted beans are not in storehouse longer than they supposed to be. In addition, there are several parking spaces and one parking lot around the café. Being new on the market belongs to the weaknesses, which always brings risks. Moreover, the café does not have any customer base and the owner does not have any experience with running a business.

The opportunities are for example the ability to expand the business and broaden the target market. The opportunity could be also today's growing niche of coffee drinkers. The biggest threat is the competition. The threat could be also the winter season when there will be fewer tourists. And of course price fluctuation of coffee beans can really jeopardize the business.

10.2 Price

The price of the product which kavárna offers will be based on the prices of the competitors. The owner will compare prices of her competitors, who offer similar products than she will set the prices. But it is also important to remember that the price must cover the cost and profit.

10.3 Promotion

The competition in Jindřichův Hradec is quite high so it is important for kavárna to focus on promotion and stand out from the crowd. The promotion would probably start two weeks before opening. Kavárna chooses these promotional elements: social media, printed media, websites, word of mouth, loyalty cards, time based special offers, and promotional boards outside.

10.3.1 Social media

Using social media for a promotion can help small businesses to get into the people's consciousness and thus reach more customers. For this reason, the owner decides to create Facebook page and Instagram account. The Facebook page would provide information about the opening hours, product and prices, location of the café, and contact information. As it is said, "the picture is worth more than thousands words." (digital.co.uk 2015) This is the reason why we also decide to join Instagram. What else could possibly persuade people to visit our café than a picture of a great cappuccino and a lovely looking blueberry muffin?

10.3.2 Printed media

The promotion of kavárna will be also done via printed media such as Jindřichohradecký deník and měsíčník Neon. The owner will also print small leaflets, which will be spread to nearby shops and mailboxes.

10.3.3 Websites

In addition, kavárna will be promoted through website HRADECŽIJE.CZ. There is a special section focusing just on cafés located in Jindřichův Hradec.

10.3.4 Word of mouth

The owner and also the employees have friends in Jindřichův Hradec who are excited about the opening of a new café. Therefore, they will support our café on Facebook or Instagram and also by spreading positive information among their friends and families. Hopefully, the word of mouth will be also spread spontaneously by our satisfied customers.

10.3.5 Loyalty cards and time based special offer

Some of the rival cafés offer loyalty cards – get the 8th coffee for free. I have decided to make it more special and offer the 6th coffee for free. This may result in a higher return of our customers. Furthermore, kavárna will make Monday morning more pleasant for its customers as the take-away coffees will be charged for smaller price.

10.3.6 Promotion boards outside

The easiest thing that can be done for the promotion is putting boards outside of café and writing promotional signs advertising delicious coffee on them. It is also important to keep the outside of the café clean and nice.

11 ORGANIZATIONAL PLAN

As has already been mentioned in previous sections, one of the main goals of the café is to have trained staff. Every employee should first go through barista-training program under the tutelage of Petra Veselá (twice Czech champion in coffee brewing). I also make sure that my employees are enthusiastic about their work. That is why I try to train my employees in motivating and funny way. Two employees have a full-time job and there is one part-time job employee. During the summer I may hire more part-time job workers.

Table 4: The staff of kavárna (own creation)

| | | |
|---------------------------------------|------------------------------------|---------------|
| The owner/barista/cashier | Aneta Harudová 11 December 1992 | full time job |
| Barista/cashier | Jana Vrzalová 27 January 1993 | full time job |
| The responsible representative | Matěj Miláček 3 May 1996 | part time job |
| Barista/cashier | student | |

12 FINANCIAL PLAN

The financial plan helps to define the amount of investments needed in order to set up and operate the business. This part includes start-up sheet, start-up budget, costs, revenues, and profit.

A balance sheet is a financial statement which displays the financial status of the company. This part informs the readers about the company's total assets and liabilities. Obviously, assets represent all the assets owned by company. On the contrary, liabilities show how the company finances them. In the ultimate sum that is also called net worth, the assets and liabilities must be equal.

12.1 Start-up balance sheet

The financial plan of kavárna begins with a start-up balance sheet which describes the assets and the liabilities immediately after establishment of the company. The registered capital which represents the main source of capital is covered by the owner's savings, building society account, and loan from the family. The owner will invest 300 000 CZK altogether into the company. The assets need to be on a par with liabilities.

Table 5: The Start-up balance sheet (own creation)

| Start-up balance sheet in CZK | | | |
|--------------------------------------|----------------|----------------------------|----------------|
| Assets | | Liabilities | |
| Long term assets | 90 000 | Equity | 300 000 |
| Fixed assets | 90 000 | Registered capital | 300 000 |
| Current assets | 210 000 | Current liabilities | 0 |
| Inventory | 0 | | |
| Cash | 5 000 | | |
| Bank account | 205 000 | | |
| Total | 300 000 | Total | 300 000 |

12.2 Initial cost associated with foundation

As you can see in the table 3, vast majority of the registered capital will cover the initial cost associated with the foundation of the café. The high amount of money will be invested into the long-term assets. Since the café wants to have a successful start, the owner needs

to invest some money in the promotion. Moreover, there are the fees which the entrepreneur needs to pay during the process of the company's foundation as well as the barista-training course and promotion covered by money deposited in the bank account

Table 6: Initial cost associate with foundation (own creation)

| Initial cost associate with foundation in CZK | |
|--|----------------|
| Long term assets – espresso machine | 90 000 |
| Machines and equipment | 109 300 |
| Promotion | 2 500 |
| Baristas training course | 10 000 |
| Foundation of company (trade licence, fees) | 11 400 |
| Total | 223 200 |

Table 7: Machines and equipment (own creation)

| Characteristic | Price (CZK) |
|---|--------------------|
| Coffee grinder | 8 000 |
| Equipment for baristas | 4 500 |
| Hot chocolate maker | 10 000 |
| Kitchen equipment | 20 000 |
| Furniture and decoration | 35 000 |
| Fridge | 8 000 |
| Show case for drinks | 10 000 |
| Wine Cooler | 3 000 |
| Digital cashier (tablet + mobile printer) | 9 000 |
| Wifi router | 500 |
| Gramophone | 1 300 |
| Total | 109 300 |

12.3 Operating expenses

The operating expenses are the cost associated with the running of the café. As you can see in the table 5, the operating expenses include energy consumption, business insurance or the monthly fee charged for internet connection and telephone.

Table 8: Operating expenses (own creation)

| Operating expenses in CZK | | |
|----------------------------------|------------------|-----------------|
| Characteristics | per month | per year |
| Rent | 8 000 | 96 000 |
| Energy consumption | 4 000 | 48 000 |
| Insurance | 500 | 3 600 |
| Internet and telephone | 250 | 3 000 |
| Total | 12 750 | 150 600 |

12.4 Salaries and insurance

As has already been mentioned in the operational plan the café has three employees. Two of them are full time workers. Their salary per month is going to be 18 000 CZK. The third member of staff is a part-time job worker and his salary is going to be 4 000 CZK per month. Moreover, the employees will share received tips equally. The café must pay the social and health insurance for both full time job workers. There is no need to pay the insurance for the part time job worker because he is a student and he does not earn more than 10 000 CZK.

Table 9: Salaries and insurance (own creation)

| Salaries and insurance in CZK | | | | | |
|--------------------------------------|-----------------------|------------------------------|----------------------------|---|----------------------|
| Characteristics | Average salary | Social insurance 25 % | Health insurance 9% | Salary + Social and Health insurance | Annual salary |
| Full time job 2x | 36 000 | 9 000 | 3 240 | 48 240 | 578 880 |
| Part time job | 4 000 | 0 | 0 | 4 000 | 48 000 |
| Total | 40 000 | 9 000 | 3 240 | 52 240 | 626 880 |

12.5 Total cost

The table 10 summarizes all the expenses of the café for the first six months. Naturally, the initial cost associated with foundation of company requires the largest amount of money. The regular monthly cost is divided into two categories – fixed and variable cost. The fixed cost such as operating cost and salaries and insurance for the staff need to be paid even if there is no production. On the other hand, variable cost which is represented by the inventory depends on the size of production. So the different amounts of variable cost form three perspectives – optimistic, realistic and pessimistic.

Table 10: The total cost (own creation)

| Total cost in CZK | | | | | | |
|--|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| Initial cost associated with foundation | 223 200 | | | | | |
| | <i>1st month</i> | <i>2nd month</i> | <i>3rd month</i> | <i>4th month</i> | <i>5th month</i> | <i>6th month</i> |
| Fixed cost | 64 990 | 64 990 | 64 990 | 64 990 | 64 990 | 64 990 |
| Operating cost | 12 750 | 12 750 | 12 750 | 12 750 | 12 750 | 12 750 |
| Salaries and insurance | 52 240 | 52 240 | 52 240 | 52 240 | 52 240 | 52 240 |
| Variable cost | | | | | | |
| Inventory optimistic | 50 000 | 15 000 | 15 000 | 20 000 | 15 000 | 20 000 |
| Inventory realistic | 50 000 | 12 000 | 12 000 | 17 000 | 12 000 | 17 000 |
| Inventory pessimistic | 50 000 | 10 000 | 10 000 | 13 000 | 10 000 | 13 000 |
| Total optimistic | 114 990 | 79 990 | 79 990 | 84 990 | 79 990 | 84 990 |
| Total realistic | 114 990 | 76 990 | 76 990 | 81 990 | 76 990 | 81 990 |
| Total pessimistic | 114 990 | 74 990 | 74 990 | 77 990 | 74 990 | 77 990 |

12.6 Revenues

The revenues are calculated on the basis of the questionnaire. There were the questions: “How much do you spend on an average café visit?” Each respondent wrote his or her own amount of money. You can see the results of the questionnaire in the following table 11 and the calculation of the revenues per average café visit in the table 12.

Table 11: Revenues (own creation)

| 5. How much do you spend on an average café visit? | | |
|---|-------------------------|---------------------|
| Amount of money in CZK | Number of people | CZK x people |
| 0 | 1 | 0 |
| 20 | 1 | 20 |
| 35 | 3 | 105 |
| 40 | 6 | 240 |
| 45 | 1 | 45 |
| 50 | 19 | 950 |
| 55 | 4 | 220 |
| 60 | 18 | 1080 |

| | | |
|--------------|------------|---------------|
| 65 | 6 | 390 |
| 70 | 17 | 1190 |
| 75 | 5 | 375 |
| 80 | 31 | 2480 |
| 85 | 6 | 510 |
| 90 | 14 | 1260 |
| 95 | 1 | 95 |
| 100 | 17 | 1700 |
| 110 | 1 | 110 |
| 120 | 2 | 240 |
| 130 | 3 | 390 |
| 150 | 4 | 600 |
| 200 | 3 | 600 |
| Total | 163 | 12 600 |

Table 12: Revenues per visit (own creation)

| Revenues per visit in CZK | | |
|-----------------------------|---------------------------------|------------------------------------|
| Respondents in total | CZK per person per visit | $12\,600/163 =$ |
| 163 | 12 600 | $77,30061 \doteq \mathbf{80\ CZK}$ |

The revenues are then calculated from three different points of view – optimistic, realistic, and pessimistic. First of all, it is important to set an average number of customers who will visit our café every day. Naturally, each point of view has a different number. As we found out in the questionnaire, the regular customer spends approximately 80 CZK per visit. All of this information was used in the calculation of rough revenues of kavárna portrayed in following table 13.

Table 13: Revenues in total (own creation)

| Revenues in CZK | | | |
|--------------------|---------------------|----------------|------------------|
| | Number of customers | Revenues | |
| | | <i>per day</i> | <i>per month</i> |
| Optimistic | 50 | 4 000 | 120 000 |
| Realistic | 40 | 3 200 | 96 000 |
| Pessimistic | 30 | 2 400 | 72 000 |

The calculation from the optimistic point of view shows optimistic numbers. If the café is visited by 50 customers per day, it will be really successful. I do not think that it is

impossible. If the café has a successful marketing strategy and it especially promotes the offer of take-away coffee and breakfast in the morning, the number of the customers per day can even get higher.

Table 14: The optimistic estimate (own creation)

| Optimistic in CZK | | | | | | |
|--------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| | <i>1st month</i> | <i>2nd month</i> | <i>3rd month</i> | <i>4th month</i> | <i>5th month</i> | <i>6th month</i> |
| Revenues | 120 000 | 120 000 | 120 000 | 120 000 | 120 000 | 120 000 |
| Cost | 114 990 | 79 990 | 79 990 | 84 990 | 79 990 | 84 990 |
| Profit/Loss | 5 010 | 40 010 | 40 010 | 35 010 | 40 010 | 35 010 |

The calculation from the realistic point of view does not show a really high profit. It is still good, however. I think that the amount of customers per day is realistic and when I asked employees working in the competitor's cafés they agreed and said that usually around 35-45 people visit the café per day.

Table 15: The realistic estimate (own creation)

| Realistic in CZK | | | | | | |
|-------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| | <i>1st month</i> | <i>2nd month</i> | <i>3rd month</i> | <i>4th month</i> | <i>5th month</i> | <i>6th month</i> |
| Revenues | 96 000 | 96 000 | 96 000 | 96 000 | 96 000 | 96 000 |
| Cost | 114 990 | 76 990 | 76 990 | 81 990 | 76 990 | 81 990 |
| Profit/Loss | - 18 990 | 19 010 | 19 010 | 14 010 | 19 010 | 14 010 |

In the pessimistic point of view, the company does not make any profit but a loss instead. To make sure that this will not happen, the owner must make sure that the café is promoted well and it needs to listen to its customers and try to meet their needs and wants.

Table 16: The pessimistic estimate (own creation)

| Pessimistic in CZK | | | | | | |
|---------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| | <i>1st month</i> | <i>2nd month</i> | <i>3rd month</i> | <i>4th month</i> | <i>5th month</i> | <i>6th month</i> |
| Revenues | 72 000 | 72 000 | 72 000 | 72 000 | 72 000 | 72 000 |
| Cost | 114 990 | 74 990 | 74 990 | 77 990 | 74 990 | 77 990 |
| Profit/Loss | - 42 990 | - 2 990 | - 2990 | - 5 990 | - 2 990 | - 5 990 |

The preceding tables 14, 15, 16 show the calculations of the optimistic, realistic, and pessimistic point of views. The cost in realistic and pessimistic estimates is modified because the production will get lower so that the variable cost changes. The low profit or loss in the first month is caused by the large purchase of inventory which is all right. To conclude, the calculations imply that the café can effectively operate and make a profit but the owner needs to make sure that enough customers will visit the café every month otherwise it may not end up well for the café.

13 THE RISKS

Establishing a new company is always risky. The biggest risk is that the company may fail, go bankrupt, and then the owner will be in a very bad financial situation. The owner will try to avoid the dire scenario by making sure that she and her team knows the biggest risks of kavárna and by planning how to lower them or get rid of them completely.

13.1 Internal risks

Wrong choice of employees – there is always a possibility that the entrepreneur chooses wrong staff. On the other hand, the employees of kavárna were chosen carefully on the basis of their experience, skills, and personal qualities therefore this situation is not likely to happen.

Problems with suppliers – Company is reliant on delivery of fresh roasted coffee. For this reason, the owner has decided to find some other roasters located close to Jindřichův Hradec for the sake of having a backup plan if anything should happen.

Damage to property – Nobody knows what can happen. Therefore, the owner plans to insure the company in order to keep her business operating, whatever lies ahead. The company will definitely insure the property and equipment of the café against burglary, vandalism, and natural disaster.

13.2 External risks

Raising prices of products – If the supplier raises the price, kavárna will react to that by adjusting its prices.

Low customer attendance – The company will use a strong marketing strategy to avoid low customer attendance. In case of any problem with customer attendance, the owner will place coffee feedback cards on tables through which customers can share their honest opinion about the coffee and café itself with the staff.

Legal factors – The state may pass a law which would make it more complicated for entrepreneur to run the business. The owner must keep up with new laws and make sure that the café is prepared for them.

14 APPENDICES

The appendix include these documents:

- CV of the founder
- The development of the logo of company

CONCLUSION

The purpose of my bachelor thesis was a creation of a business plan for a new café. The business plan was written on the basis of the theoretical part with the help of literature, internet and my own knowledge. The beginning of the theoretical part explains the meaning of an entrepreneurship, an entrepreneur, and an enterprise. Then the theoretical section deals with the business plan. Requirements of the business plan, its functions, strategies, structure, objectives and financial and marketing plan are defined there.

The main part of this thesis is practical which elaborates on the business plan. The main purpose of this business plan is to serve as a guide for the owner of a new business. The plan primarily describes the major parts of the business plan such as market research, marketing, and financial plan.

The market research done through questionnaires has helped to define the target customers of café, possible revenues, and information about the competitors. Marketing plan focuses on different kinds of promotion. I plan to promote my company mainly through the social media. Furthermore, the marketing plan also deals with the crucial element of business - customer care. Kavárna will offer loyalty cards and time-based special offer to our customers in order to increase the return and satisfaction of our customers. Based on the financial plan, the total amount of money invested in the business by the owner is 300 000 CZK. The financial plan in combination with compiled reports has shown that kavárna could become a successful and profitable café in Jindřichův Hradec. In the abstract I mentioned that the main objective of this bachelor thesis is to figure out whether the idea of establishing kavárna is feasible. The result is that the business idea is viable.

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LIST OF ABBREVIATIONS

| | |
|------------------|-------------------------------------|
| a. s. | akciová společnost |
| akc. spol. | akciová společnost |
| BEP | break even point |
| CV | curriculum vitae |
| EEIG | European Economic Interest Grouping |
| k. s. | komanditní společnost |
| kom. spol. | komanditní společnost |
| s. r. o. | společnost s ručením omezeným |
| spol. s. r. o. | společnost s ručením omezeným |
| v. o. s. | veřejná obchodní společnost |
| veř. obch. spol. | veřejná obchodní společnost |

APPENDICES

P I Curriculum vitae of a founder

P II The development of logo

P III The questionnaire

P IV The results of questionnaire

APPENDIX P I: CURRICULUM VITAE OF A FOUNDER:

Aneta Harudová



Date of Birth:

11. 12. 1992

Address:

Palackého 701, Kardašova Řečice, 378 21, Czech Republic

Cellphone:

+420 797 991 114

Email:

anet.ha@hotmail.com

Education:

2013 – 2016

Tomas Bata University in Zlín, Czech Republic – English for Business Administration

Summer semester 2015

Technische Universität Chemnitz - Erasmus+ program

2008 – 2013

Obchodní Akademie T. G. Masaryka v Jindřichově Hradci, Czech Republic – Business school

2010 – 2011

Waco High School, Texas, USA – a student exchange program

Experience

November 2015 – March 2016

Telephonist, Českomoravská stavební spořitelna, Zlín – contacting clients on the phone and arranging meetings with financial advisors

Winter semester 2015 – Summer semester 2016

Buddy system Zlín – organizing trips, events and helping international students to adjust in Zlín

Fall 2014

Academic internship in SAB Finance a. s - revision and proofreading of their website in English

April 2014 – August 2014

Shop Assistant in Kaufland, Jindřichův Hradec, Czech Republic

July 2008 – 2014

Camp Leader – Activity Counselor, LT Střelnice UDUORP ITORP, Czech Republic

Skills & Abilities

- Intermediate knowledge of Microsoft Office (Word, Excel, Power Point)
- Economic system Money S3 – Certificate (May 2013)
- Driving license – group B
- Presentation skills and strong communication skills
- Flexible
- Work effectively both as a team member or an individual
- Optimistic and willing to learn new things

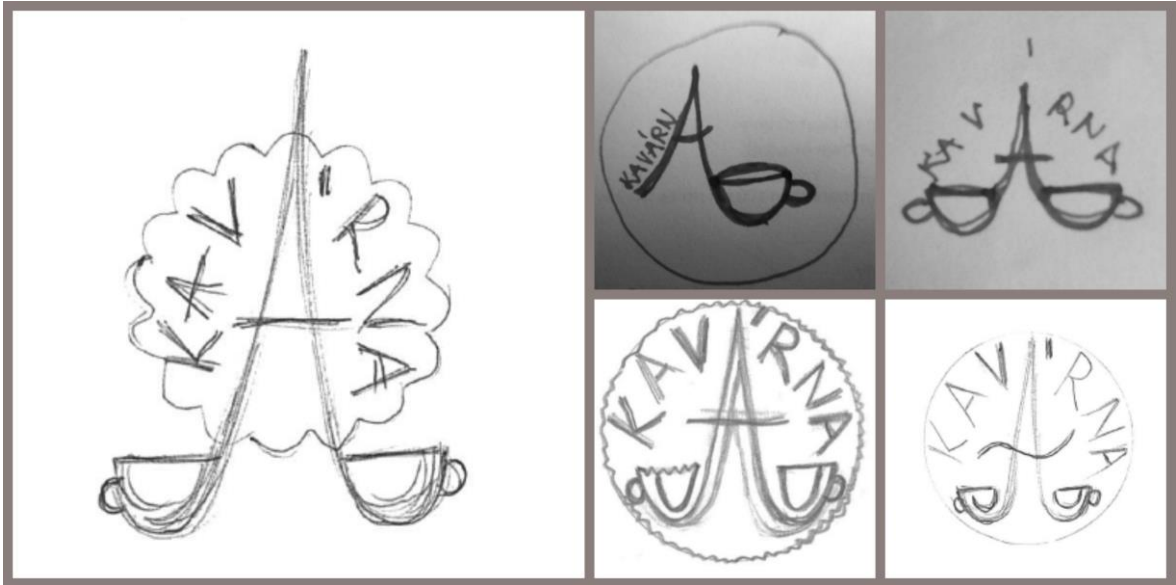
Languages

- **Czech** - native
- **English** - First Certificate in English (December 2012)
- **German** – beginner
- **Russian** – beginner

Interests and Activities

- Traveling
- Reading (crime novels, fantasy novels)
- Jogging and hiking

APPENDIX P II: THE DEVELOPMENT OF LOGO



APPENDIX P IV: THE QUESTIONNAIRE

Průzkum trhu – kavárny v Jindřichově Hradci

Dobrý den,

Jmenuji se Aneta Harudová a jsem studentkou Univerzity Tomáše Bati ve Zlíně. Cílem mé bakalářské práce je vypracovat podnikatelský plán zaměřený na otevření nové kavárny v mém rodném městě a to Jindřichově Hradci. Jednalo by se o nekuřáckou, moderní a osobitou kavárnu v centru města. Hlavním cílem je podávat zákazníkům kvalitní kávu, vařenou s nejvyšší pečlivostí našimi odborně proškolenými baristy. Dále si u nás můžete vychutnat domácí limonády či jiné nealkoholické, ale i alkoholické nápoje. Třešničkou na dortu naší nabídky jsou s láskou dělané vynikající dezerty.

Prosím o vyplnění krátkého dotazníku. Děkuji za pomoc a Váš čas.

Aneta

1. Preferujete raději kuřáckou či nekuřáckou kavárnu?

- Nekouřím, proto preferuji nekuřáckou kavárnu.
- Jsem kuřák, přesto raději chodím do nekuřácké kavárny.
- U kávy si rád/a zapálím cigaretu, proto raději chodím do kuřácké kavárny.
- Je mi to jedno.

2. Kam nejčastěji v Jindřichově Hradci chodíte na kávu?

- Kolonial coffee
- Kavárna Káva
- Městská Kavárna
- Caffee K2 wine
- FotoCafé
- Fabia Kaffee u Bašatů
- Kaštánek
- jiná

3. Jaké nápoje si převážně v kavárně kupujete?

- espresso, espresso lungo, espresso amerikano
- cappuccino, café latte, latte macchiato
- ledovou kávu
- tureckou kávu
- horkou čokoládu
- čaj nebo jiné horké nápoje
- jiné

4. Jak často si kupujete kávu s sebou?

- často
- občas
- málokdy
- nikdy

5. Kolik Kč průměrně za měsíc utratíte v kavárnách?

napište vlastní názor:

6. Oceníte kvalitní kávu připravenou proškolenými baristy?

- Ano, rád/a si vychutnám kvalitní kávu.
- Je mi jedno, vypiji cokoliv.
- Ne, kávu nepiji.

7. Pohlaví :

- muž
- žena

8. Věk:

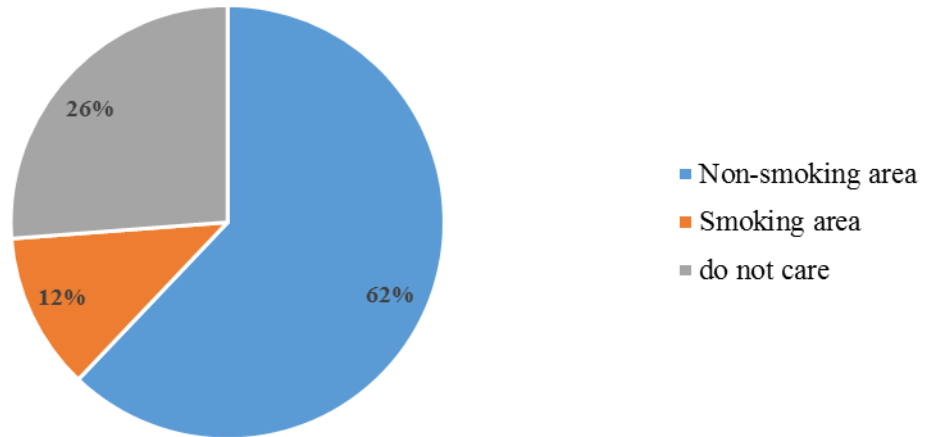
- 17 let a méně
- 18 – 25 let
- 26 – 35 let
- 36 – 45 let
- 46 – 55 let
- 56 let a více

9. Váš statut je:

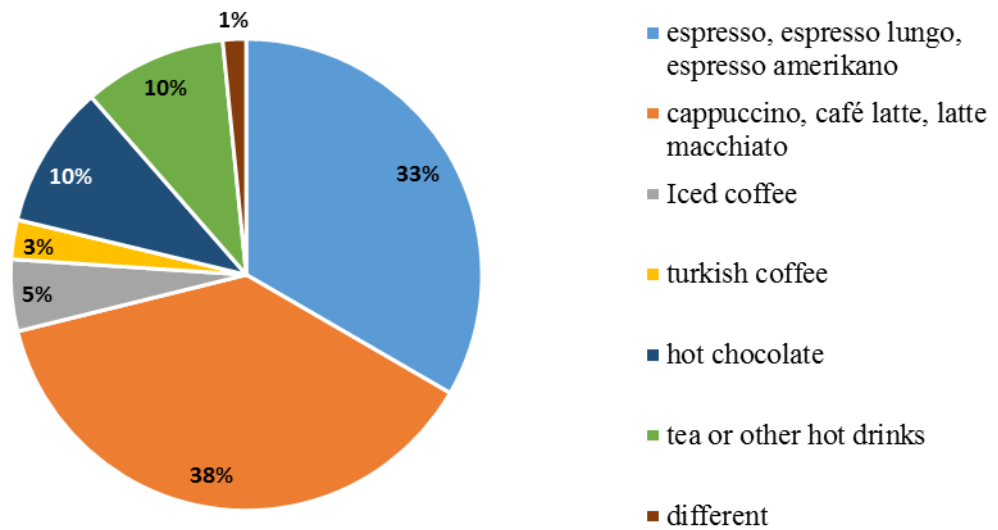
- student
- pracující
- důchodce
- jiné

APPENDIX P V: THE RESULTS OF QUESTIONNAIRE

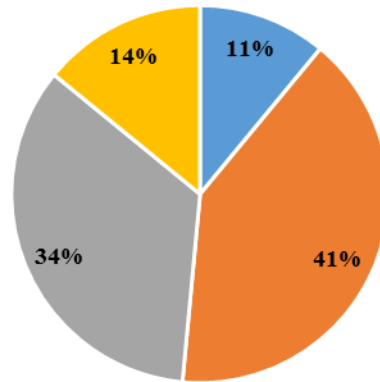
1. Do you prefer smoking or non-smoking café?



3. What do you usually order at a café?

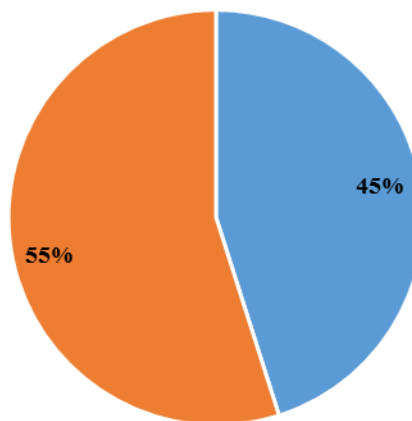


4. How often do you buy coffee to go?



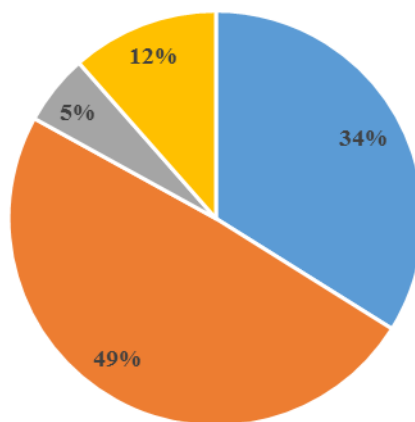
■ often ■ sometimes ■ rarely ■ never

7. Gender:



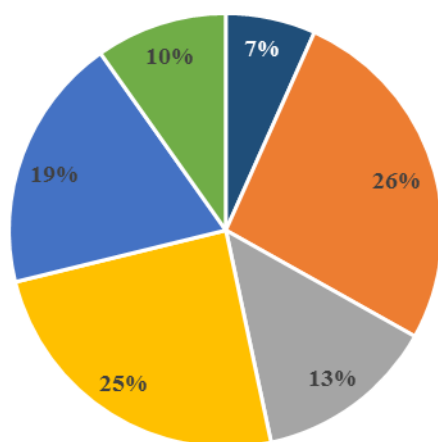
■ male ■ female

8. Your status is:



■ student ■ worker ■ pensioner ■ other

How old are you?



■ 17 let a méně
■ 18 – 25 let
■ 26 – 35 let
■ 36 – 45 let
■ 46 – 55 let
■ 56 let a více