

A Business Plan for an Esports Bar

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ABSTRAKT

Hlavním cílem této bakalářské práce je vytvoření podnikatelského záměru pro esport bar ve Zlíně. Tato práce je strukturovaná na dvě části, teoretickou a praktickou. Teoretická část se zabývá teorií podnikání a rozdělení právních forem podnikání v České republice. Dále se teoretická část práce zaměřuje na strukturu podnikatelského záměru. Praktická část se věnuje tvorbě samotného podnikatelského záměru a zhodnocuje, zda je tento projekt realizovatelný.

Klíčová slova: podnikání, podnikatelský záměr, podnikatelský plán, bar, esport

ABSTRACT

The main goal of this bachelor thesis is to create a business plan for an esports bar in Zlín. This thesis is structured into two parts – theoretical and practical. The theoretical part deals with the theory of entrepreneurship and the division of legal forms of business in the Czech Republic. Furthermore, the theoretical part of the thesis focuses on the structure of the business plan. The practical part is devoted to the creation of the business plan itself and evaluates whether this project is feasible.

Keywords: entrepreneurship, business plan, bar, esport

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

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INTRODUCTION

The aim of this bachelor's thesis is the creation of a business plan for an esports bar. This company will be located in the city of Zlín. This location was chosen because the author of the thesis comes from Zlín, and because there is no bar in this city with a focus on games and esports. The main motivation for starting this business is the idea of creating a place where gamers can meet, talk, have a drink and even play games. Gamers are generally said to be unsociable, so the company's goal is to break down these prejudices.

Esport is a global phenomenon with a huge fan base that is growing rapidly every year. It should be noted that many people became interested in the games even during the lockdown last year, when they could not leave their homes. Although businesses focused on esports are quite common abroad, there are only a few similar places in the Czech Republic so far. One of such companies is in Brno and it is a very popular place in the local gaming community.

However, before such a business can be opened, it is necessary to determine whether it is feasible at all. It is therefore important to develop a detailed business plan in the first place.

This thesis is divided into two parts – theoretical and analytical. The theoretical part focuses on explaining the concept of entrepreneurship and describes the legal forms of entrepreneurship in the Czech Republic. This part also focuses on the business plan and its structure.

The analytical part of the bachelor's thesis deals with the compilation of a business plan for an esports bar in Zlín. When creating the plan, the author uses all the ideas she gained while creating the theoretical part. Finally, the author summarizes the entire business plan and evaluates whether the project can be profitable or not.

I. THEORY

1 ENTREPRENEURSHIP

Nowadays, there is far more business than in the past, as entrepreneurs do not have to face so many barriers to enter the market. Overall, there is more money and resources in the world, and business can quickly reach the global market through the internet. At the moment, it is possible to prove that even with a small company and a small amount of resources, it is possible to build a business with an excellent reputation and profit within a few years (Srpková, 2020).

Entrepreneurship is an activity performed by an entrepreneur independently, regularly, on a long-term basis and for profit. The entrepreneur bears his or her own responsibility for this business activity and strives to maximize the market value of the company. The business also aims to meet the needs of customers, employees, and other interest groups (Martiničová et. al., 2019).

In the Czech Republic, business is regulated by the following laws:

- Act No. 89/2012 Coll., on civil code
- Act No. 90/2012 Coll., on business companies and cooperatives
- Act. No. 455/1991 Coll., on trade licensing

1.1 Entrepreneur

The Civil Code orders that any person who is considered an entrepreneur must be registered in the Commercial Register and have a trade licence or other authorization to conduct business. The term entrepreneur itself is defined by the law as a person who, on his own account and responsibility, carries out a gainful activity with the intention of continuously making profit (Act No. 89/2012 Coll., 2021).

Srpková and Veber (2012) claim that entrepreneurs often have the following character traits:

- Securing sufficient funds for the operation of the company
- Being able to organize business activities
- Finding new opportunities and setting goals for the business
- Taking risks
- Being persistent in the long run, believing in themselves and constantly learning from experience.

1.2 Types of Businesses

When starting a business, it is very important to decide which legal form is the most advantageous for a particular company. These decisions are influenced by many factors. First of all, it is essential to decide whether the entrepreneur will act as a natural or legal person. If an entrepreneur has good personal preconditions for doing business, it is likely that he or she will decide to do business himself/herself. Otherwise, it is advisable to find a partner. When choosing a legal entity, it is necessary to consider whether it will be a private or capital company. The entrepreneur can decide according to the method and scope of liability, the number of founders, the amount of initial capital, administrative complexity, or profit participation (Srpková, 2020).

1.2.1 Business of a natural person

The business of natural persons in the Czech Republic is governed by the Trade Licensing Act No. 455/1991 Coll. (2021) This Act defines trade business (in Czech – “živnostenské podnikání” or “živnost”) as “a systematic activity carried out independently, in its own name, at its own risk, for the purpose of making a profit and under the conditions set by the Trade Licensing Act.” (Act No. 455/1991 Coll., 2021)

Conditions for establishing a trade

Anyone who has reached the age of majority and has no entry in the criminal record can apply for a trade licence. It is also important to prove legal capacity, which is verified by a valid identity card (Act No. 455/1991 Coll., 2021).

According to Act No. 455/1991 Coll. (2021), a trade can be established by both a natural person and a legal entity if it meets all legal conditions mentioned above. The trade licence form of business is generally understood as a small-scale business run by a self-employed person alone or with the help of one’s family. The main goal is to provide for oneself and family (Veber and Srpková, 2012).

The Act No. 455/1991 Coll. (2021) divides trades into:

- **reporting trade** (operated based on notification)
- **licensed trade** (operated based on concession)

If a natural or legal person wants to establish a reporting trade, he or she must, in accordance with the law, report it to the Trade Licencing Office. Companies with a craft specialization

are considered to be reporting trades, where the condition is professional competence (apprenticeship certificate in the field, graduation exam in the field, etc.). It also includes tied trades, the establishment of which is also conditioned by professional competence, which can be proven by a document on the recognition of professional qualifications issued by an authorized office. The third form of reporting trade is free trade, where it is not necessary to prove professional or other qualifications. It is enough to meet the general conditions for the Trade Licensing Act. As mentioned above, licensed trades are operated based on a concession, which must be applied for at the Trades Licensing Office. In this application, it is also necessary to provide a document proving professional or other competence (Act No. 455/1991 Coll., 2021).

Termination of trade licence

According to Act No. 455/1991 Coll. (2021) the trade license expires in several cases:

- The death of an entrepreneur
- Dissolution of the legal entity
- Expiration of the authorization for a definite period
- If the foreign person or his/her subject of business is deleted from the Commercial Register
- According to a special legal regulation
- By the decision of the Trade Licensing Office

1.2.2 Business of a legal entity

If the entrepreneur decides to do business as a legal entity, he or she must consider that the establishment is more administratively demanding, and it is necessary to deposit the share capital. Every company acting as a legal entity must be registered in the Commercial Register (Srpová, 2020).

Act No. 90/2012 Coll. (2021) states that business corporations are divided into business companies and cooperatives. Business companies are then further divided into personal and capital companies. Personal companies are a general commercial partnership and a limited partnership. Capital companies include a limited liability company, a joint-stock company, a European company, and a European economic association. Cooperatives are divided into cooperatives and European cooperative societies.

Personal companies

- **General commercial partnership**

This is the second most common form of small and medium-sized enterprise in the Czech Republic (Veber and Srpová, 2012). This legal form of business must be established by at least two people. If one of the founding members is a legal entity, it is represented by an authorized natural person. The partners are equally liable for the company's liabilities. If the company has the name of one of the partners in the trade name, the abbreviation "a spol." is at the end. In other cases, it is necessary for the trade name to include the term "general commercial partnership" (in Czech – veřejná obchodní společnost) or its abbreviations "v.o.s." or "veř. obch. spol." (Act No. 90/2012 Coll., 2021). All partners are the statutory body of this personal company and the profit is shared equally (Veber and Srpová, 2012).

- **Limited partnership**

In the Czech Republic, this is a very rare form of business, which is chosen mainly by capital-weak entrepreneurs who are looking for an investor (Veber and Srpová, 2012). A limited partnership is established by at least two persons. One of them is liable for the company's liabilities indefinitely (general partner) and the other is liable only to a limited extent (limited partner). The company must have the designation "limited partnership" (in Czech – komanditní společnost) in its trade name, which can be replaced by the abbreviation "kom. spol." or "k.s." (Act No. 90/2012 Coll., 2021).

Capital companies

- **Limited liability company**

This form of business is the most widespread and most popular in the Czech Republic. A limited liability company (in Czech – společnost s ručením omezeným) is regulated by the Civil Code and the Commercial Corporations Act (Srpová, 2020). Act No. 90/2012 Coll. orders that this form of business must state in its trade name that it is a "limited liability company" (in Czech - společnost s ručením omezeným). However, it is permitted to replace this name with the abbreviation "spol. s r.o." or "s.r.o.". Srpová (2020) further states that, unlike a self-employed person, the company's partners are not liable for liabilities with their assets (up to the amount of unpaid deposits). However, as far as the company's executive in concerned, he or she is not relieved of responsibility if it is proven that he or she violates the

law in business activities and this activity has led to the bankruptcy of the business (Srpová, 2020).

The limited liability company has a specified minimum deposit amount of CZK 1 (unless the contract specifies otherwise) and the amount of the deposit may vary for individual partners. The main decision-making body of this type of company is the general meeting of shareholders, which should meet at least once of the accounting period. If this form of company is established by only one partner, only the deed of incorporation is required. If there are more partners, it is necessary to draw up a partnership agreement (Srpová, 2020).

- **Joint-stock company**

The share capital of joint-stock company is divided into a certain number of shares. The company must have the name “joint-stock company” (in Czech – akciová společnost) in the trade name, but it is also possible to use the abbreviation “akc. spol.” or “a.s.” (Act No. 90/2012 Coll., 2021).

Within capital companies, a joint-stock company is the oldest, but not so often used. The low frequency of joint-stock companies is caused mainly by high capital and administrative demands. The joint-stock company is liable for the breach of its obligations with all its assets, but the partners themselves are not liable for the obligations. A joint-stock company can be established by one legal entity or at least two founders. The company’s share capital is CZK 2 million without public offering and at least CZK 20 million with a public offering of shares. The highest body of a joint-stock company is a general meeting, which is attended by all shareholders and jointly elects the members of the company’s board of directors. The supervisory board oversees the proper conduct of business activities by at least three members. (Veber and Srpová, 2012).

Cooperatives

- **Cooperative**

A cooperative is a community of an open number of persons, which is established for the purpose of mutual support of its members or third parties, or for the account of business (Act 90/2012 Coll., 2021). The cooperative must have at least three members. The law further stipulates that this form of business must have the designation “cooperative” (in Czech - družstvo). Every member of the cooperative must pay the basic membership fee (Act No. 90/2012 Coll., 2021).

2 BUSINESS PLAN

A business plan is a document used by both start-ups and experienced business owners to manage their business. In the case of new entrepreneurs, the business plan is especially suitable for creating necessary conditions for starting a business. More experienced entrepreneurs use this document to manage the already developed activities of their company. Each business plan also has various goals that should be met over a certain period. These planned goals can be later compared with reality and it will be shown how successful the business is (Červený, 2014).

The ideal business plan should include everything inside the company and the external factors that affect a business. Entrepreneurship is not an island. Every businessperson needs to grip on the big picture to be successful (Sutton, 2012).

2.1 Types of Business Plan

Gattis (2010) explains that although there are about as many types of business plans as there are types of businesses, he distinguishes three categories of them – formal, informal, and summary.

The type of plan is chosen depending on the target readers and the specific situation. Since the research, conclusion, goals, and objectives are made before the actual writing of the business plan, these data are identical in all types of plans. Different types of the business plan also do not affect research and planning data within the company (Gattis, 2010).

Formal

A formal type is very detailed and complex one, and it is usually a general idea of what a business plan is for most entrepreneurs. This type of plan is compiled primarily for the needs of bankers, investors, and other partners of a particular business. In terms of research, goals, objectives and conclusions, the formal plan provides the most details of all types of business plans. During the presentation, the target audience of the business plan wants to hear a detailed analysis of competition, customers, industry, SWOT analysis and financial plans. Detailed graphs and tables are also an important part of the presentation (Gattis, 2010).

Informal

An informal type contains the same research as the formal plan but deals with goals, objectives, and conclusions in more detail. This form of plan is mostly used by the management

team for planning, budgeting, and planning the performance of the company in the future. Usually, this type of business plan is understood as a strategic plan. As the management team was most likely involved in drawing up the plan, there is no need to go into details of the information they already know. The management team only needs relevant data of the strategic segments of the whole plan. This also applies to the part with the financial projections, where the management team only needs to know the data on the budget and projections (Gattis, 2010).

Summary

A summary type of business plan is intended primarily for marketing purposes, where it is not appropriate to provide details about the company. This form of plan is used to hire new employees or to inform business partners about the overall goals of a company – for this reason, the plan does not include confidential and proprietary information (Gattis, 2010).

2.2 Main Principles

According to Veber and Srpová (2012), every business plan should follow generally accepted principles, which, however, do not restrict the creator in any way. As a rule, external entities have several business plans from various companies that want to impress them. The principles described below show the direction in which a business plan can be formulated and increase its success in the eyes of people outside a company. Therefore, it is recommended that the business plan should be:

- **Logical** – the claims in the plan must not contradict each other. All thoughts and facts must follow each other in the plan and be always substantiated by facts. It is recommended to show the time course graphically with the attached timeline, for example using a line diagram.
- **Truthful and real** – the given data should be true, and the predicted development must be feasible.
- **Comprehensible** – the text in the business plan should be expressed clearly and not describe too many ideas in one sentence. Adjectives should be chosen carefully and do not need to be wasted. For the sake of clarity, it is recommended to compile a table where necessary, so that every data is supported by numbers.
- **Concise** – conclusions and ideas should always be presented briefly, but this must not be at the expense of affecting the basic facts of the plan. It is advisable to return

to the unfinished text over time, read it again, and make edits. Alternatively, the text may go through a comment procedure.

- **Respecting risks** – the business plan deals with the future of the company. Predicting the future in the current chaotic reality is very difficult and many entrepreneurs struggle with it. By respecting and identifying risks, the plan increases its credibility.

2.3 The Structure of a Business Plan

A business plan can take many different forms depending on which structure suits the needs of the entrepreneur. In principle, there is no obligatory form – each differs in the purpose for which the plan is drawn up. When applying for a bank loan, the plan is supplemented by a repayment schedule and loan security. Shorted plans are created for investors and these are updated according to the requirements of a specific potential investor. So, it may happen that the business plan has several variations (Svobodová and Andera, 2017).

2.3.1 Title page

The title page should include basic information about the company – business name, company logo, name of the business plan, name of the author, key persons and other founders, date of establishment (Srpová et. al., 2011).

2.3.2 Executive summary

This part must be mentioned in the business plan, because it is the first and most important part of it. Therefore, it is necessary to focus on it in detail (Sutton, 2012). Readers need to be engaged with a clear, concise, and compelling executive summary to motivate them to read the rest of the business plan. In order to be able to write the summary as best as possible, it is necessary to write it only after the whole business plan has been finished. In fact, the executive summary is so important that some venture companies require only this part of the document along with the financial plans, before deciding to read the rest (Abrams, 2019). Sutton (2012) further states that the executive summary should be as short as possible to ensure that investors read it.

2.3.3 Description of the Company

This part of the business plan defines the strategy and structure of the company. In the form of a short text, it must be described what the main activities of the business will be and how

the whole company will profit. It is necessary to state basic data such as type of business, number of employees, what the company will produce, in which industry it will operate, where the company will be located, what the opening hours will be, etc. It is generally known that customers spend money on products and services to satisfy their needs. It is necessary to describe how the company will satisfy these needs and why your company is better than the competition (Sutton, 2012).

2.3.4 Management and Organization

The foundation stones of the successful business plan are the organization and personnel of the company. This section defines the main aspects of the personnel strategy such as the number of employees, salaries, motivation, company culture, and qualification requirements for employees (Červený, 2014). It is also vital to consider the size of the local labour market and whether there will be enough potential workers for our business (Srpová, 2020).

2.3.5 Market and Competition Analysis

The main point of market analysis is the correct determination of the market in which the company will do business. This section should also include data on market size, trends, technology development market growth forecast, and other aspects (Gattis, 2010).

The implementation of a business plan depends on whether there is a market that will be interested in the products or services of the company. Facts about potential markets and opportunities of applying in them are of great interest to investors and potential partners. Therefore, it is important to prepare a market analysis thoroughly and with a focus on a particular market where the company will operate (Veber and Srpová, 2012).

The competition serves as inspiration for our business. Thanks to careful monitoring of competing companies, it is possible to better understand potential customers and use it to our advantage. Only those competitors who target the same market with the same customers are taken into account (Abrams, 2019).

2.3.6 Marketing Strategy

Every business needs a detailed marketing plan. A part of this plan is also the selection of marketing strategies that will help the company succeed and meet its goals (Kotler and Armstrong, 2016). According to Srpová et. al. (2011), the marketing strategy mainly deals with three types of decisions:

- Selection of the target market
- Determining the market position of a product or service
- Marketing mix (4P)

Marketing Mix (4P)

Once the general marketing strategy is decided, the details of the marketing mix begin to be planned. This collection of tactical marketing tools is one of the main concepts of current marketing. The purpose of these tools is to get feedback from customers in the target market and influence their demand for products or services. The marketing mix contains four tools (Kotler and Armstrong, 2016):

- **Product** – These are services and goods that the company offers to customers in the target market (Kotler and Armstrong, 2016). This part of the marketing mix should be given the most attention because the product is the core of marketing. The business plan deals with what product will be sold, product attributes, production volume and the life cycle of the product (Vašítková, 2014).
- **Price** – The required amount of money that the customer must pay to purchase goods or services (Kotler and Armstrong, 2016). The success of a company depends on the pricing policy, which determines the stability and level of the price. Pricing affects a company's competitive position, as well as consumer purchasing decisions. The price is determined by factors such as costs, demand, product life cycle, competition, legal and regulatory measures, or company goals (Vašítková, 2014).
- **Place** – The term refers to the distribution policy of a product, also called a sales organization. This section is also an important part of the business plan and explains the sales strategy and description of the distribution channels that the company will use (Vašítková, 2014). It is necessary to determine whether the company will use sales intermediaries or will provide all sales activities itself. As part of the distribution, the number of employees needed to distribute the product or service must also

be determined. It is also essential that employees have the necessary qualifications (Srpková et. al., 2011).

- **Promotion** – These are activities that convey information about the value of a product and try to persuade target consumers to buy it (Kotler and Armstrong, 2016). It is necessary to create a positive attitude and preferences for the given product. Advertising, public relations, sales promotion, personal sales, or direct marketing are used to persuade customers (Vašítková, 2014).

Vašítková (2014) claims that based on the application of marketing orientation in companies providing services, it turned out that four P tools are not sufficient. This is due to the specific characteristic of services, which are very different from tangible goods. Therefore, it is necessary to connect another 3 P to the regular marketing mix.

- **People** – In companies that produce services, there are very often contacts between the customer and employees. Both sides have a fundamental influence on the quality of services provided. The company must carefully select, educate, and motivate its employees. Customers should also act according to laid down rules within the company. Adherence to these aspects fundamentally contributes to a good relationship between customers and employees (Vašítková, 2014).
- **Physical evidence** – Buying services has its risks. This is mainly due to their intangible nature, which means that the customers can evaluate the service only when it is consumed. The properties of services can be proved by physical evidence, which has many forms. It can be, for example, the office where the service is provided or an information brochure. The quality of the service is also proven by the clothing of employees, which is typical especially for organizations providing services (Vašítková, 2014).
- **Processes** – As mentioned above, the interaction between customers and employees during the service delivery process is very important and it is appropriate to focus more on it. Customers want services to be provided quickly and comprehensively. It is therefore good to analyse the process of providing services and try to simplify the individual steps (Vašítková, 2014).

SWOT Analysis

This strategic tool is used to identify the company's strengths and weaknesses compared to opportunities and barriers on the market. The aim of the SWOT analysis is to identify the

essential factors inside and outside the company that affects its success. By comparing the company's strengths with market opportunities, the company can better assess emerging trends and take advantage of this in the future before the competition. The analysis of a company's weaknesses and developing improvement plans determine which parts of the market to avoid, as it would be difficult to compete with other companies (Gattis, 2010).

Červený (2014) states that the following principles should be observed when preparing the SWOT analysis:

1. SWOT analysis should have relevant conclusions that are drawn effectively. Analysis focusing on one area should not be used to address another one.
2. SWOT analysis should be based only on reliable and verified data.
3. An analysis focused on one specific area should use facts from that area only.
4. SWOT analysis should avoid subjective opinions and focus only on objective ones. The analysis must objectively reflect the properties of the analysed object or environment. If the SWOT analysis is prepared within a group discussion, it is automatically considered objective.
5. SWOT analysis intended for strategic analysis must work only with essential facts and phenomena. If too many facts are mentioned in the analysis, it complicates their use in designing a strategy (Červený, 2014).

Červený (2014) also recommends preparing a SWOT analysis in the form of a table, which has four quadrants according to the researched factors.

Social media marketing

Social media is currently an integral part of the marketing of almost all companies. There are very few cases where there is no link to Facebook or Instagram on the company's website. These social networks give companies more space to interact with customers and thus spread product awareness (Kotler and Armstrong, 2016).

Social networks also have other benefits for the company. They can be used to gain new customers, collect data through discussions or surveys, improve the company's image, strengthen customer loyalty, and share funny pictures or videos in viral marketing. The success of social media marketing depends primarily on quality content, which should be regularly shared on the site by a selected team of people (Vašítková, 2014).

2.3.7 Financial Plan

The financial plan ensures that the business plan makes financial sense and generates a profit from its activities. This plan also provides financial resources for the implementation of the business plan and its financial sustainability in the coming years (Červený, 2014).

Červený (2014) further states that when preparing the financial plan, the following aspects of business strategy are considered:

- Product - sales volume
- Price - the price of products or services
- Place - sales volume in certain parts of the market
- Promotion - costs of promotion and distribution
- Processes
- Planning – the initial costs of an organization
- People – staff costs

The financial plan usually includes fixed costs in the form of investments in buildings, machines, or information technology. For these costs, it is also important to take into account the financial demands on their maintenance and operation (Červený, 2014).

Sutton (2012) distinguishes four types of financial forecasting in his book: income statement, cash-flow, balance sheet and, break-even analysis.

Income Statement

Abrams (2019) and Sutton (2012) point out that an income statement is sometimes referred to as a profit and loss statement (P&L). The table compares company costs and expenses, and therefore it is easy to find out how profitable a company is (Abrams, 2019). Sutton (2012) recommends that the income statement be prepared at monthly and annual intervals.

Data for the preparation of the income statement should be available in the company records.

The table has a given standard format and includes the following items (Sutton, 2012):

- Income – net sales, costs of goods sold, gross profit, other
- Expenses – direct, indirect, controllable, fixed, variable, overhead, other
- Net profit/loss before income taxes
- Income taxes
- Net profit/loss after income taxes

Cash-flow

Money is in constant circulation. A comparison of received cash and outgoing cash shows whether the company has profit or loss. If this data is entered together with the timeline in the table, a basic overview of cash flow is obtained. When compiling cash flow, questions such as how much money to expect from whom and when, and how much money will have to be paid to whom and when are answered (Sutton, 2012).

Balance Sheet

The balance sheet informs about the structure of the company's assets and sources of its financing. The balance sheet is always prepared as of December 31st, but it is also recommended to compile it when the company is established and after the first six months of its business activity (Srpková et. al., 2011).

The statement shows the assets (company properties) and liabilities (company debt) and net worth (capital). The main rule of the balance sheet is that assets must always be equal to the sum of liabilities and net worth. If the net worth is in positive numbers, it means that the assets outweigh the liabilities. On the other hand, if the net worth is in negative numbers, liabilities predominate in the balance sheet (Sutton, 2012).

Break-even Analysis

This analysis finds out how much money a company must make to pay for all expenses. Once a business reaches a break-even point, it has neither profit nor loss (Abrams, 2019). At this state of equilibrium, fixed and variable costs are equal to the sales of its product or service (Sutton, 2012).

Break-even analysis is a good help in trying to better understand and estimate costs. Thanks to this analysis, potential investors can find out whether the author of the business plan has realistic assumptions. To create a break-even analysis, it is necessary to know the company's fixed and variable costs as well as sales (Sutton, 2012).

- **Homogenous production**

If the company has a homogeneous production, it is possible to calculate the volume of production corresponding to the break-even point from sales and total costs. This is only possible if the volume of production can be measured in natural units (Martinovičová et. al., 2019). Martinovičová et. al. (2019) gives the following formula for this calculation:

$$Q = F / (c - v) \text{ at } c = (F/q) + v$$

Q = the volume of production for a given period, which corresponds to the break-even point, and production is no longer loss-making

F = fixed costs

c = price per unit

v = variable costs per unit

- **Diversified production**

Martinovičová et. al. (2019) claims that in diversified production, where the volume of production is expressed in monetary units, the following formulas are used:

$$Q = F / (1 - v^*) \text{ based on the cost function } N = F + v^* \cdot Q$$

Q = the volume of sales for a given period, which corresponds to the break-even point, and production is no longer loss-making

F = fixed costs

(1 - v*) = contribution to cover fixed costs and profit generation for CZK 1 of sales for the given period in CZK

N = total costs

v* = average variable costs per CZK 1 volume of sales for the given period in CZK

2.3.8 Risks

Every entrepreneur must bear in mind that the business also carries risks. Risks have an adverse effect on the company and are understood as deviations from the company's goals and plans. Therefore, it is good to include risk analysis in the business plan. Thanks to this analysis, it is possible to outline the potential probability of a risk and at the same time come up with a possible measure if this happens. Every risk is preceded by its cause, and therefore it is good to develop preventive measures that reduce the probability of risk (Veber and Srpová, 2012).

Abrams (2019) states that there are several types of business risks. Some risks are small, some large, and some of them more tolerable than others. The basic types of risks are:

- **Market Risk** – Overcoming market risk is difficult. The market may not respond to the product, because there is no demand for it. The reason for failure may also be the bad timing when the market may not be ready for the product yet.
- **Competitive Risk** – With each arrival of a new competitor, the competitive situation in the market changes. It may also happen that an existing competitor changes its business strategy to improve their market position. If the company entering the market is ours, it is good to think about how the competition will react to us and how this will change the competitive environment of the market.
- **Technology Risk** – Technology or product design may not work as planned. This problem can also have a big impact on the success of the company. If a company faces such a problem, it is necessary to improve the technology quickly and efficiently.
- **Product Risk** – The product may not function properly, may not manufacture well, or in a timely manner. This risk is very similar to the previous one but only applies to products or services that are not affected by technology.
- **Execution Risk** – This risk includes, for example, inefficient product launches, poor company growth due to an incompetent management team, lack of time and other reasons. To reduce this risk, it is necessary to demonstrate the individual steps before they are put into operation.
- **Capitalization Risk** – A company could run out of money if an entrepreneur misjudged the company's income and costs. This risk can be avoided by realistic budgeting and securing sufficient sources of funding. It is recommended to find an investor who invests more money in the company when its activities develop.
- **Global Risk** – Applies only to companies that do business internationally. It may happen that an unexpected situation occurs, which interrupts the business, such as the inability to bring supplies from another country and similar events.

3 CONCLUSION OF THE THEORETICAL PART

The theoretical part of this bachelor's thesis is divided into two chapters. The first chapter deals with the concept of entrepreneurship and describes the conditions that a person must meet in order to start a business in the Czech Republic. Subsequently, this chapter focuses on the forms of businesses that can be established in the Czech Republic, either as a natural person or a legal entity. The second chapter deals with the business plan itself – its types, principles, and structure. The structure of a business plan may vary slightly, but it is always similar at its core. A good business plan must include an analysis and detailed information about the business. All these important parts of the business plan are described in detail in the theoretical part, and the author then uses this information to process the analytical part of the bachelor's thesis.

II. ANALYSIS

4 THE BUSINESS PLAN

This part of the bachelor's thesis focuses on the analysis of the business plan of the Respawn esports bar.

4.1 Title page



Figure 1: Logo of Respawn esports bar (own creation)

Name of the company:	Respawn esports bar, s.r.o.
Residence of the company:	Jana Antonína Bati 5637, 760 01 Zlín
Legal form of the company:	Limited Liability Company
Owner:	Hana Janálová
Founder:	Hana Janálová
Address:	Herní 1302, Vyvolávačův žleb 130 51
E-mail address:	respawn@esportbar.cz
Website:	www.respawnesportbar.cz
Telephone:	+420 123456789
Date:	9th March 2021

4.2 Executive summary

The Respawn esports bar will be founded by Hana Janálová, who is now a student at Tomas Bata University in Zlín and is a passionate gamer and Twitch streamer. She likes to meet other gamers, but mostly it is just friendship over the internet. Therefore, she decided to establish an esports bar, where gamers will have the opportunity to meet in person and make friends through the same interests.

The company will be located in the regional city of Zlín in the Czech Republic, more precisely in the Industrial complex Svit, where a large number of people pass daily. Near the esports bar, there is a bus station, a railway station, a post office, a museum, and offices. In 2023, a huge shopping centre called Fabrika will open in the immediate vicinity of the esports bar, which will bring even more people to the site.

The Respawn esports bar is a company that combines a classic bar with a computer game room, and thanks to that it gives customers a unique experience – whether gaming or social. The esports bar offers a wide range of soft and alcoholic drinks, but also a few items in the small snacks section. Entertainment can be provided by card or board games, watching esports on television, or by renting a gaming computer or console. The esports bar also plans to organize a lot of special gaming events that will further strengthen the community of gamers. The company's goals are to spread awareness about esports and to break down prejudices against gamers, to whom the public often refers as strange people who do not leave home.

The Respawn esports bar will be established as a limited liability company and will be financed from the owner's saved money in the amount of CZK 352,708 and from a bank loan in the amount of CZK 1,000,000.

4.3 Description of the company

As the name of the company suggests, the Respawn esports bar is a bar focused on electronic sports. The term esports means competitive playing of games on computers, consoles, mobile phones, or other similar devices. In recent years, esports have become such a phenomenon that millions of fans watch the broadcast of prestigious international tournaments. The aim of the esports bar is to create a place for all fans of electronic sports and games, and thus to develop the community in Zlín and its surroundings. In the Respawn esports bar, customers will be able to watch tournaments together, cheer, drink quality drinks or enjoy the evening

by playing games. Esport focused bars are already common abroad, but there are only a few similar projects in the Czech Republic so far.

4.3.1 Legal form

As mentioned on the title page, the Respawn esport bar will be established as a limited liability company. The esports bar will meet all the requirements necessary for establishing a new company. The owner of the esports bar will be the natural person Hana Janálová, who also meets all the conditions for being able to do business in the Czech Republic.

4.3.2 Company vision and key goals

The Respawn esport bar wants to offer quality services and products to all its customers. The aim of this project is to create and strengthen the gaming community in Zlín through gaming experiences in the esports bar. The esports bar will offer all gamers a themed place where they can meet new people with the same or similar interests. Although the esports can be watched right from home, it is always better to experience these strong tournament moments with friends in one place. Powerful gaming computers will also be available at the esports bar, so customers can enjoy the gaming experience to the fullest.

Key goals of the Respawn esport bar:

- Provide quality services
- Create a friendly community of people with the same interests
- Raise awareness of esports and games
- Create unforgettable experiences
- Find loyal customers and keep them
- Offer players a place where they can feel at home
- Break down prejudices about gamers

4.3.3 Location

The esports bar is located in the centre of the relatively large city of Zlín, which is a regional city of the Zlín Region. Near the bar, there is a university, the Museum of Southeast Moravia, and a post office, so there are many people in the area every day. There is also a public transport stop by the esports bar, so customers from Zlín have no problem arriving at the place. For customers from other towns or villages, there is a bus and train station nearby.



Figure 2: The location of the esports bar (accessed from www.maps.google.com)



Figure 3: Photo of the building (accessed from www.mapy.cz, Jan Topek)

4.3.4 Description of products and services

Products

The bar will sell many alcoholic and non-alcoholic drinks. For customers over the age of 18, various mixed drinks, beer, wine, mead, and other hard spirits will be offered. Customers who are under the age of 18 or abstinent can taste various lemonades, coffee, tea, energy drinks, or alcohol-free beer. It will also be possible to order snacks such as peanuts, potato chips, or salty sticks.

Services

In the Respawn esports bar, it will be possible to rent a gaming computer or a PlayStation 5 console, where gamers can play latest games at the highest quality. Board games can be borrowed for offline entertainment. The esports bar will also host various special events focused on games – pub quizzes, lectures, game tournaments, and much more.

4.3.5 Competitive advantage

The main competitive advantage of the Respawn esports bar is the fact that there is no similar company in Zlín and its surroundings. Although there are many bars in Zlín, none of them is a combination of a bar and a computer game room. The nearest similar company is in Brno, which is about a hundred kilometres from Zlín.

4.3.6 Opening hours

The bar will be open every day from 15:00. This time was chosen because our target customers are either working people or students who have more time for leisure activities later in the afternoon or evening. The closing time was set for 23:00, but on Fridays and Saturdays, the bar is open until midnight. The reason is that most people do not have to go to bed early for work on Fridays or Saturdays and therefore do not need to go home early. Opening hours may vary due to various events that the bar will hold.

Opening hours	
Monday	15:00 – 23:00
Tuesday	15:00 – 23:00
Wednesday	15:00 – 23:00
Thursday	15:00 – 23:00
Friday	15:00 – 24:00
Saturday	15:00 – 24:00
Sunday	15:00 – 23:00

Table 1: Opening hours (own creation)

4.4 Management and Organization

The company demands complete professionalism from employees, reliability, and willingness to learn new things. The selection of staff will also consider whether they have experience in bartending and serving guests. If the employee is a fan of games and esports, he or she will fit better into the whole work team and bar community. Another advantage will be basic knowledge of computers and other technology in the bar, if something small needs to be repaired on site. In case of major defects, employees will contact an external technician.

During the first working day, employees will receive company T-shirts with the bar logo, which they should wear during working hours. It is important that it is easy to distinguish employees from guests. It will also be possible to wear own clothes and have a brooch with the company logo pinned to it. Clothing with especially game motifs will be very welcome. The management of the esports bar even supports costumes – it is great when you are served by your favourite game character. It is a unique experience that will last a long time.

Fulltime employees

The esports bar will employ two full-time employees. One of these employees will have extensive powers and will substitute for the owner when she is not at the bar. These employees will have a salary of CZK 120 per hour and will be able to keep all the tips that customers give them. Their main responsibilities will be working behind the bar and serving customers. They will also take care of the order of the continual cleaning of the whole bar area.

Part-time employees

These employees will have flexible working hours. They will go to work mainly in the evening when there are the most people in the esports bar. Sometimes they will be at work instead of sick colleagues or due to special events organized by the bar when more staff is needed. These employees will also have a salary of CZK 120 per hour and can also keep all tips. Their main tasks are guest service and cleaning. If the situation requires it, they will also work behind the bar.

Owner

The main activity of the owner will be the promotion of the bar and the overall marketing of the company. She will take care of the bar's social networks, where she will add content, communicate with people, and answer their questions. She will oversee the organization of various events in the bar. If the owner is in the bar, she will take care of renting computers, consoles, and board games. The owner will also manage accountancy. She studied accounting for four years at the Business Academy in Zlín and then another semester at the TBU in Zlín. If the esports bar does financially well, it is likely that an external accountant will be hired over time.

4.5 Market and competition analysis

It is important to determine who the target customers of the Respawn esports bar will be and which companies from the surrounding area will be the biggest competitors.

4.5.1 Market analysis

As the Respawn esports bar is located in Zlín, the target group of customers will be the inhabitants of this city and its surroundings. The esports bar will target mainly young people aged 18 to 35 who love games and esports. Fans of board games will also be very welcome in the esports bar. The Respawn esports bar is also open to customers who usually drink in regular bars – maybe by visiting the esports bar, they will develop a hobby in games. The esports bar will also target fans of gaming streams, where streamers play games without a competitive mode. It will be possible to watch non-esport streams in the esports bar as well. The esports bar will be situated in the centre of Zlín and close to TBU, where many people pass daily. Students can come to the bar after school, where they can do homework with other classmates and then have fun playing games in the evening. Working people from the

area can come to the bar to relax after work. There is also a public transport stop, a bus station, and a train station near the bar, so there is no problem for people from nearby villages or towns to visit the bar.

Český statistický úřad (2021) states that Zlín had 74,935 inhabitants as of 31 December 2019. As for the target group of customers, there were 14,319 inhabitants at the end of 2019. As games and esports become more popular from year to year, it is very likely that the bar would find a lot of potential customers from Zlín and the surrounding area.

Česká asociace esportu (2021) deals with the popularity of esports in the Czech Republic. This association raises awareness about esports and strives to further develop the community of players in the Czech Republic. According to the information on the association's website, the size of the gaming market in the Czech Republic was estimated at CZK 50 million. Their website further states that 893,000 people know the phenomenon of esports and about 250,000 people regularly participate in tournaments.

In 2019, the association conducted a survey in which 1,827 respondents participated. From their answers, they found out that a typical Czech esports fan is a man between 15 and 29 years old. The questionnaire also included a question about watching game streams, where 90% of respondents stated that they watch streams and 75% of respondents watch these streams on average 3 hours a day (Česká asociace esportu, 2021).

4.5.2 Competition analysis

Zlín is a relatively large city with many bars and pubs where people can have a drink with friends. However, none of these companies are focused on gamers and do not offer a quality gaming experience and possibility to watch esports. There are also a few companies in the city that provide gaming experiences but do not offer the opportunity to sit and have a drink or watch esports. Given the fact that an identically-focused company is not located in Zlín and its surroundings, this was the main motivation for the creation of this business plan. The only risk is future competition when someone new would enter the market and decide to open an esports bar or other facility with a similar focus.

VR Land Zlín s. r. o.

This company focuses mainly on virtual reality, for which it has several gaming devices. Customers can experience a virtual adventure alone or with a friend. VR Land Zlín also has one room for playing on PlayStation 4, where one controller can be borrowed for 50 CZK

per hour. In the same room, there is a screen with a projector used mainly for the screening of esports tournaments. There are also two long tables in the room, where people can place their own gaming equipment and organize, for example, a small gaming tournament (Virtuální aréna Zlín, 2021).

This company also provides spaces for celebrations or training courses. Virtual reality is also offered to schools as part of educational programs. VR Land Zlín is located in Zlín in the Prštné area. Their opening hours are Thursday: 10:00 – 21:00, Friday: 14:00 – 22:00, Saturday: 10:00 – 22:00, Sunday: 10:00 – 19:00. They are closed on Tuesdays and Wednesdays, but it is possible to open for those upon arrangement. On Mondays, they are closed (Virtuální aréna Zlín, 2021).

Bar 1931

This bar is located on a square about 350 metres from the Respawn esports bar. The Bar 1931 drink list includes a wide range of drinks prepared by professional bartenders. It is possible to order various seasonal drinks, cocktails, soft drinks, or wines. Those who like to learn new things can visit workshops in the bar, which focus on bartending. Customers can also attend other events organized by the Bar 1931, such as autograph signings, evenings focused on a certain type of alcohol (whiskey night etc.), or musical performances. From Monday to Friday, the Bar 1931 is open from 10:00 to 20:00, and on Saturday from 15:00 to 20:00. The bar is closed on Sundays (Bar 1931, 2021).

Pštros – art, coffee & music bar

This distinctive business is a combination of bar, café, and gallery. It is a very popular place where people go for a good drink and a unique experience. The bar offers a variety of beers, mixed drinks, and coffee. The interiors of the café are quite small, but cosy and full of various paintings or photos, so people really feel like they are in a gallery. In summer, they have a beautiful seating area right in front of the bar. As the bar focuses a lot on the overall atmosphere and customer experience, it organizes various special events such as music programs and summer cinema (Pštros – art, coffee & music bar, 2021).

If people want to have fun, they can rent chess or play games on the Xbox console. Customers can use two computers and free Wi-Fi on site. Pštros is open from 9:00 to 1:00 on weekdays and from 12:00 to 1:00 on weekends. This bar is 600 meters from the Respawn esports bar, next to the Comenius Park, where many people pass daily (Pštros – art, coffee & music bar, 2021).

4.6 Marketing Strategy

A very important part of a business plan is the right choice of marketing strategies that helps the Respawn esports bar succeed. This bachelor's thesis describes two marketing strategies in detail: marketing mix (4P) and SWOT analysis.

4.6.1 Marketing Mix

Product

- **Beverages and snacks**

The Respawn esports bar will offer customers a wide range of beverages. In the hot drinks section, it will be possible to order several types of coffee and tea. The soft drink section will also feature non-alcoholic beer and popular energy drinks, which are a must for most avid gamers. The drink menu will also include mineral waters or assorted juices.

For those who want to drink alcohol at the bar, the drink menu is also very extensive. The bar will offer several brands of beer, spirits, wines, mixed drinks, and ciders. Many drinks will have fancy special names that will be associated with games to make the enjoyment of the visit even stronger.

It will also be possible to order snacks. In the menu, customers will be able to find potato chips, salty sticks, onion rings and many types of nuts.

Drinks and food will be supplied by the Pivotéka online store (www.pivoteka.cz), which offers many types of beer, wine, ciders, and lemonades. Menu items that cannot be ordered online will be purchased at the Makro wholesale store, which is located directly in Zlín.

- **Rental of gaming equipment and board games**

There will be ten fully equipped gaming computers in the esports bar, which will give players the best gaming experience. Customers will also be able to borrow a PlayStation 5 console, which will also launch the latest games. The esports bar's game library will be diverse, so everyone can really enjoy their time on a computer or PlayStation 5. For lovers of physical activities, there will be virtual-reality equipment, where the game is controlled by body movement. If players want to spend time in the esports bar offline, they have the opportunity to borrow a variety of board games for free. The condition for renting board games is the purchase of a drink or snack.

Game equipment will be purchased over the internet at the CZC.CZ electronics store (www.czc.cz). This e-shop was chosen after the business owner's previous good experience. Games will be bought on specialised online game stores; in case of physical copies, the esports bar will turn to CZC.CZ again. Board games will be purchased online or can be provided by customers or acquaintances who have no longer use for them.

A high-quality internet connection will be provided by the Avonet company (www.avonet.cz) and the maintenance of gaming equipment will be taken care of by the PC servis Zvonek company (www.servis-zlin.eu), which is based in Zlín. Maintenance of computers and console will be performed regularly every three months and will cost approximately CZK 8,250. Once a year, more thorough maintenance will be needed, which costs an additional CZK 12,000 for eleven computers (10 gaming computers and 1 business laptop).

- **Special gaming events**

Special gaming events will take place regularly in the esports bar. One of them will be pub quizzes focused on various game topics. Since players are very competitive, they would like to participate in these team-based trivia contests. The esports bar will also host special evenings with Dungeons & Dragons. Dungeons & Dragons is a narrative roleplaying game where players become imaginary characters with different abilities, whose fate is decided by the dice roll. The esports bar also plans events such as lectures and discussions or autograph signing with well-known game personalities. Of course, it would not be a real esports bar without a local game tournament for valuable prizes.

Special game events, which will take place regularly in the Respawn esports bar, will be organized by the owner. She has many years of experience in the gaming industry, where she also met a lot of interesting and well-known people. The owner of the bar likes to organize events and has previous experience with this activity.

Price

To determine the prices of the Respawn esports bar products, the business owner was inspired by competing companies that offer similar products or services. The prices in the esports bar were therefore set similarly to the surrounding competitors. The main reason for choosing similar prices is that customers are used to paying a certain price amount of money for certain services. Higher product prices could discourage some potential customers from visiting the esports bar.

The table below shows the average prices of the esports bar products and services. To calculate prices, several products of the same type were averaged, and the results were rounded to whole numbers. In the case of beer, for which the average purchase price on Pivotéka is CZK 23 per half litre, the price was calculated from three beers – Bernard (CZK 21), Radegast (CZK 20), and Pilsner Urquell (CZK 27). The average selling price of products is calculated in the same way. Prices are rounded to whole numbers.

The average purchase and selling price of products and services (in CZK)		
Product/service	Purchase price	Selling price
Beer (0.5 l)	23	38
Cider (0.4 l)	21	45
Wine (0.2 l)	32	45
Lemonade (0.5 l)	11	30
Juice (0.3 l)	13	35
Hot drink (coffee, tea)	24	40
Energy drink (0.5 l)	28	55
Spirit (0.04 l)	26	50
Mixed drink	36	65
Snack	13	25
Computer rental (1 hour)	x	60
PS 5 rental (1 hour)	x	60 (per controller)
Registration for the game tournament (per person)	x	100
Pub quiz registration (per person)	x	100

Table 2: The average purchase and selling price of products and services (own creation)

Place

The products and services are intended for immediate consumption directly in the esports bar. Another distribution channel is the esports bar's website, where it is possible to book a computer rental in advance. Distribution of products and services will be provided by all employees of the esports bar. They have the necessary qualification for this task, as it is one of the conditions for hiring an employee.

Promotion

Promotion is a very key part of the marketing mix. As the Respawn esports bar is a completely new company without a reputation, it will be necessary to promote this company well. The promotion itself will begin two months before the grand opening. Most of the promotion will take place on the internet, as gamers spend most of the day on computers and mobile phones. The company will also have information leaflets and posters, which will be distributed at TBU, secondary schools, public transport, and other busy places.

- **Website**

The website of the esports bar will provide information about the range of products and services of the company. Visitors will also find contact information, address and bar opening hours there. An important item of the website will be photos of the interior, products, and events. Website design will be simple and modern. The website will be created on the WordPress platform, with which the owner has previous experience. Monthly hosting for small businesses costs CZK 598 on this platform.

- **Social networks**

Social networks will be the main promotional tool of the company. The reason for this type of promotion is that the target group of customers surfs the internet most of the day. The social networks Facebook and Instagram, which are currently the most popular, were selected to promote the esports bar. Both platforms provide advertising services for a targeted group of users. It is convenient to target ads properly to reach people who might be interested in visiting the esports bar. For the first few months, CZK 2,000 will be reserved for advertising on Facebook and Instagram, the price will be adjusted later according to current needs. Photos and videos of products, services, and interior will be added to both platforms. All photos and videos will be taken by the owner, who takes care of the promotion of the esports bar. Information on gaming events will also be shared and promoted. There are special posts

on Instagram called “stories” that remain visible for 24 hours. These “stories” will be used to share current information from the esports bar as well as news from the world of esports and games. The Instagram account has its own hashtag #respawnesportbar, which users can add to their photos taken in the Respawn esports bar.

Social networks will also be used as the main way of communicating with customers and other users of these platforms. The social network Discord was chosen for communication between customers. This free service is primarily used to create communities, and since one of the goals of the Respawn esports bar is to create a community of gamers in Zlín, this social network is very convenient. The Respawn esports bar will have its own server on Discord called “Respawn esports bar”, where everyone will be able to join for free and continuously communicate both with staff of the esports bar and other guests. Discord will have text and voice channels and each channel will have its own thematic focus. The Respawn esports bar will use these channels to share photos, news from the world of games, and interesting events that will take place in the esports bar. Other members of the Discord server will also be able to send various photos, videos, or texts to corresponding channels. It is also possible to use the Discord server to communicate with people who play an online game together.

Reviews are important for the company because many customers attach great value to them, and it is also vital for the future development of the company. On Facebook, business accounts have the option to be rated by customers as a company. Business ratings can also be found on Google, where the owner will respond to reviews.

An important part of the promotion on Instagram and Facebook are also influencers – famous internet personalities. Approached influencers will be invited to the esports bar to describe and review their experience on their large social networks. Influencers will be selected according to their current popularity, content focus and preferences of the owner of the esports bar. Initially, when revenues of the esports bar are lower, the owner of the Respawn esports bar will contact influencers, whom she has known personally for a long time and knows that they will be happy to help her without a large fee. As compensation, these influencers will be offered free drinks and rental of computers, consoles, or board games. As soon as the company revenues are higher, it will be possible to invite other famous internet personalities.

- **Leaflets and posters**

Promotional leaflets could be found both in various places in the city and directly in the esports bar. If customers want to help promote the Respawn esports bar, they can take the

leaflet and place it where it could attract other esports fans. As part of the bar's promotion, leaflets will be distributed to secondary schools and university buildings. The posters will then be posted at bus stops, public transport and in the already mentioned educational institutions. The distribution of leaflets and posters will begin fourteen days before the opening of the esports bar.

Promotional materials will inform about the date of the grand opening. There will also be basic information about the esports bar, such as the address, contact, social networks, and the company's mission. To diversify, leaflets and posters will be enlivened by photos of the products and the interior of esports bar. The cost of A5 leaflets will be CZK 1,475 (250 pieces) and for A3 posters CZK 500 (100 pieces). Additional posters and leaflets will be ordered from Letaky4u (www.letaky4u.cz) every three months and CZK 1,500 will be set aside for them.

- **Word of mouth**

The biggest advantage of this form of promotion is the fact that it is completely free. The disadvantage, however, is that it is entirely in the hands of customers. That is why it is important to offer customers the best possible services and experience so that the company makes a good impression on them. Ideally, satisfied customers will enthusiastically describe their experience from the esports bar to their friends, family, colleagues, or classmates.

People

The goal of the Respawn esports bar is to be a relaxing place with a great atmosphere. That is why it is important for the customers and employees to have a good relationship with each other. In order for everything to work as it should, it is necessary to set the rules.

All employees of the esports bar must be skilled, communicative, and reliable. When hiring new employees, emphasis will be placed on their relationship with games and esports. Their knowledge of the gaming industry will help them communicate with customers. All employees of the esports bar will have regular training and meetings to make their performance at work as good as possible. The owner also plans to support and motivate all employees to enjoy their job as much as possible.

Physical evidence

The Respawn esports bar will have a modern, but at the same time simple interior, in which strong colours will predominate. The walls will be decorated with various replicas from

games, posters, or paintings. During the visit, each customer will be able to connect to the free Wi-Fi provided by the esports bar. The Respawn esports bar will also have a lit logo above the outdoor entrance to make the esports bar easier to find. The staff will be required to wear company T-shirts with its logo or pin a brooch with the company logo on their own clothes.

Processes

It is a priority for the esports bar that all products and services are provided in a fast, comprehensive, and easy way. To meet these priorities, it is important that all employees communicate well and help each other. As soon as an error occurs in the process, it is necessary to solve it quickly and ensure that the situation does not happen again.

4.6.2 SWOT analysis

Strengths	Weaknesses
<ul style="list-style-type: none"> • The latest gaming equipment • Unique concept • Location • Community • No other esports bar in the area 	<ul style="list-style-type: none"> • No experience in operating a business • No reputation • High initial investment
Opportunities	Threats
<ul style="list-style-type: none"> • The growing popularity of games • Offer sponsorship and advertising in the esports bar 	<ul style="list-style-type: none"> • Not enough customers • New competitors in the market • Increase in prices • Global crisis

Table 3: SWOT analysis (own creation)

Strengths

The company’s strengths stem from its unique concept. The merging of the bar and computer game room is not common in the Czech Republic, and there are only a few places where gamers can come to play games and order quality drinks. Another advantage of the Respawn esports bar is its location, as it is in the centre of Zlín and close to the bus and train stations, public transport stop, post office and university buildings. In the very near future, a large

shopping centre called Fabrika will be built in the immediate vicinity of the esports bar, which will bring even more potential customers to the site. The Respawn esports bar will focus on developing the gaming community in Zlín. A private server of the esports bar will be created on the popular platform Discord, which is focused on creating communities. People will be able to use this private server for free and chat and make calls with other users. Another strength of the Respawn esports bar is that there is no other esports bar in Zlín and its surrounding area.

Weaknesses

The biggest weakness of the Respawn esports bar is the fact that the owner has no previous experience with business activities. Therefore, the first few months of running the business will be challenging. As the Respawn esports bar is a completely new business, it has no reputation and will require more promotion and efforts to gain customers. It is also necessary to invest more money into the esports bar than in a regular bar. In order to be able to provide all services, expensive technical equipment must be purchased (computers, consoles, televisions and more).

Opportunities

The Respawn esports bar sees a great opportunity in the growing global trend of gaming and esports. As an esports bar is a place for fans of games, it is also a suitable place for advertising by gaming companies or other companies operating in the gaming industry. These companies could establish mutual and advantageous cooperation with the esports bar.

Threats

A very serious threat to the esports bar can be the lack of customers in the first months of running the business. As a result, there would be insufficient earnings and the company would have financial difficulties. The entry of a new competitor into the market would also be a big problem. If another esports bar was to open in Zlín, the situation could be very critical, because two similar companies would probably not make a living in a quite small city. Inflation, which would raise the prices of products, services, rent, or gaming equipment, could also be a problem. Last in line is the threat of the global economic or pandemic crisis.

In the event of a pandemic and possible lockdown that would lead to the closure of businesses such as bars, the Respawn esports bar would need to raise funds to pay for expenses in other ways. It would be necessary to use the reserve money or ask the gaming community

for help. The esports bar would offer vouchers for services or products in advance at a reduced price – after reopening the esports bar, customers would use these vouchers. Another option would be a community fundraiser or help from the government.

4.7 Financial plan

Financial analysis is an essential part of the business plan. This part of the business plan is also of great interest to banks and investors, which can decide whether to support the project or not based on the financial plan.

4.7.1 Initial Investment

Extensive costs must be covered even before opening a business. Initial investments are needed to be able to open a business. These are items without which the business would not function as intended. The author divided these costs into two tables. The first table is a summary of all initial costs, and the second table is focused in detail on the company's equipment. The initial costs must also include the operating costs for the first month of operation of the company. As the building where the esports bar is located has been renovated, there is no need to spend money on repairs. The initial investment also includes electronic records of sales (EET), which must be held by every company according to the Czech law.

Initial investment (in CZK)	
Trade registration	1,000
Other fees	4,150
Equipment	912,790
Monthly rent	49,990
Internet connection	2,990
Software installation	3,000
Property insurance	2,500
Labour costs	89,915
Clothes for personnel	2,500
Supplied goods*	279,300
Promotion	4,573
Total	1,352,708

Table 4: Initial investment (own creation)

* Supplied goods are purchased according to the realistic scenario that is expected in the first months of the esports bar's operation.

The costs of equipment (in CZK)	
Gaming equipment	398,500
Business laptop	18,790
Games + other software	20,000
Televisions and projector	75,000
Coffee machine	35,000
Furniture	170,000
Connection equipment (router, switch)	3,000
Cups, plates, cutlery etc.	30,000
Appliances	43,500
Taps	66,000
Detergents	3,000
EET cash - Dotykačka	10,000
Other necessities (towels, decorations, toilet paper, light sign, projection screen etc.)	40,000
Total	912,790

Table 5: The costs of equipment (own creation)

4.7.2 Operating costs

Labour costs

As already mentioned in chapter 4.4 Management and Organization, the Respawn esports bar employs two full-time employees and one part-time worker. A salary will also be paid to the business owner. All employees have a basic hourly wage of CZK 120. According to Czech law, the employer is obliged to pay employees the total insurance in the amount of 33,8% (24,8% social security contributions and 9% health insurance). The part-time worker is employed in the form of DPČ (in Czech – dohoda o pracovní činnosti) and can work a maximum of 20 hours per week (80 hours per month). For the calculation of costs, it is assumed that part-time workers are students without any further employment.

Monthly labour costs (in CZK)				
	Full-time employees (2)	Part-time employee	Business owner	All
Gross wage	38,400	9,600	19,200	67,200
Insurance (33,8%)	12,980	3,245	6,490	22,715
Total	51,380	12,845	25,690	89,915

Table 6: Monthly labour costs (own creation)

Fixed and variable costs

As the table 5 shows the labour costs, it is now possible to compile a table with the company's fixed and variable costs.

Fixed and variable costs (in CZK)		
Fixed costs	Monthly	Yearly
Labour costs	89,915	1,078,980
Energy	48,720	584,640
Rent	49,990	599,880
Internet connection	2,990	35,880
Property insurance	2,550	30,600
Promotion	3,098	37,176
OSA.cz – fees for music	3,460	41,520
Concession fee	450	5,400
Equipment maintenance	2,750	33,000
Total fixed costs	203,923	2,447,076
Variable costs	Monthly	Yearly
Supplies (pessimistic)	157,620	1,891,440
Supplies (realistic)	279,300	3,351,600
Supplies (optimistic)	433,710	13,011,300
Total costs (pessimistic)	361,543	4,338,516
Total costs (realistic)	483,223	5,798,676
Total costs (optimistic)	637,633	7,651,596

Table 7: Fixed and variable costs (own creation)

4.7.3 Start-up balance sheet

To find out what the company owns and how much is invested in it, it is necessary to create a balance sheet where everything is clearly written. As the initial investment in the Respawn esport bar is CZK 1,352,708, it is not possible to cover all expenses by the owner from her saved funds. For this reason, the owner will borrow CZK 1,000,000 from Moneta Money Bank. The interest rate of the loan will be 5,9% and will be repaid over 5 years. According

to the loan calculator on the bank's website, the monthly payments will be CZK 19,585 (Moneta Money Bank, 2021).

Start-up balance sheet (in CZK)			
Assets		Equity and Liabilities	
Fixed assets	967,930	Equity	352,708
Formation expenses	55,140	Registered capital	352,708
Other assets	912,790	x	x
Current assets	384,778	Liabilities	1,000,000
Supplies	279,300	Bank loan	1,000,000
Bank account	105,478	x	x
Total assets	1,352,708	Total equity and liabilities	1,352,708

Table 8: Start-up balance sheet (own creation)

4.7.4 Estimated Revenues

For a new business, it is very difficult to estimate approximate revenues. The owner divides the expected revenues into three possible scenarios: pessimistic, realistic, and optimistic. In order to calculate the revenues, it is necessary to determine how many customers are served on average per hour and how much money they spend on average. To determine these values, it was crucial to create detailed tables of esports bar occupancy and prices of services and products.

To calculate the monthly revenues, it was decided that each month would have 30 days. The prices of products and services from table 2 were used to calculate the customer's average spending per hour. In the optimistic scenario, it was determined that the customer would order two drinks and one snack per hour. The average price of all drinks is CZK 45 for one. The snack is sold for an average price of CZK 25. The average spending per hour under the optimistic scenario is therefore CZK 115. When calculating the realistic scenario, the numbers are reduced by 20%, in the case of the pessimistic scenario by 40%.

Only the main sources of revenues are included in the calculation of revenues – the sale of beverages, food, and the rental of gaming equipment. In the case of gaming events, smaller revenues are expected, which are not so important for the calculation of total revenues.

Pessimistic scenario

Fewer customers are expected during the exam period of the surrounding schools when students will not have the time to spend evenings having fun. Decrease in revenues may also occur due to technical problems or weather conditions. In case of poor promotion or lack of interest of customers, pessimistic revenues are also expected.

Pessimistic scenario of revenues (in CZK)	
Bar revenues (beverages, food)	
Hours spent in the esports bar (daily)	142
Average spending per hour	69
Daily revenues	9,798
Monthly revenues	293,940
Yearly revenues	3,527,280
Computer and PlayStation 5 revenues	
Hours spent playing on computers and PlayStation 5 (daily)	34
Cost of playing per hour	60
Daily revenues	2,040
Monthly revenues	61,200
Yearly revenues	734,400
Total revenues	
Daily	11,838
Monthly	355,140
Yearly	4,261,680

Table 9: Pessimistic scenario of revenues (own creation)

Realistic scenario

A realistic scenario is expected in the first month of operation, when the esports bar attracts a lot of curious customers. If the esports bar gains enough loyal customers during the first month of operation, it is likely that the business will make realistic revenues in the coming months.

Realistic scenario of revenues (in CZK)	
Bar revenues (beverages, food)	
Hours spent in the esports bar (daily)	190
Average spending per hour	92
Daily revenues	17,480
Monthly revenues	524,400
Yearly revenues	6,292,800
Computer and PlayStation 5 revenues	
Hours spent playing on computers and PlayStation 5 (daily)	46
Cost of playing per hour	60
Daily revenues	2,760
Monthly revenues	82,800
Yearly revenues	993,600
Total revenues	
Daily	20,240
Monthly	607,200
Yearly	7,286,400

Table 10: Realistic scenario of revenues (own creation)

Optimistic scenario

Optimistic revenues are expected when the esports bar is full of customers who spend a lot of money. The busiest days will be Wednesdays (Student Wednesdays), Fridays, and Saturdays. The onrush of customers is also anticipated during special events held in the esports bar.

Optimistic scenario of revenues (in CZK)	
Bar revenues (beverages, food)	
Hours spent in the esports bar (daily)	237
Average spending per hour	115
Daily revenues	27,255
Monthly revenues	817,650
Yearly revenues	9,811,800
Computer and PlayStation 5 revenues	
Hours spent playing on computers and PlayStation 5 (daily)	57
Cost of playing per hour	60
Daily revenues	3,420
Monthly revenues	102,600
Yearly revenues	1,231,200
Total revenues	
Daily	30,675
Monthly	920,250
Yearly	11,043,000

Table 11: Optimistic scenario of revenues (own creation)

Mixed scenarios

They may also be situations where a pessimistic, realistic, and optimistic scenarios intersect. An example of this may be that a lot of people come to the esports bar (optimistic scenario)

but spend very little money there (pessimistic scenario). In this case, the total daily revenue would be CZK 16,353. In the opposite situation, where few people come to the esports bar (pessimistic scenario) but spend a lot of money (optimistic scenario), the total daily revenues would be CZK 16,330. Revenues from the rental of computers and console is not included in mixed scenarios because the price per hour does not change.

4.7.5 Income statement

The income statement draws information from the previous chapter, which deals with realistic, pessimistic, and optimistic scenarios of estimated revenues. The total operating costs of the company are then deducted from these revenues. According to the Czech laws, the profit must be taxed at a rate of 19%. In the case of a pessimistic scenario, which came out in negative numbers, it is not possible to calculate the tax. Calculations are rounded up to whole crowns.

Monthly income statement (in CZK)			
	Pessimistic scenario	Realistic scenario	Optimistic scenario
Revenue	355,140	607,200	920,250
Costs	361,543	483,223	637,633
EBITDA	-6,403	123,977	282,617
Depreciation/amortization	0	0	0
EBIT	-6,403	123,977	282,617
Net interest expense*	19,585	19,585	19,585
EBT	-25,988	104,392	263,032
Tax (19%)	x	19,835	49,977
Net Income	-25,988	84,557	213,055

Table 12: Monthly income statement (own creation)

* This is only a projection. The interest will of course differ over time.

Annual income statement (in CZK)			
	Pessimistic scenario	Realistic scenario	Optimistic scenario
Revenue	4,261,680	7,286,400	11,043,000
Costs	4,338,516	5,798,676	7,651,596
EBITDA	-76,836	1,487,724	3,391,404
Depreciation/amortization	0	0	0
EBIT	-76,836	1,487,724	3,391,404
Net interest expense*	235,020	235,020	235,020
EBT	-311,856	1,252,704	3,156,384
Tax (19%)	x	238,014	599,713
Net Income	-311,856	1,014,690	2,556,671

Table 13: Annual income statement (own creation)

* This is only a projection. The interest will of course differ over time.

4.7.6 Break-even point

As the Respawn esport bar has a diverse production, it is necessary to choose a suitable formula for the calculation of the break-even point. A realistic scenario of variable costs and revenues was used for the calculation, as it is expected in the first months.

$$Q = F / (1 - v^*)$$

$$Q = 2,447,076 / (1 - 0,46) = \text{CZK } 4,531,623$$

$$v^* = 3,351,600 / 7,286,400 = 0,46$$

If the annual costs are considered, the company will reach a break-even point with a revenue of CZK 4,531,623. The minimum revenue per month must be CZK 377,636 to reach a break-even point in the first month.

4.8 Risks

Various risks can arise in business activities. It is advisable to consider the risks before starting a business so that the company is properly prepared for these threats. The following risks are taken as the main ones for the Respawn esports bar.

There may be insufficient demand for esports bar products and services. The timing of starting a business is also a risk. If there is a pandemic or economic crisis in the world, it is not the right time for a grand opening. The situation where a new competitor enters the market with the same idea is also very uncomfortable and can affect the impact of demand. There is also a possibility that existing competitors will want to take advantage of the popularity of games and thus expand their range of services or products.

As the main service of the Respawn esports bar is the rental of game equipment. The failure of this equipment is a very unpleasant risk. When a computer breaks down, it can take some time to repair or replace it, and the company is missing profits. For this reason, it is necessary to perform regular maintenance of gaming equipment in order to prevent malfunctions. Another risk is slow or non-functional internet connection. To avoid this risk, it is necessary to choose a suitable provider that offers fast and reliable internet connection. There may also be a situation where the delivery of goods will be delayed, or the goods will not arrive in sufficient quantity and quality.

Risks are also associated with staff. Employees may be incompetent or unprofessional. If there is a bad relationship between customers and staff, it may result in less customers visiting the esports bar. Personnel risks can be prevented by regular meetings or training. It is also advisable to receive feedback from customers regularly, which may improve the quality of services. Another major risk is the inexperience of the owner in the field of business activities. The owner may not correctly predict the costs and expenses of the company, and this error can have fatal consequences for the operation of the esports bar. It is therefore appropriate for the owner to continuously acquire new knowledge about business from relevant books, videos, or lectures. Another financial risk is an insufficient budget or the absence of an investor who would help the company with funds.

Finally, it is good to think about the risks of natural disasters or theft. It is crucial to address these threats with appropriate insurance.

CONCLUSION

The aim of this bachelor's thesis was to create a business plan for an esports bar and find out if the project would be profitable. When choosing a topic, the author reached for something close to her heart: video games. The author of the thesis is a very passionate gamer and likes to meet new people who have similar interests and passions. Therefore, she decided to make a business plan for an esports bar, which combines a regular bar with a computer game room. This esports bar will be a place where fans of games will meet and discuss, drink, watch esports and play games together. With this project, the author wants to try to dispel prejudices about gamers who are often perceived by society as renegades who do not go out.

For the author to find out how to put together a quality business plan, she found relevant literature from which she drew ideas and thoughts. All findings from the literature are written in the theoretical part of the bachelor's thesis. The first chapter is focused on explaining the concepts of an entrepreneur and entrepreneurship and under what conditions it is possible to establish and run a company in the Czech Republic. When founding a company, it is important to know which form of business is the most suitable for the company, and therefore the next part of the thesis listed and described all forms of business that can be established in the Czech Republic. The second part of the theory then focuses on the business plan itself – its types, principles, and structure.

The second part of the bachelor's thesis dealt with the creation of the business plan itself. The structure of the business plan was based on the theoretical part of the thesis. The first page of the analytical part is the title page of the business plan, which contains the logo of the Respawn esports bar and other basic information. Next is the executive summary and detailed description of the company. The thesis then deals with the management and organization of the company, which explains who will work in the company and under which circumstances. The next chapter analyses the market and competition. A large part of the thesis is devoted to the marketing mix (4P) and SWOT analysis, which analyses everything associated with business activities in detail. One of the most important parts of bachelor's thesis is the financial analysis, which was quite challenging, as the esports bar has several different sources of revenues. These revenues had to be calculated in three different scenarios – pessimistic, realistic, and optimistic. The estimated net profit for the first year is CZK 1,014,690 in the case of realistic scenario. This scenario is considered with the successful promotion of the esports bar and sufficient demand. The estimated annual optimistic profit

is CZK 2,556,671. This scenario is expected mainly on weekends, during the special events or in the future, when the esports bar will find enough loyal customers. The last part of the analytical part focuses on business risks and how to prevent them.

As mentioned above, the main goal of the thesis was to create a business plan and based on analyses and calculations, to determine whether the esports bar would be feasible. This goal was met and based on the created business plan it can be stated that this project would be profitable. Of course, everything depends on real demand, good promotion, and the quality of products and services offered. Based on the knowledge from the entire business plan, the Respawn esports bar has great potential.

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LIST OF ABBREVIATIONS

4P	Marketing mix
CZK	Czech Crowns
EET	Electronic records of sales
DPC	Agreement on working activity
TBU	Tomas Bata University
SWOT	Strength, weakness, opportunity, and threat analysis

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