

# **A Business Plan for a Dance Studio**

Petra Nagyová

---

Bachelor's Thesis  
2021



**Tomas Bata University in Zlín**  
Faculty of Humanities

---

Univerzita Tomáše Bati ve Zlíně

Fakulta humanitních studií

Ústav moderních jazyků a literatur

Akademický rok: 2020/2021

## ZADÁNÍ BAKALÁŘSKÉ PRÁCE

(projektu, uměleckého díla, uměleckého výkonu)

Jméno a příjmení:	<b>Petra Nagyová</b>
Osobní číslo:	<b>H170420</b>
Studijní program:	<b>B7310 Filologie</b>
Studijní obor:	<b>Anglický jazyk pro manažerskou praxi</b>
Forma studia:	<b>Prezenční</b>
Téma práce:	<b>Podnikatelský plán pro založení tanečního studia</b>

### Zásady pro vypracování

Zpracování literární rešerše zaměřené na založení podniku a tvorbu podnikatelského plánu  
Formulace cílů práce  
Analýza konkurence a segmentace trhu  
Vytvoření podnikatelského plánu  
Shrnutí navrženého plánu a vyvození závěrů bakalářské práce

Forma zpracování bakalářské práce: **Tištěná/elektronická**  
Jazyk zpracování: **Angličtina**



**Seznam doporučené literatury:**

Abrams, Rhonda. 2019. *Successful Business Plan Secrets & Strategies*. 7th ed. Palo Alto, CA: Planning Shop.  
Kotler, Philip, and Gary Armstrong. 2014. *Principles of marketing*. 15th ed. Harlow: Pearson Education.  
Shelton, Hal. 2017. *The Secrets to Writing a Successful Business Plan: A Pro Shares a Step-by-Step Guide to Creating a Plan That Gets Results*. Rockville, MD: Summit Valley Press.  
Srpová, Jitka, Ivana Svobodová, Pavel Skopal, and Tomáš Orlík. 2011. *Podnikatelský plán a strategie*. Prague: Grada  
Synek, Miloslav, and Eva Kislingerová. 2015. *Podniková ekonomika*. 6th ed. Prague: C.H.Beck.

Vedoucí bakalářské práce: **Ing. Michal Kolář, Ph.D.**  
Ústav podnikové ekonomiky

Datum zadání bakalářské práce: **9. listopadu 2020**

Termín odevzdání bakalářské práce: **10. května 2021**

  
**Mgr. Libor Marek, Ph.D.**            **doc. Mgr. Roman Trušník, Ph.D.**  
děkan      ředitel ústavu

Ve Zlíně dne 5. března 2021

## PROHLÁŠENÍ AUTORA BAKALÁŘSKÉ PRÁCE

Beru na vědomí, že

- odevzdáním bakalářské práce souhlasím se zveřejněním své práce podle zákona č. 111/1998 Sb. o vysokých školách a o změně a doplnění dalších zákonů (zákon o vysokých školách), ve znění pozdějších právních předpisů, bez ohledu na výsledek obhajoby <sup>1)</sup>;
- beru na vědomí, že bakalářská práce bude uložena v elektronické podobě v univerzitním informačním systému dostupná k nahlédnutí;
- na moji bakalářskou práci se plně vztahuje zákon č. 121/2000 Sb. o právu autorském, o právech souvisejících s právem autorským a o změně některých zákonů (autorský zákon) ve znění pozdějších právních předpisů, zejm. § 35 odst. 3 <sup>2)</sup>;
- podle § 60 <sup>3)</sup> odst. 1 autorského zákona má UTB ve Zlíně právo na uzavření licenční smlouvy o užití školního díla v rozsahu § 12 odst. 4 autorského zákona;
- podle § 60 <sup>3)</sup> odst. 2 a 3 mohu užít své dílo – bakalářskou práci - nebo poskytnout licenci k jejímu využití jen s předchozím písemným souhlasem Univerzity Tomáše Bati ve Zlíně, která je oprávněna v takovém případě ode mne požadovat přiměřený příspěvek na úhradu nákladů, které byly Univerzitou Tomáše Bati ve Zlíně na vytvoření díla vynaloženy (až do jejich skutečné výše);
- pokud bylo k vypracování bakalářské práce využito softwaru poskytnutého Univerzitou Tomáše Bati ve Zlíně nebo jinými subjekty pouze ke studijním a výzkumným účelům (tj. k nekomerčnímu využití), nelze výsledky bakalářské práce využít ke komerčním účelům.

Prohlašuji, že

- elektronická a tištěná verze bakalářské práce jsou totožné;
- na bakalářské práci jsem pracoval samostatně a použitou literaturu jsem citoval. V případě publikace výsledků budu uveden jako spoluautor.

Ve Zlíně ..... 6. 5. 2021 .....

*1) zákon č. 111/1998 Sb. o vysokých školách a o změně a doplnění dalších zákonů (zákon o vysokých školách), ve znění pozdějších právních předpisů, § 47b Zveřejňování závěrečných prací:*

*(1) Vysoká škola nevydělečně zveřejňuje disertační, diplomové, bakalářské a rigorózní práce, u kterých proběhla obhajoba, včetně posudků oponentů a výsledku obhajoby prostřednictvím databáze kvalifikačních prací, kterou spravuje. Způsob zveřejnění stanoví vnitřní předpis vysoké školy.*

(2) Disertační, diplomové, bakalářské a rigorózní práce odevzdané uchazečem k obhajobě musí být též nejméně pět pracovních dnů před konáním obhajoby zveřejněny k nahlížení veřejnosti v místě určeném vnitřním předpisem vysoké školy nebo není-li tak určeno, v místě pracoviště vysoké školy, kde se má konat obhajoba práce. Každý si může ze zveřejněné práce pořizovat na své náklady výpisy, opisy nebo rozmnoženiny.

(3) Platí, že odevzdáním práce autor souhlasí se zveřejněním své práce podle tohoto zákona, bez ohledu na výsledek obhajoby.

2) zákon č. 121/2000 Sb. o právu autorském, o právech souvisejících s právem autorským a o změně některých zákonů (autorský zákon) ve znění pozdějších právních předpisů, § 35 odst. 3:

(3) Do práva autorského také nezasahuje škola nebo školské či vzdělávací zařízení, užije-li nikoli za účelem přímého nebo nepřímého hospodářského nebo obchodního prospěchu k výuce nebo k vlastní potřebě dílo vytvořené žákem nebo studentem ke splnění školních nebo studijních povinností vyplývajících z jeho právního vztahu ke škole nebo školskému či vzdělávacímu zařízení (školní dílo).

3) zákon č. 121/2000 Sb. o právu autorském, o právech souvisejících s právem autorským a o změně některých zákonů (autorský zákon) ve znění pozdějších právních předpisů, § 60 Školní dílo:

(1) Škola nebo školské či vzdělávací zařízení mají za obvyklých podmínek právo na uzavření licenční smlouvy o užití školního díla (§ 35 odst.

3). Odpirá-li autor takového díla udělit svolení bez vážného důvodu, mohou se tyto osoby domáhat nahrazení chybějícího projevu jeho vůle u soudu. Ustanovení § 35 odst. 3 zůstává nedotčeno.

(2) Není-li sjednáno jinak, může autor školního díla své dílo užít či poskytnout jinému licenci, není-li to v rozporu s oprávněnými zájmy školy nebo školského či vzdělávacího zařízení.

(3) Škola nebo školské či vzdělávací zařízení jsou oprávněny požadovat, aby jim autor školního díla z výdělku jím dosaženého v souvislosti s užitím díla či poskytnutím licence podle odstavce 2 přiměřeně přispěl na úhradu nákladů, které na vytvoření díla vynaložily, a to podle okolností až do jejich skutečné výše; přitom se přihlédne k výši výdělku dosaženého školou nebo školským či vzdělávacím zařízením z užití školního díla podle odstavce 1.

## **ABSTRAKT**

Czech abstract

Tato bakalářská práce se zabývá vytvořením podnikatelského plánu pro taneční studio. Jejím cílem je zjištění, zda existuje možnost, že bude podnik ziskový. Práce se dělí na dvě části - teoretickou a praktickou. Teoretická část se zabývá definicemi podnikatele a podnikání, popisem právních forem podnikání v České republice a podnikatelského záměru. Praktická část pak uplatňuje znalosti z teoretické části do praxe a aplikuje je na podnikatelský plán pro taneční studio.

Klíčová slova: podnikatelský plán, marketingový výzkum, podnikatel, podnik, taneční studio

## **ABSTRACT**

English abstract

This bachelor's thesis deals with the establishment of a business plan for a dance studio. The aim of this work is to find out if there is a possibility to be profit-making. This bachelor thesis is divided into two parts - theoretical and practical. The theory describes the basic business terms such as an entrepreneur, entrepreneurship, legal forms of business in the Czech Republic, and a business plan. The analysis applies the knowledge from the theory to the business plan for a dance studio.

Key words: business plan, market analysis, entrepreneur, entrepreneurship, dance studio

## **ACKNOWLEDGEMENTS**

First of all, I would like to express my sincere gratitude to my supervisor Ing. Michal Kolář, Ph.D. for his valuable advice, comments and patience that helped me to finish my bachelor's thesis. Furthermore, my heartfelt thanks go to my parents and family for their endless support.

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

# CONTENTS

<b>INTRODUCTION .....</b>	<b>9</b>
<b>I THEORY .....</b>	<b>10</b>
<b>1 BASIC TERMS IN THE FIELD OF BUSINESS.....</b>	<b>11</b>
1.1 ENTREPRENEURSHIP .....	11
1.2 ENTREPRENEUR .....	11
1.3 ENTREPRISE .....	12
1.4 A TRADE .....	12
1.5 A START OF A BUSINESS.....	12
1.5.1 Enterpreneurship of a natural person .....	13
1.5.2 Enterpreneurship of a legal entity .....	14
1.6 BUSINESS CORPORATIONS.....	14
1.6.1 General Partnership.....	14
1.6.2 Limited Partnership.....	15
1.6.3 Incorporated or limited company .....	15
1.6.4 A joint-stock company .....	15
1.7 ENVIRONMENT OF A BUSINESS.....	15
1.7.1 Political Environment.....	16
1.7.2 Economic Environment.....	16
1.7.3 Social Environment.....	16
1.7.4 Technical Environment .....	16
1.7.5 Ecological Environment.....	17
<b>2 BUSINESS PLAN .....</b>	<b>18</b>
2.1 WHY TO WRITE A BUSINESS PLAN .....	18
2.2 STRUCTURE OF A BUSINESS PLAN .....	18
2.2.1 Title page.....	19
2.2.2 Executive summary .....	19
2.2.3 Company description .....	19
2.2.4 Product or Service Description .....	20
2.2.5 The Market analysis .....	20
2.2.6 Marketing plan .....	25
2.2.7 Growth Plan .....	26
2.2.8 Human resources .....	26
2.2.9 Financial plan .....	27
2.2.10 Appendices .....	28
<b>II ANALYSIS .....</b>	<b>29</b>
<b>3 A BUSINESS PLAN FOR A DANCE STUDIO .....</b>	<b>30</b>
3.1 TITLE PAGE.....	30
3.2 EXECUTIVE SUMMARY .....	31
3.3 COMPANY DESCRIPTION .....	31
3.4 PRODUCT/SERVICE DESCRIPTION .....	34
3.5 MARKET ANALYSIS .....	38
3.5.1 PEST Analysis .....	38
3.5.2 SWOT Analysis .....	41



3.5.3	Competition Analysis.....	43
3.5.4	Porter’s five forces .....	45
3.6	MARKETING PLAN .....	46
3.6.1	Marketing mix.....	46
3.6.2	Market research .....	52
3.7	HUMAN RESOURCE PLAN .....	53
3.8	GROWTH PLAN.....	54
3.9	FINANCIAL PLAN.....	54
3.9.1	Start-up Balance Sheet .....	54
3.9.2	Initial Costs .....	54
3.9.3	Labour Costs .....	55
3.9.4	Operating costs.....	56
3.9.4	Break-even point .....	57
3.9.5	Estimated Revenues .....	59
3.9.6	Income statement .....	62
3.9.7	Return on Sales (ROS) .....	63
<b>4</b>	<b>RISK ANALYSIS .....</b>	<b>65</b>
	<b>CONCLUSION .....</b>	<b>67</b>
	<b>BIBLIOGRAPHY .....</b>	<b>68</b>
	<b>LIST OF ABBREVIATIONS .....</b>	<b>71</b>
	<b>LIST OF FIGURES .....</b>	<b>72</b>
	<b>LIST OF TABLES .....</b>	<b>73</b>

## INTRODUCTION

This bachelor's thesis deals with the creation of a business plan for the establishment of a dance studio in Zlín and assess its profitability. The dance studio should fill a niche in the market with this concept. In addition, the topics of a healthy lifestyle, leisure activities and body maintenance are very much discussed today. In today's world full of competition, it is not an easy task to start a successful company. Business carries great risks and there is a high chance of failure. Therefore, to take this risk limited to a minimum, it is important to have a quality business plan before starting a business. Thanks to this, we will be able to know the environment in which we want to operate better, from the competition through customers, etc. We will find out if it makes any sense to start a business at all.

The bachelor thesis is divided into a theoretical and analytical part. The theoretical part starts with the definition of basic business terms. Then the legal forms of business in the Czech republic are introduced. Finally, the theoretical part focuses on a business plan itself, namely its principles, goals and benefits, and structure explained in detail. The second part is the analytical part in which the knowledge acquired in the theoretical part is demonstrated. The analytical part contains the business plan for the Free Spirit dance studio. The chapters of a business plan are based on the structure provided in the theoretical part. The reader gets to know about the company, provided services, the market analysis, financial plan, etc. As the purpose is to assess the feasibility and viability of a plan, the author carried out various analyses such as PEST analysis, SWOT analysis, and Porter's five forces analysis.

The financial part that includes the balance sheet, start-up costs, labour costs, operating costs, estimated revenues, and income statement is an essential part of the business plan, as it is another part assessing the feasibility of the plan.

## **I. THEORY**

# 1 BASIC TERMS IN THE FIELD OF BUSINESS

## 1.1 ENTREPRENEURSHIP

According to Strouhal (2016, 7), entrepreneurship is "a profit-making business activity." There are several reasons for doing business. The primary cause of economic activity is known to be equity capital appreciation. Another rational goal is to fulfill the consumer's wants and needs. (Strouhal 2016)

Entrepreneurship is described in the Commercial Code as "a systematic operation carried out independently by an entrepreneur in his or her own name and under his or her own responsibility in order to achieve a profit." (Srpová and Řehoř 2010, 20)

Synek and Kislingerová (2015, 3) claim the entrepreneurship is defined by these undermentioned features:

- The main aim is to reach a profit.
- The profit is accomplished by satisfying customer's wants and needs.
- The entrepreneur has to face the risk of all the business activities.
- The effort of businesses entities is to minimize risk.
- At the beginning of each business, the entrepreneur injects capital into his enterprise, either stock capital or borrowed capital. (Synek and Kislingerová 2015, 3)

## 1.2 ENTREPRENEUR

The New Civil Code states that a company owner is an individual recorded in the registry of companies or an individual who operates a company under a commercial licence or a person who operates a business under a license under special legal rules. (Černá et al. 2016, 57). The term entrepreneur has also many other definitions.

The entrepreneur is according to Veber and Srpová (2012, 15):

- A person who carries out activities related to business and does so with the risk of loss or expansion of owner's capital.
- A person who can identify and exploit opportunities as well as mobilize and make full use of resources and is also able to take on the risks involved in achieving the set goals and objectives.
- A person who is described as not only the initiator but also the bearer of the business and who puts one's resources, time, strain and the name into the business. Besides, this person also takes responsibility and bears the risk in order to achieve personal and also financial satisfaction. (Veber and Srpová 2012, 15)

Entrepreneurs are obliged to pay taxes, to satisfy their duties and to do so. (Kaftan 2001, 24)

According to Srpová and Řehoř (2010, 34), the entrepreneur needs to have two simple tasks. The premises for doing business, namely entrepreneurial spirit and success. The spirit of enterprise is one of the most main aspects that characterizes the necessary prerequisites for entrepreneurship. The requirement to meet a pre-planned target is generally described as achievement, which is considered to be the second prerequisite for the management of a company. It is also a positive experience that provokes a desire for further success. (Srpová and Řehoř 2010, 34)

### **1.3 ENTREPRISE**

According to Strouhal (Strouhal 2016,7) business is defined as follows: “A business enterprise” is an organised set of assets and liabilities created by an entrepreneur which are used to pursue his/her activities. An enterprise is presumed to comprise everything that is typically used for its operation.” (Strouhal 2016, 7)

According to Srpová and Řehoř (2010, 35), the enterprise could be also viewed as a subject where inputs (operational or production factors: such as labour, energy, raw energy, etc.) are converted to outputs (services or products) as well as a subject that consists of tangible, personal and intangible components of the business. (Srpová and Řehoř 2010, 35)

### **1.4 A TRADE**

The Trade Licensing Act defines a trade as "a systematic practice carried out independently under the conditions specified in this Act, in a person's own name and responsibility, with the objective of benefit."

To conduct business, it is appropriate to obtain a concession. The concession is the state's recognition that an entrepreneur is eligible to conduct business.

The Trade Register is a database of entrepreneurs that was created pursuant to the Trade Act. These records include a person's name and surname, a personal identification number, their place of residence, the nature of their business, the location of their business, their address, and the duration of a trade license's validity. (Ministry of Industry and Trade 2020).

### **1.5 A START OF A BUSINESS**

The Czech Republic allows the following types of entrepreneurship: entrepreneurship of natural persons and entrepreneurship of legal entities. (Srpová and Řehoř 2010, 67–68)

These two forms are described below.

### 1.5.1 Entrepreneurship of a natural person

The easiest way to start a business is by the sole owner. It is a business of entrepreneurs who do so individually, under their responsibility and under their name, with the entrepreneurial potential of a natural person. (Confederation College, 2014, 14)

If an entrepreneur decides to conduct a business as a natural person, it is essential to obtain either a commercial license or an authorization to operate a business as well as to meet the requirements set out in the Trade Licensing Act:

- General conditions: legal age (18 years), legal capacity, clean criminal record
- Special conditions: professional or other qualification if required by the trade.

(Švarcová et al. 2016, 57–58)

According to Mulačová and Mulač (2013, 30) trades are divided as follows:

**1. Notifiable trades** may be operated after compliance with certain conditions stipulated by the trade law and based on the appropriate notification and are further subdivided into:

- *Vocational trades* – the condition for carrying on a craft trade is to submit proof of proper completion of the education in the relevant field. Among the craft trades are, for example, butchery, confectionery, etc.
- *Professional trades* – the conditions for obtaining and carrying on regulated trades (education, practice and other conditions) are listed individually for each type of trade in the Trade Licensing Act. Regulated trades include, for example, repair of electrical equipment, production, eye optics, etc.
- *Unqualified trades* – free trades are all other trades, and it is sufficient to satisfy the general conditions to carry them out.

**2. Permitted trades** can be only performed under license granted by the Trade Licensing Office, so merely declaring a trade is insufficient. A licence deed is issued to applicants if they have the required education and if they also meet other conditions set by an act. The licensed trades are, for example, taxi services, weapons repairs, funeral services, etc. (Mulačová and Mulač 2013, 30)

The biggest advantage of a one-man business is that a self-employed person does not have to invest any initial capital. However, the disadvantage is the unlimited liability because the owner is directly responsible for all the company's debts. Nevertheless, this form of business is still considered suitable for starting entrepreneurs. (Veber and Srpová 2012, 71)

### 1.5.2 Entrepreneurship of a legal entity

In addition to the entrepreneurship of natural persons (self-employed individuals), it is also possible to start a company as a legal entity. In this situation, it is crucial to take into account that the start-up of a company is more complicated administratively, and it is also important to remember that, in many cases, it is crucial to deposit the recorded capital while starting up a business. In addition, all forms of legal entities must be recorded in the Commercial Registry. (Srpová and Řehoř 2010, 68)

There are several forms of businesses of legal entities in the Czech Republic according to the Commercial Register. The three main forms are private companies, commercial companies and cooperatives. Despite the fact, that setting up a business of a legal entity is more demanding in terms of administration than the business of a natural person, it is a very common form of enterprise in the Czech Republic. Business of a legal entity is set up by the date of incorporation and acts under the name stated in the commercial register. It is generally divided into:

- **Private companies** – a general partnership or a limited partnership – are owned by at least two partners whose personal involvement in the company is assumed and who share the profit together. Neither the amount of deposits nor the internal organizational structure of the company is prescribed by law. The major disadvantage is the same as of the natural person's business- that is the unlimited liability of the partners. (Synek and Kislingerová 2015, 81)

- **Capital companies** - a limited liability company or a joint-stock company – A capital company can be founded by the minimum of one person. The only obligation of the company's founder(s) is to contribute with a capital and create a reserve fund. They usually have limited liability (Synek and Kislingerová 2015, 82).

## 1.6 Business corporations

*Private companies:*

### 1.6.1 General Partnership

The general partnership (in Czech “veřejná obchodní společnost”) is a company founded by two or more parties enter into a deal to set up business in this form of business with the aim of making profit. The partners share the rights, privileges and obligations of the organization usually in compliance with a partnership agreement. The share may or may not be equal,

which is one reason why a partnership agreement was drafted when the partnership was formed. (Švarcová 2019, 68)

### **1.6.2 Limited Partnership**

Limited partnership (in Czech “komanditní společnost”) may be founded by at least one limited partner (in Czech “komanditista”) and at least one general partner (in Czech “komplementář”). Limited partners are responsible for the company’s liability only up to the amount of their deposit, which they are obligated to put down into the initial sum of money. General partners are unlimitedly responsible for the liabilities and they are in charge of the day-to-day management of the company. Moreover, only general partners are prohibited to compete in the business’ field (Švarcová 2019, 68)

*Capital companies:*

### **1.6.3 Incorporated or limited company**

According to Švarcová (2019, 68) the limited liability company (in Czech “společnost s ručením omezeným”) is a company in which the joint venturers put deposits into the nominal capital and are responsible for liabilities limitedly up to the amount of their deposits. One or more individuals may own a limited partnership or company, but the company is legally separate and independent from those individuals. (Švarcová 2019, 68)

### **1.6.4 A joint-stock company**

Every joint-stock company (in Czech “akciová společnost”) is a company with a minimal registered capital of at least 2,000,000 CZK which is, however, composed of a specific number of shares. Shares or stocks are securities in a specific nominal value which give shareholders rights to gain profit from the dividend, partake in the management of the company as well as in the eventual liquidation balance of the company (Švarcová 2019, 69). This type of company can be founded by one founder - must be a legal entity, or more founders. Considerable disadvantages are complicated founding of such company, state controls and common shareholders’ lack of interest in the company’s affairs (Synek and Kislingerová 2015, 82-83).

## **1.7 ENVIRONMENT OF A BUSINESS**

The environment of a business presents everything that surrounds a company and its activities. A company is influenced by its environment quite a lot, whereas the company has very small impact on its surrounding. The environment of the business includes political,



economic, social, technological and technical, and ecological that together create PESTE analysis. (Synek, Kislingerová 2015, 15)

### **1.7.1 Political Environment**

The political factors are interconnected with legislative factors. A business is influenced by laws and regulations of the country in which it is located. Every business must comply with law and legal regulations. A great impact on running a business in the Czech Republic may have acceptance of Euro currency. Entrepreneurs should be aware of some legal measures like Consumer Protection, Competition law, Monetary Policy of Eurozone, European Single Market, tax burden, etc. (Synek, Kislingerová et al. 2015, 17–18)

### **1.7.2 Economic Environment**

Probably, the most important factor for entrepreneurship is an economic environment. A company gets factors of production and capital from this environment, and in return, it offers its products or services. The economic environment includes customers, suppliers, purchasers and even financial institutions. Regarding the banks and other financial institutions, economic factors incorporate an exchange rate, taxes, interest rate, economic growth, availability and price of sources of production. (Synek, Kislingerová, et al. 2015, 19–20)

### **1.7.3 Social Environment**

Any business should not marginalize the importance of social factors. One of the spearheads who cared about social conditions of employees was J. D. Rockefeller jr. who emphasizes the money is not the only goal of a business. His supporters were Andrew Carnegie (who suggested rich people are obliged to share their wealth with others), Henry Ford but also Tomas Bata who can be the best example for current entrepreneurs. He was strong-willed, but he did not forget about taking care of his employees. He built residential districts, cultural units and whole city Zlín. (Srpová, Řehoř et al. 2010, 25–26)

### **1.7.4 Technical Environment**

Technical and technological surrounding is presumably the most changeable environment, in which a business must be very flexible. Manufacturers should always use the best accessible technologies. They need to be cautious because the best technologies do not have to be always the best for the environment. Besides, running of technologically

demanding businesses is very expensive because the technology changes and become obsolete very quickly. (Armstrong, Kotler, and Opresnik 2016, 110–111)

### **1.7.5 Ecological Environment**

Responsible approach to environmental sustainability is an important factor that affects the activities of companies and should be part of their corporate culture. Businesses at the systemic, regional, national, or global level must respond to an approach to protecting the environment. (Dosoudil, 2004)

## 2 BUSINESS PLAN

### 2.1 WHY TO WRITE A BUSINESS PLAN

Effective planning can mean the difference between the success and failure of new business, while good planning will not make a commercial success out of bad business idea, it will often point out its shortcomings. It is also true that a good business idea can become a commercial failure through the lack of adequate planning.

Planning is one tool that business owners can use to help them manage and assess the risks associated with the business idea. The planning process improves your chances of success and helps you achieve your goals. Confederation College (2014, 2) claims that preparing a complete plan also allows you to:

- Communicate the business idea clearly to others
- Quantify objectives and expectations
- Weigh the opportunity costs of going into business
- Obtain financing and insurance
- Establish credibility when questioned about the business
- Guide operations in the months ahead
- Anticipate potential troublesome events in business operation
- Consider all aspects of business start-up

(Confederation College, 2014, 2)

### 2.2 STRUCTURE OF A BUSINESS PLAN

The structure of a business plan is not clearly defined, it varies according to the purpose of which it is drawn up and also depends on whether a business plan is written for start-up or an already established business. In addition, each bank or investor may have different demands on the structure of a business plan or its scope, and nowadays a significant number of investors require that a business plan be made solely in the form of a presentation due to the lack of time. (Srpová et al. 2011, 14)

This following business plan structure, which we will later deal with in this bachelor thesis, is the result of a study of several business plans structures listed in books by Abrams (2019), Srpová et al. (2011) and Finch (2010).

- Title page
- Executive summary
- Company description

- Description of the product or service
- Market analysis
- Marketing plan
- Human resource plan
- Financial plan
- Appendices

### **2.2.1 Title page**

A title page is the first page of a business plan containing the most important basic information about the company, including a name of the company, founder's name, other personal data (phone numbers, e-mail addresses), a company address, date of establishing and also a company logo, if any already exists, etc. (Srpová et al. 2011, 15)

### **2.2.2 Executive summary**

An executive summary is considered the most crucial part of an entire business plan. Although this section appears at the beginning of a business plan, it is processed last when all other chapters have been completed. It is simply a summary of an entire plan, including all the ideas and planning into one, which allows the reader to comprehend immediately the fundamental concept of planned business. A well-prepared summary can be crucial and critical for investors and banks to support the newly formed business. (Abrams 2019, 54)

### **2.2.3 Company description**

A company description consists of fundamental information about a business and should also familiarize the reader with the legal form of the company and other legal aspects as well as with the main company's mission and key objectives. (Shelton 2017, 73)

A description of the company is usually more extensive for an already established company than for a start-up, as the entrepreneur starting the business may not have enough information and expertise to fill in each category included in this chapter. (Abrams 2019, 68)

#### **2.2.3.1 Mission statement**

The main goal of the enterprise when it launches a new business is generally a specific aim that the enterprise needs to accomplish. The goal can be simple, possibly something like a niche in the market and providing something new that customers are lacking. (Červený 2014, 14).

### **2.2.3.2 Legal issues**

In order to start a business, entrepreneurs need to tackle a number of important legal issues. First of all, founders need to decide which type of legal entity they will choose for their business. According to Abrams (2019, 71), most businesses start as a sole proprietorship or a partnership due to being easy and the fact that there is less paperwork. According to Koráb, Režňáková, and Peterka (2007, 76), the main trade is also significant as it will characterize business activity.

### **2.2.3.3 Business location**

Every business needs a location, even though the location for some businesses is only used for correspondence, such as an e-shop. The location of the company headquarters, the main place of business and if any, the location of the branch should be stated. (Abrams 2019, 77).

### **2.2.3.4 Management/ Leadership**

The management team and the organizational structure are both essential to a new business. It is good to have a particular team that can take care of the business plan as a whole while also having other employees responsible for marketing, accounting, public relations or customer support. (Abrams 2019, 77)

## **2.2.4 Product or Service Description**

This part of the business plan gives us detailed information about the service or product the company provides. Product/service should be mentioned in order given by the popularity which practically means by the money the product or services earned. The essential functions of the product/service emphasized, are not the technical ones, one must presume that there can be also ordinary people, who mostly do their buying decision based on the utilization of the product/service, reading the business plan. To put it another way, the description of the product/service should contain interesting facts and not the boring numbers and statistics. The secret to success is to compare, to give them graphs, charts, people like to see the differences because it makes the decision easier. The more interactive you make it, the more attention you get. (Srpková and Řehoř, 2010, 61)

## **2.2.5 The Market analysis**

The market analysis has a significant value in the business plan and if the market analysis is conducted consciously, it can bring certain advantages in the form of investors'

and customers' interest. The market analysis provides the information about the target group, competition and other fields necessary to establish the company successfully. (Entrepreneur.com, 2005)

There are many different ways to get information about the market nowadays. Sources of information that help entrepreneurs to make a market analysis vary depending on the business plan. Among possible and applicable sources might be, for example, the Czech Statistical Office or the Czech Chamber of Commerce information materials, annual or quarterly reports of respective regions and municipalities as well as business magazines, etc. (Srpková et al. 2011, 20–21)

Abrams (2019, 106) states that “essential to business success is a thorough understanding of your customers.” Marketing research as another element in the marketing plan is very helpful to set up marketing goals. A primary function is to establish a method of the research. The goals that can be achieved by the marketing research are first to recognize the problem and then it is necessary for the strategic decision making to gain the information needed to solve the problem, to get to know your competition, and also to gain the information about your company as well. (Abrams, 2019, 106)

A popular way of research is in a form of survey and concretely it is a questionnaire. (Srpková, Řehoř, 2010, 196)

#### **2.2.5.1 PEST Analysis**

PEST analysis is a macroenvironmental analysis that focuses on the environment in which the business operates and addresses the following main factors denoted by the acronym of the analysis's name:

- Political and legal - existing and potential effects on political influence and legal factors
- Economic - - influence of local, national and global economies
- Social-cultural - effects of social and cultural changes
- Technological - impact of new and advanced technologies

(Hanzelková, Keřkovský, and Vykypěl 2017, 50-1)

The main aim of this external analysis is to identify and handle potential entrepreneurial opportunities as well as threats. (Veber and Srpková 2012, 299)

#### **2.2.5.2 SWOT Analysis**

SWOT analysis can be used for situation analysis. In this analysis, it is necessary to estimate

and appreciate internal strengths, weaknesses, future opportunities and threats to the company. SWOT is an acronym, and the letters stand for:

- Strengths
- Weaknesses
- Opportunities
- Threats

The SWOT analysis's conclusions should be relevant and focused on a specific aspect of the market. A SWOT analysis can be used in this case prior to establishing a company. (Hanzelková, Keřkovský, and Vykypěl 2017, 137-9).

Internal Factors	
Strengths	Weaknesses
Opportunities	Threats
External factors	

*Figure 1: SWOT analysis (own creation)*

**2.2.5.3 Market Segmentation**

In terms of customers, products, and specifications, the market is complex. Marketers must determine which segments provide the greatest potential. Consumers can be categorized and served differently based on their geographic, racial, psychographic, and behavioral characteristics.

Market segmentation is a technique for segmenting a market into distinct groups of customers with distinct preferences, characteristics, or habits who may need differentiated products or marketing programs.

(Kotler, Armstrong, 2018, 73)

Marketers have evolved four fundamental segmentation techniques:

- Geographic - Dividing a population according to its geographical location
- Demographic - Dividing a population according to a variable such as age, gender, income, or education Variables such as sales volume and employee count will be important for business customers.

- Psychographic - Classifying a population according to psychological characteristics such as viewpoint (conservative versus liberal) or lifestyle (sedentary versus active).
- Behavioural - Classifying a market according to observable purchasing behaviors, such as brand loyalty or price sensitivity. (Mariotti, 2013, 143)

#### **2.2.5.4 Market Targeting**

Marketing campaigns are customer-centric, and businesses must prioritize which consumers to attract. Almost definitely, not everyone would need the product or service. It is important to determine which market segments to target. (2013) (Mariotti, 142)

According to Abrams (2019, 107), the target market should be:

- **Definable** – it should have specific characteristics that indicate what the product or service has in common with a potential customer
- **Meaningful** – the characteristics should be relevant to the purchase decision
- **Sizable** – the target market should be large enough to sustain long-term success
- **Reachable** – there should be affordable and effective ways to market to potential customers (Abrams 2019, 107)

#### **2.2.5.5 Market Positioning**

Positioning defines a position where the product or service stands in relation to competing products in the minds of target customers. Marketers plan positions that differentiate their goods or services from rival brands and give them greater advantage in their target markets.

In other words, market positioning refers to positive feelings and connotations that occur in the minds of the consumer when the name of a business is communicated. (Kotler, Armstrong, 2018, 75)

#### **Differentiation**

Many businesses succeed despite trading in ‘commodity markets. They can only do so by selling more cheaply than competitors, whose products are indistinguishable. Or they do so by controlling distribution more effectively than competitors. But most businesses try to make their products or services different in some way, such as:

- benefits/characteristics/features
- product quality
- service quality
- appearance (Finch, 2010, 42-43)



### 2.2.5.6 *Analysis of competition*

After identifying the market, it is important to conduct a competitor analysis. Each business faces competition, and as such, each business should be aware of it and never underestimate it, as underestimating competition can result in fewer customers and thus a lower volume of sales. (2019, Abrams, 124-138)

Competitors are defined not only as suppliers of similar goods or services, but also as producers of replacements and alternatives that satisfy the same consumer needs and desires. Gattis (2010, 38) recommends compiling a list of direct and possibly indirect competitors and providing a succinct overview of each, which should include the company's position, a brief summary of its goods, and, additionally, the competitors' strengths and weaknesses. Opening hours, a positive reputation, a pricing policy, and consumer usability are all examples of these strengths or weaknesses. (Shelton 2017, 95)

Abrams (2019, 125) also emphasizes that the competitive analysis needs to be prepared carefully and should focus on these points:

- **Who** - Who are your major competitors?
- **What** - On what basis do you compete?
- **How** - How do you compare to the competition?
- **Future** - Who are your potential future competitors?
- **Barriers** - What are the barriers to entry for new competitors? (Abrams 2019, 125)

### **Porter's five forces analysis**

This method allows entrepreneurs to identify and evaluate current or future competitors. According to this research, the dominant role in an industry depends on these five forces:

- **Competitive rivalry** – this force analyses the rivals in the same market that the company plans to operate. Rivalry is an indicator of the economy and competitiveness of the industry.
- **Bargaining power of suppliers** – this force discusses the influence of the suppliers and their leverage over the possible price increase that could have an effect on lowering the profits of the company.
- **Bargaining power of buyers** – this force deals with the effect of the consumer on the price and quality of the product or service
- **Threat of new entrants** – this factor focuses on how easy or challenging it can be for potential rivals to enter the market.

- **Threat of substitute products or services** – this force considers how easy is for the consumers to adjust their product or service preferences and switch to the competitor's preferences. (Koráb, Peterka, and Režňáková 2007, 49-50)

### 2.2.6 Marketing plan

A marketing strategy focuses on the methods for achieving the company's strategic objectives by marketing campaigns and specific approaches that help to gain customers. (Abrams, 1904, 164)

The length and layout of the marketing plan differ according to the size of the business; “smaller companies can develop more informal or less organized marketing plans, while organizations often need highly structured marketing plans.” (Kotler and Armstrong 2018, 627)

#### 2.2.6.2 Marketing mix

The marketing mix is a combination of certain elements which operates in the market. It is possible to manipulate only with one element, but also with different combinations and create marketing strategic management. The marketing mix is based on the 4Ps and those stand for the product, price, place, and promotion. However, there is a constant progress and nowadays, can be found even 7P's and the three more P stand for people, physical evidence and processes in case of the services. (Kozel, Mynářová, and Svobodová, 2011, 45)

- **Product/ Service**

Product, as the first 'P' has the biggest importance in the marketing mix and its aim is to satisfy needs and wants of the customer. With the products also comes the detailed description. (Srpová and Řehoř, 2010, 199)

- **Price**

Price as the second component of the marketing mix is becoming increasingly relevant in the modern era. This is the factor that influences the company's sales and establishes a competitor's market position. Srpová and Řehoř (2010, 206) described price as the product's value expressed in money. There are three ways to determine the price:

The first is concerned with expenses, and the price should fully compensate them.

The second approach is competitive, and the price should be comparable to theirs.

The final approach shifts the focus to the consumer, with prices reflecting market demand and their perceptions of the product's cost.

- **Place**

The third 'P' stands for the place which means the distribution of the product.

Whether there will be direct or indirect distribution chosen according to the characteristic of the company and concrete needs.

- **Promotion**

Promotion as the fourth element of the mix is publicly popular and that is the reason why many people confuse marketing and promotion. This element is used to attract customers and to communicate with them through the special mix used in promotion consisting of sales promotion, advertising, direct marketing, public relations, personal selling. (Srpová and Řehoř, 2010, 213- 219)

- **Physical evidence**

Since it is difficult for a customer to evaluate the quality of a service due to his or her real experience, physical evidence such as a facility or location where a service is delivered, a leaflet or some other advertisement about the service may convince a customer to purchase a service.

- **People**

People involved in service delivery complete the final use of a service and thus aim to achieve the highest standard of service.

- **Process**

These processes include all tasks, activities, and programs associated with a facility, and it is important for workers to conduct themselves effectively and professionally when delivering services. (Baines et al. 2013, 371–73)

### **2.2.7 Growth Plan**

The Growth Plan should provide information about the approach that would be used to introduce a new product or service. Colwell allows for the inclusion of a Gantt chart in this segment (Colwell 2019, 233). Additionally, it should include specific steps that will result in the expansion of a sector. Additionally, the author of the Growth Plan may make reference to potential products or services.

(Colwell 2019, 234)

### **2.2.8 Human resources**

This chapter focuses on the personnel issues of an organization, such as who runs the company and who are its key employees. In the case of a start-up, the founder of a company

is considered to be the most influential person in the management of a company's business, solves the problems and often makes important decisions. (Abrams 2019, 236–237)

According to McKeever (2011, 152), employees help to build the identity of the company on the basis of regular contact with customers, suppliers and with each other. It is therefore essential that the owner of the business hires the right people and also ensures that the employees have unique skills and rich experience required for specific positions. (McKeever 2011, 152)

### **2.2.9 Financial plan**

The financial plan incorporates revenues and expense estimates both to demonstrate the start-up funding needs and the business' forecasted profit for the first one to three years of operation. (Confederation College, 2014, 11)

Srpová and Řehoř (2010, 65) provide the information that the financial plan should include the balance sheet, the profit and loss account, the breakeven point, return on investment and the cash flow.

Balance sheet is an overview of the company's assets and liabilities. Next comes the breakeven point, which is the amount of output required to prevent financial losses. If the expenses are equal to total revenues, the condition is called a breakeven point. Profit and loss report – specified gains, losses and even net income for a certain period of time are included in this account. (Srpová, 2011, 30)

#### **2.2.9.2 Break-Even Point analysis**

This analysis indicates how much money you would receive to cover your expenses. At this point, the total income of the business equals the total expense. (Abrams, 2019, 320).

The break-even analysis determines what percentage of revenue reduction will result in the company losing money. To measure it, you must first determine the fixed and variable costs. (Finch 2010, 96)

The break-even point is calculated as follows:

$$QBEP = FC / (Pu - VC)$$

BEP...Break-Even Point

FC...Fixed Costs

Pu...price per unit

VC...Variable Costs (Koráb, Peterka, and Režňáková 2007, 133)

It is encouraged to apply to these financial statements at least a brief comment. (Veber and Srpová 2012, 104)

### **2.2.10 Appendices**

Appendices are the very last part of a business plan and are used to clarify or illustrate items that are found in the main body of the plan. Appendix should contain long explanations or comprehensive details that can interrupt the plan's logical flow. (Confederation College, 2014, 12)

Appendices may include a business resume or marketing materials such as leaflets or loyalty cards, a business layout plan, a graphic design for the interior, CV etc. (Abrams 2019, 334–336)

## **II. ANALYSIS**

### 3 A BUSINESS PLAN FOR A DANCE STUDIO

#### 3.1 Title page



*Figure 2: Logo of the dance studio (own creation)*

#### **A Business Plan for a Dance Studio**

<b>Name of the company:</b>	Taneční studio Free Spirit
<b>Legal form:</b>	Natural person
<b>Location:</b>	Dlouhá Zlín Zlín 760 01 Czech Republic
<b>Date of the establishment:</b>	1 September 2021
<b>Founded by:</b>	Petra Nagyová
<b>E-mail:</b>	Freespirit@gmail.com
<b>Website:</b>	<a href="http://www.freespiritdancestudio.cz">www.freespiritdancestudio.cz</a>
<b>Scope of business:</b>	Operation of physical education and organizing sport activities

### 3.2 Executive summary

First, there will be something about the company itself and what the founder sees as her own business opportunity. The business plan continues with service description and with potential markets, at which the studio wants to penetrate and the competitors operating in these markets. It is also here described the market analyses such as Pest, Five Porter's forces and SWOT analysis. It is also listed here detailed description of the marketing mix in the form of 7P. At the end is a financial plan, where there are detailed calculations of income and expenses of the dance studio, cash flow, income plan and expenditure for subsequent years.

### 3.3 Company description

Free Spirit dance studio is a newly emerging dance studio in the market. It will be located in the center of Zlín, Dlouhá street. The subject of the activity will be in particular teaching Street Dance and brand-new dance style which is modern dance in Zlín. Free Spirit dance studio focuses on people aged 7 to 32 and more, from the smallest to the adult. Dance lessons will be led by lecturer Petra Nagyová, who has several years of experience in the field, and many successes in the categories of soloists and group formations. The main goal is to create quality and a well-functioning dance studio that people will love to attend. This includes collateral qualified lecturers, quality means for running the studio as equipment, mirrors, mats, etc.

For a quality and well - functioning studio, it is also important to promote and monitoring new trends, especially in the field of dance. However, it must not be forgotten that this is a service that customers do not need to live. Therefore, the attachment of a dance studio can only be assumed, but its success cannot be predicted with certainty.

#### **Mission statement**

The main aim of the studio is to prepare high quality dance lessons for people who love music and would like to connect it with their bodies through their movements. Furthermore, it is hoped to reach a great customer satisfaction as well as to build a site of loyal customers, who will love to come back to the comfortable environment of the dance studio with professional and kind staff. Therefore, mission is to instill a great love of dance, while inspiring self-confidence, discipline, and respect of the performing arts.

A goal is to give each individual dancer the tools they need to take dance as far as they dream to take it. Dance is something students can come back to during all stages of their life.



**Vision**

The owner believes in educating the whole dancer: inside and out. That is the explanation for the name of the dance studio as it is the place where your spirit set you free. It is through this personal and technical approach that our students grow into talented, passionate, and creative dancers. Dance is not limited to people who want to become professionals. Anyone can learn to dance any of the many rhythms, variations and at any moment of our lives. All dancers are welcome. Any age. Any skill-level.

Short-term vision is to expand our dance arts programs based on our community's continue interest in dance, and physical fitness and we plan to take our program as far as our dancers can dream and want to feel good about themselves.

Free Spirit's long-term vision is to inspire a community with competitive but also non-competitive dance education and offer many performance opportunities in a facility that will motivate, educate, and develop an appreciation of the dance arts.

The activity is planned to start on September 1, 2022, and the promotion will take place from August 2022.

**Key objectives**

The key objectives of the company are as the follows:

- to fill a niche in the market in Zlín
- to get and keep loyal customers
- to get high quantity of customers for lessons
- to satisfy the needs and wishes of customers as much as possible
- to innovate products according to the demand of customers
- to increase the customer base after some time

**Ownership**

The owner of Free Spirit dance studio will be Petra Nagyová who will be responsible for the crucial business operations such as negotiating with employees, recruiting, marketing services, keeping tax record and will pay income tax. The owner herself has been dancing for more than 10 years and has won several competitions. She also has been educated by Czech and foreign professional dancers. Furthermore, the company will have five part-time employees.

The scope of the business will be:

- Manufacture, trade and services

### **Legal form**

The owner will operate a business as a natural person as the conditions of the natural person are in comparison with other legal forms simpler to meet. Other reasons for choosing this form of business include lower tax rate (only 15% and not 19% as for legal entities) and simpler administration (legal entities are obliged to keep the books whereas natural persons only the tax record). The chosen legal form is in the Czech Republic regulated by a Trade Licensing Act No. 455/1991 Coll. According to the Trade Licensing Act, the most appropriate trade needed for conducting this type of business is as follows:

- Vocational trade and according to the Trade Licencing Act No. 455/1991 Coll. the conducting of a dance studio is included in part C – service.

The owner of the studio meets the general conditions (legal age, legal capacity, clean criminal record), however, conducting a craft trade also requires the meeting of special conditions (professional competence or other qualification) set by the Trade Licensing Act, however the owner meets these special conditions.

### **Location**

The environment in which the client is located has a great influence on his decision-making. If the environment is pleasant, has the right colours, nice modern equipment which is clean, the customer will be happy to return there more often. The place is located in Zlín Dlouhá and has been recently renovated. Street Dlouhá is situated right in the centre, and since Zlín is a city with many students, this is an ideal location. The premises will be rented on the ground floor with a large shop window. The premises will need to be rebuilt so that they can be used as a dance studio. It will be necessary to separate the changing rooms and equip the hall with mirrors etc. From the very beginning, the dance studio will present itself as modern and high-quality space for dancing and physical activities.

Furthermore, it is close to the tram stop and to the rail station Zlín-Dlouhá. The overall environment is pleasant and has a good effect on humans. It is one larger room with an area of 59 m<sup>2</sup> and two smaller rooms, which will serve as changing rooms. There are also available toilets and showers.

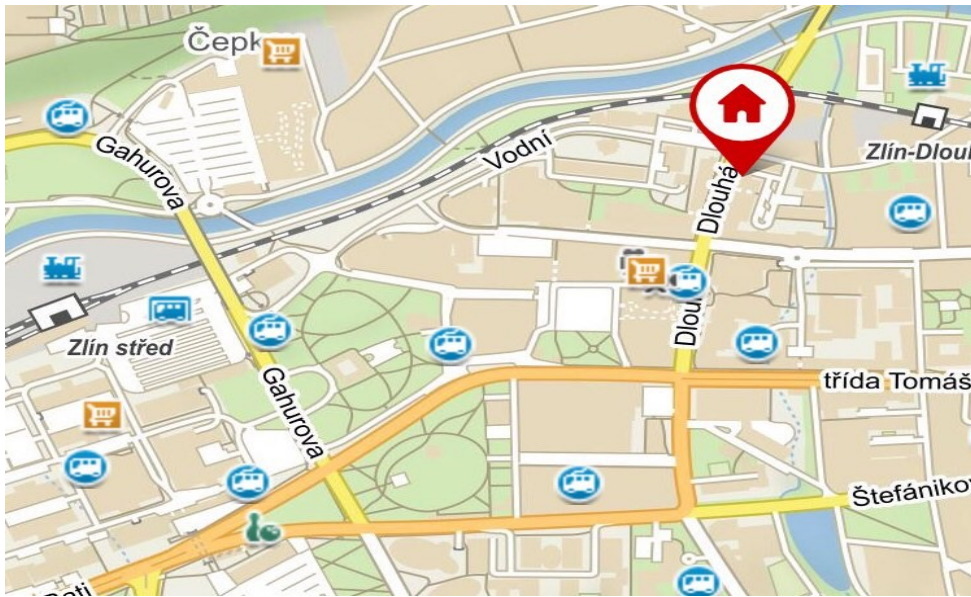


Figure 3: Location of dance studio (source: Mapy.cz)



Figure 4: Dance spaces (source: Sreality.cz)

### 3.4 Product/Service Description

Free Spirit dance studio will provide wide range of classes in the field of dance, quality training conditions, a clean training environment and will organize educational workshops. The studio will initially focus on following dance courses:

- regular prepaid courses
- courses without prepaid entry

### 3.4.1 Regular prepaid courses

This term includes teaching from September to June, when students attend training regularly once or twice a week on the same day and at the same time. The training lasts 1 hour, some courses 1.5 hours. Each member lists and submits the application on website or personally at the studio.

In this way, the following courses will be listed:

- **Contemporary modern dance**

Contemporary modern dance is a specific style of dance that is free form. This form of dance, unpredictable changes in rhythm, speed and direction very often occur. The goal of modern dance was to find the ease of movement using the natural lines of the body and its energy. At present, modernity is based on the personality of an individual lecturer. This course is specified especially for young girls and women.

- **High heels**

High heels are one of the modern dances which became these days very popular among young girls and women. Narrow heel dance lessons with a quality dose of female energy and sensuality. The lectures might be also provided with basic steps of Latin-American dance such as Salsa, Rumba, or Bachata. This course is specified for young girls and women.

- **Street dance**

In these courses, dance skills, expression of music through movement and feeling of music are developed. The content of the course is teaching dance elements and connections in various styles of street dance, preparation of choreography for performances and competitions, development of dancer's own dance style (freestyle and battle), dance games. Street dance which will combine a popular dance styles such as hip hop, Rnb, House dance, Locking, Popping and some others. Street dance lesson are expected to be visited by kids and younger people. There is also higher possibility that the percentage of attendance by male customers will be bigger than in other lessons. There will be four groups – kids, juniors, adults - beginners and adults - advanced.

- **Break-dance**

In this course, the main emphasis is placed on Basic Footwork and mastering basic Freezes (Handglide freeze, Baby freeze, Chair freeze, Shoulder freeze). As for Power moves, one will learn Backspin, Swipes and during the last lessons one will also get to Turtles and

Helicopter. The course is intended for complete beginners who never did break dance before and "fake beginners" who did it in the past or trained only at home until now, adults and teenagers from 12 years (possibly younger by agreement).

### 3.4.2 Courses without prepaid entry

A registration for these courses is not necessary. If a person has a taste, he can come, for whatever hour he wants. They don't follow each other, so if you miss one of hours, you will practically lose nothing.

The dance studio will initially offer the following courses without prepaid entry:

- **Zumba**

Zumba is based on the principle of cardio training which helps with fat burning and effective shaping of the whole body. For the Zumba lessons there is no need of any dance or fitness experience. This lesson is designed for everyone, regardless of age, weight or condition. It is an ideal way how to get a little bit sweaty and burn some calories in a fun way. Because Zumba is amusement as an exercise and people do not have to force themselves, customers attend lessons several times a week. Moreover, if someone really wants to lose weight with Zumba, it is ideal to go to the class about three times a week.

- **Jumping party**

Jumping party is a dynamic aerobic exercise on specific trampolines with handlebars, accompanied by motivating music and lessons led by professionally trained instructor.

This exercise is not just a random jump on a trampoline, but a highly coordinated and sophisticated system. Jumping will not be divided into beginners, advanced, etc., it will be more about the style of jumping of each of the instructors and their pace, which of course differs. It does not matter at what level a person feels she/he is jumping, or if she/he is a complete beginner, because customer will always jump according to her/his abilities and try to repeat the elements according to the instructor.

- **Power yoga**

The main content of this type of yoga is a slow but intense exercise of continuously consecutive positions, which strengthen and stretch at the same time. Power yoga increases body flexibility, balances muscle imbalances, exercises concentration and teaches to perceive and control one's own body. During Power Yoga one can learn to recognize when her/his body is out of balance and adjust her/his individual exercise positions accordingly. Practicing yoga is not only to build a nice body, but also for body needs such as health,

gaining inner harmony, and balance. Power yoga helps to calm the mind and release internal tension in the body. This lesson is suitable for everyone.

### Timetable of lessons

The following table shows the systematic timetable of lessons. Lessons are going to be tactically divided into the whole week to give people bigger opportunity to attend. Free Spirit dance studio offers half-year courses but there will be also open lessons for Zumba, Jumping and Power Yoga. For these courses it is possible to come at any time, try them out, pay for a lesson on the spot, and for the next lesson if the customer is interested, can buy a ticket, where is the subscription for 10 lessons which is valid for two months.

	15:00-16:00	16:00-17:00	17:00-18:30	18:30-20:00	20:00- 21:00
<b>Monday</b>		Jumping party L2	Street dance (adults- beginners) L (owner)	Contemporary modern dance L (owner)	Zumba L4
<b>Tuesday</b>	Street dance (kids) L1	Power Yoga L3	Street dance (juniors) L1	Street dance (advanced) L (owner)	High Heels - ladies L (owner)
<b>Wednesday</b>		Zumba L1	Break – dance L5	Street dance (beginners) L (owner)	Jumping party L2
<b>Thursday</b>	Street dance (kids) L1	Jumping party L2	Street dance (juniors) L owner	Street dance (advanced) L (owner)	Zumba L4
<b>Friday</b>			(17:00– 18:00) Power Yoga L3	(18:00-19:00) Zumba L1	

Table 1: Timetable of classes (own creation)

\* L = Lectrice or Lecturer

In addition to the lessons on the schedule, the studio will offer other activities such as:

### **Workshops**

The dance studio will also organize individual workshops for the public focused on various dance and movement activities. These events will be held in most cases on weekends, holidays and vacations. These workshops and events will take place throughout the year, and will differ not only in their focus on various activities, but also in length of the lesson from 2 hours to the whole weekend.

The content can be, for example:

- Dance marathon weekend
- Zumba party weekend
- Jumping party weekend

### **Dance concentration**

According to interest the dance studio will organize dance summer camps. Any member of the dance studio or those interested in dancing from the public can apply. These camps will be 5-7 days. Teaching will be provided by internal or external dance instructors. Participants will fill out an application form, pay a deposit and surcharge in time. This amount will be calculated taking into account the costs of accommodation, meals, transport, tuition and the required profit.

### **Studio rental**

If the dance studio is not used, it will be for rent at this time.

## **3.5 Market Analysis**

The market analysis examines the company's surrounding, in other words, the external environment. It is essential for the company to analyse this environment and subsequently thoroughly consider and react to the stimuli of it.

### **3.5.1 PEST Analysis**

PEST stands for political-legal, economic, socio-cultural, and technological factors. This part of the bachelor thesis will deal with the current market situation, which may directly or indirectly influence the emergence of a dance studio. Pest will be listed here first analysis that approaches the general environment. Subsequently, Porter's five-force model will be presented and evaluated branch environment of the company.

- **Political-legal factors**

The most important legislative factors in the context of a business plan include regulations that affect business in general and the operation of the Free Spirit dance studio.

Furthermore, the growth of the minimum wage and retirement pension can be considered as a tool for further development, as people who earn more, spend more. On the other hand, in the Czech Republic is high labour taxation that has to be paid.

Since the owner will establish the business as a natural person, an income tax that has to be paid is 15%. Another necessity that a natural person is obligated to pay is health and social insurance. Health insurance is calculated as 6,75% from the profit and the social insurance as 14,6% from the profit. If a company employs a full-time worker, the social insurance is 25% and the health insurance is 9%, both calculated from the gross monthly wage. The minimal amount of the insurance that an entrepreneur should reserve per month is from January 2020 exactly 2,352 CZK for health insurance and 2,544 CZK for the social insurance (Jak podnikat 2020). However, the new minimum amount of advance payments for self-employed persons in 2021 will be 2,588 CZK for social insurance and 2,393 CZK for health insurance. (Portál Pohoda, 2020)

Regarding the political environment of business in the Czech Republic, the government has increased its control, in particular, by the recent introduction of the system of electronic records of cash sales (EET) or by adding tax control statements. (Jak podnikat 2020)

- **Economic factors**

An important part of the PEST analysis is the economic area. In this area they will be described macroeconomic indicators such as gross domestic product (GDP), unemployment and inflation. According to data obtained from the Czech Statistical Office in the first quarter of 2020, it may be claimed that the Czech economy was stable and was showing positive results. This statement is supported by the rates of the important economic factors in that period, such as the level of GDP growth which was 2%, the inflation rate 3,2%, and the unemployment rate which was 2%. The average gross wage was high as well, calculated as 36,144 CZK. As far as the Zlín Region is concerned, the unemployment rate was 2.1% in the last quarter of 2019 and the average gross wage in 2019 was 29,654 CZK (Český statistický úřad 2020).

However, at the beginning of March 2020 the global coronavirus pandemic hit the Czech Republic and caused the growth of unemployment. It is assumed that the unemployment will continue growing in the next few months and the economic situation not only in the Czech Republic, but also globally is expected to drastically deteriorate (Finance.cz, 2020). On the



other hand, there is a possibility of a new skilled dancers coming from the other businesses that did not survive the current crisis.

- **Socio-cultural factors**

The city Zlín is full of university students and majority of them live at the student dormitory or in apartments. This is crucial for the business because, as has been mentioned, these days it is the young people who like to try new things. Moreover, NMS Market Research found out that dance and sports clubs belong among the most popular activities for children. Roughly half of Czech children aged 6-18 attend some dance groups, especially girls. (NMS Market Research, 2020)

There are plentiful of high schools in the area as well. The location of dance studio right in the centre of the city is very convenient, as it may quickly raise people's awareness.

Moreover, the Golden Apple shopping centre, number of cafés and restaurants, and the Tomas Bata University are in short proximity. In the city of Zlín, where the population is about 74 935 inhabitants, including 38 999 women and 35 936 men. The predominance of women can be another market opportunity since more Free Spirit customers are expected to be more likely women. The average age of the city's inhabitants is 44 years. (Czech Statistical Office 2019)

According to data from the previous year concerning the number of students at primary schools, secondary schools, conservatories, higher vocational schools, and universities, there were about 90 000 students in the whole district of Zlín. However, the data also takes into consideration students that have permanent residence in Zlín district but study, for example, at university in another city. (Czech Statistical Office 2019).

- **Technological factors**

In the modern world, where everything changes rapidly and quickly, the advanced technologies used nowadays have become a standard within the industry. As a result of this, the customer may more enjoy and also extend the stay in the facility. Therefore, it is essential for the dance studio to have a Wi-Fi connection. Thanks to Wi-Fi customers can surf the internet or take a photo or video from the lectures and the studio environment and post it on social media platforms by which they also promote the dance studio.

This area, especially when it comes to dance sports, includes new technologies from the field of music. It can be a modernization and improvement of equipment such as speakers or counters. Furthermore, the production of new dance surfaces that are more suitable for dance. Many new dance techniques and styles are appearing in the world. It is important to

monitor these facts and be sufficiently educated. This in turn can in many ways cases also mean a competitive advantage.

### 3.5.2 SWOT Analysis

<b>Strengths</b>	<b>Weaknesses</b>
Unique services The possibility of expanding the portfolio of services The possibility of organizing various dance events Many years of experience in the field Sufficient dance space Personal approach	Little awareness of the lecturer who opens the studio - compared to the main competition Rented place for a business Limited finance Few permanent customers
<b>Opportunities</b>	<b>Threats</b>
Increasing number of dancers Possibility of original promotion Performance on sport and cultural events Cooperation with foreign lecturers Cooperation with university Discount for loyal customers	Slow economic growth Government regulations due to coronavirus New and current competitors Low demand Unreliable lecturers Regulations affecting the price

*Table 2: SWOT Analysis of the dance studio (own creation)*

#### **Strengths**

The first internal factor is represented by the strengths of the company including courses but also single entries, qualified lecturers, unique services, the popularity of branch and a personal approach. Free Spirit dance will have a strategic location. It is placed near the centre of Zlín where is concentrated a high density of people, and especially young ones. In the centre of Zlín is located the University of Tomas Bata, many other school facilities.

A second strength of the company is a wide range of provided lessons which are specified in the chapter 3.5.3 Description of the service.

Another listed strength is a popularity of branch. Nowadays is very popular to do some sport activity. It could be anything, fitness and dancing generally belong to them. In other words, it is popular to live healthily, look good and feel good which is the benefit of attending any dance lessons.

The last strength in the table is the personal approach. Free Spirit dance studio is going to be a new company in the market, and it is needed to build a strong customer base and the way how to achieve it successfully is through a personal approach and customer-oriented

business. People will appreciate the way how they are treated and hopefully, they spread a good reference which can bring new dancers.

### **Weaknesses**

Among the weaknesses of the company, the major problem is entering the new market without any reputation and with the businessowner's lack of experience of running a business. Nevertheless, it both can be improved with time. Another possible weakness is the limited financial budget of the owner.

As a second internal factor are considered weaknesses of the business itself, including no own premises, inability to adjust the premises as the owner wish, insufficient premises, and limited finance. With this in mind, all the weaknesses of the Free Spirit dance studio are mostly connected with the premises. The location itself is great as it is mentioned above in the strengths. However, the weak point of the studio is that the premises are not in the possession of the owner and they are rented.

The last weakness of the studio is a limited finance because the project will be financed from own sources and the owner does not want to take out any loan.

### **Opportunities**

Opportunities for the company are original promotion, expansion to other cities, hosting of sports events, co-operation with foreign dancers and discount for loyal customers. One of the opportunities is to make some original promotion to attract more customers and spread the awareness of the company and the providing services. After a few years if the project will be successful the owner plans to expand to other cities and create a whole system of Free Spirit dance studios in the Czech Republic which is a great opportunity for the company.

Another opportunity is to perform on events in order to attract more customers and spread the awareness of the studio. The next level of this situation is to build a well-known brand and to be able to arrange cooperation with some foreign dancers who can bring some new approach and trend from the world.

The last opportunity in the table that is mentioned is a discount for loyal customers.

### **Threats**

As another external factor are considered threats. The company is exposed to the threats that are represented by current competition, entry of new competition, lower demand on the side of male gender, inability to attract enough customers and regulations affecting the price.

One of the biggest threats is a current competition with their regular customer base that makes the market penetration even harder. The entry of the new competitor can pose a threat

to the position of the company and come up with some new service to attract people's attention and therefore steal company's customers.

As well as the competition is posing a threat possible low demand on the side of male gender. It is a quite a stereotype that dancing is just for women and men are rather supposed to play football or something.

The threat in the form of inability to attract enough customers has a high probability in newly established companies. The last threat to mention is regulations and the inflation that can affect the price of lessons and force the owner to raise them which might lead to losing of customers.

### 3.5.3 Competition Analysis

The competition is analysed based on Porter's five forces analysis. This marketing tool helps identify and subsequently analyse the company's existing or potential competitors. It is essential to analyse the competition to know where the empty gap to penetrate the market is. There is an overview of the biggest competitors in Zlín, and a little description of their services and prices. The principles are mostly the same. The system of payments is half-yearly which means that the customer will must pay in advance for a certain number of lessons. There are already few dance groups in Zlín focusing on dance or similar services. However, no dance studio in Zlín is focused on contemporary modern dance and modern dance on heels as Free Spirit dance studio.

The nearest real competitor is located 260 meters away from the planned location of Free Spirit Dance Studio and it is All Style Unit. The next closest competitors are the dance groups Beat-Up and Dance Institut.

#### *Direct competitors*

##### **Beat up - Street dance studio**

**Location:** Bartošova 4393, 76001 Zlín, Česko

**Description:** Dance studio is in the market more than twenty years and they specialize on the street dance and styles such as Hip-Hop Dance, House dance, Locking, Popping, New Jack Swing, Wackin', Electric Boogaloo and Krump Dance.

**Prices:** Courses are paid half-yearly and the price is according to the type of course from 1 500 CZK up to 2 800 CZK. The price differs according to the number of lessons per week. Nevertheless, the price for courses two times per week is higher.

##### **TJ Sokol Vsetín - All Style Unit**

**Location:** Bartošova 4393, 760 01 Zlín

**Description:** This dance studio operates in Vsetín and Zlín and have been teaching street dance since 2006. All Style Unit has more than 350 members.

**Prices:** Courses are paid half-yearly and ranges from 1,500 CZK to 2,000 CZK depending on a course, the number of lessons per week and the length of a lesson.

#### **Taneční škola A. & A. Mědílkovi**

**Location:** Pod lesem 610, 763 14 Zlín

**Description:** A dance school presenting courses of Latin-American dance, salsa, merengue, bachata, country dance, street dance and others. Taneční škola A. & A. Mědílkovi is well known dance school in the region and also is linked with Zlín and its founder Tomáš Baťa.

**Prices:** The prices are approximately 1 200 CZK for the whole course with a few exceptions depending on the number of lessons in the course. Street dance lessons are offered only for mini kids which might be considered as a weakness.

#### **Dance Studio Starlight**

**Location:** Jateční 169, Prštné, 760 01 Zlín

**Description:** Dance studio is providing ballroom dance, social and competitive dance and many other offered alternatives.

**Prices:** Most of the courses allows single entry, however, it is significantly more expensive than the price you pay for all lessons at once half-yearly. The price for a single entry is approximately 130 CZK per lesson.

#### **Fitness centers in Zlín**

The following fitness centers in Zlín offer lessons of power yoga and jumping. The prices are approximately 100-120 CZK.

- Sky Gym
- Heat Fit
- Sportcentrum Maty
- InFitness Zlín
- Sport Centrum Malenovice

#### **Indirect competitors**

**Taneční klub Fortuna Zlín** - offers courses of Latin-American dance and Ballroom dance.

**Studio Gemini** - offers flamenco dance lessons.

### 3.5.4 Porter's five forces

One of the key steps when starting the business is the competitiveness evaluation. An effective way to do so is to analyse the Porter's five forces analysis. Porter's five forces altogether aim to determine the power of competitors and thus also to understand the power of our business in the industry.

- **Competition Rivalry**

Zlín is considered a medium-sized city, however, this does not change the fact that the number dance studios in Zlín is quite high. As mentioned before the major competitors existing in Zlín are dance groups Beat Up and All Style Unit, furthermore some fitness centers.

- **Supplier Power**

Generally, the influence of suppliers may represent a significant risk in case there are only a few of them in the market. In the case of dance studios, the entrepreneur becomes his/her own supplier.

- **Buyer Power**

The power of buyers and their influence on the company's success is limited since there is a high number of potential customers (which is proved also by the fact that there is an intense and yet successful competition). Of course, there are many alternatives – studios and fitness centers as well - where the customers can buy similar service, but as was already mentioned, the potential for success is in the increasing awareness of active lifestyle especially for girls and women.

- **Threat of Substitution**

The most considerable threat is a new competitor.

- **Threat of New Entry**

Since the barriers to enter this particular industry are rather low, the entry of new competitors is always possible and should be expected.

### **Competitive Advantage**

In order to build a core of loyal customers, Free Spirit dance studio has to make its services better than what is currently available in the area. Our key advantage over the competitors is that Free Spirit dance studio brings unique services such as Modern dance and High Heels that no other dance studio in Zlín offers. Another advantage over the competitors is based on new modern equipped facility, which is currently lacking in the area. Free Spirit dance studio is also located near the city centre with parking space right next to

the building which might be also considered as competitive advantage. In addition, the dance studio will provide first entry to half-year semester courses free of charge.

As advantage might be also considered specific courses such as Modern dance, High Heels and Street Dance (leisure time) that are suitable for people who would like to learn to dance these styles but do not want to be professionals and go to competitions. On the other hand, Free Spirit dance studio offers also courses for those who want to go to competitions.

### **3.6 Marketing Plan**

The part of the marketing plan is, first of all, a marketing mix that deals with the best combination of the product itself, price, place, promotion, physical evidence and process. The information gathered from the market analysis will be now used to develop a marketing plan that defines customer segments, the added value that will be brought to the customer, and how the value will be delivered.

#### **3.6.1 Marketing mix**

The marketing mix is composed of the so-called 7Ps – Product, Price, Place, Promotion, People, Physical Evidence and Processes. These aspects will be described below.

##### **3.6.1.1 Product/Service**

The whole chapter 3.4 namely Description of product/service is devoted to description of the studio's product. Free Spirit dance studio will provide these services:

- Contemporary modern dance
- High heels
- Street dance (4 groups)
- Break dance
- Zumba
- Jumping Party
- Power Yoga

##### **3.6.1.2 Price**

The basis for pricing is the decision on price targets. The studio wants to achieve profitability, retain regular customers and build an image of quality. Therefore, the price will initially be set at level of competition, as current customers are used to, as they accept it. In the future along with greater awareness of dance studio and increasing the image of quality prices might also rise proportionately.

A price for lessons is based on the research of competitors. But all the prices should not be set according to direct competitors as Free Spirit dance studio offers also unique services and different number of lessons per half year. Therefore, the prices of services are mainly based on the value perceived by customers, however, the competitor's approximated prices of lessons were also taken into consideration.

From the previous practice in the industry, the author is aware that most people are willing to pay from 1,500 to 3,000 CZK per half a year. The price depends on the type of course, the total number of lessons per semester and duration of a lesson. A total of twelve lessons are offered. The length of lessons depending on the content and difficulty. In total 80 hours per month will be taught. For courses twice a week there are 36 lessons together and for courses once a week there are 18 lessons together. Thanks to the length of a lesson and the number of hours per week, the price is not the same and differs from lesson to lesson.

<b>Lessons</b>	<b>Duration</b>	<b>Number of lessons per month</b>	<b>Price</b>	<b>Capacity</b>
<b>Contemporary modern dance</b>	90 min	4	2,200 CZK	16
<b>High heels</b>	60 min	4	2,200 CZK	16
<b>Street dance A – adults (15+) Profi</b>	90 min	8	2,800 CZK	16
<b>Street dance B – adults Beginners Leisure</b>	90 min	8	2,800 CZK	16
<b>Street dance C- juniors (10-14 years) Beginners</b>	90 Min	8	2,800 CZK	16



<b>Street dance D - kids</b> (7-10 years) Beginners	60 min	8	2,800 CZK		16
<b>Break dance</b>	90 min	4	2,000 CZK		15
<b>Power yoga</b>	60 min	8	120 CZK	Loyal Card 100 CZK	16
<b>Jumping party</b>	60 min	12	120 CZK	Loyal Card 100 CZK	12
<b>Zumba</b>	60 min	16	110 CZK	Loyal Card 90 CZK	16
<b>Private lesson</b>	60 min	-	400 CZK		-
<b>Weekend workshop</b>	90 min	-	300 CZK		16

*Table 3: Price list (own creation)*

At the beginning Free spirit dance studio will have set a price in the range from 2,000 to 2,800 CZK per semester. The price for a one-time entrance to Zumba and Jumping party is 120 CZK and to Power yoga lessons is 100 CZK. The studio offers discount for permanent customers, therefore the price with the loyal card is 100 CZK per 10 lessons for Zumba and Jumping party. Then 90 CZK per 10 lessons is the price for Power yoga.

### **3.6.1.3 Place**

The dance studio will be providing a service only in form of dance lessons and there is no other intermediary. The distribution channel is therefore very simple as the service is going right from the producer to customer. Any other distribution channel or broadening of the provided services could be planned in the future depending on the premises and success of the studio.

Place of the dance studio for lessons is rented quite strategic. From the map it is possible to see that the facility is located near the main street Tr. Tomáše Bati and not too far from the

buildings of the Tomas Bata University in Zlín. which gives the studio a great opportunity to attract many students who are concentrated in the centre of Zlín because of the school, university, shopping or cafés and pubs.

#### **3.6.1.4 Promotion**

It is crucial to have a promotion of a high quality and with the right timing when starting a new business. The main goal is to attract enough attention of potential customers. One of the advantages of promoting before opening a studio is awareness of the studio to help have full lessons or at least filled enough to be able to function from the very beginning.

- **Social media**

Using the social media is in these days very popular one can say that even necessary and highly modern. The dance studio will be targeting young people and the best way how to attract them is through social media such as Facebook and Instagram. These two social media platforms are nowadays the key for the effective promotion.

The Facebook page will contain the information about the studio, lecturers, location, opening hours with regularly posted photos and videos. There will be also a possibility to review the services of the studio. Instagram will be used mainly for the promotion via photos and videos, therefore mainly videos of dance choreographies will be shared.

Furthermore, there is a possibility to create an Insta story, which means that a photo may be shared and viewed by customers for 24 hours. On such a story, dancer's pictures of the studio and the recommendations may be shared, and therefore the studio might gain more followers and increase the number of visitors.

The Facebook page will also serve as means to communicate with customers. Both social platforms will have name Free Spirit dance studio. A price for these ads is flexible and may be easily managed according to our needs. The minimum possible price is 25 CZK per day. The largest advertising campaign will take place before the start of the courses, in a four-week period. There is an initial limit of 5000 CZK for this campaign. Based on site traffic statistics and statistics from Facebook, it is possible to calculate the profitability of the campaign and, if necessary, change some parameters. If some courses are filled, we can focus on advertising more empty places. A planned daily budget for the following months will be 25 CZK thus total spending will be 1 500 CZK per month.

- **Website**

The website is mainly browsed by people who do not have an account on social platforms, which is mainly the third segment. The website will provide crucial information about the studio, photos and videos of the provided services, and the contact information.

Moreover, Free Spirit dance studio offers the possibility to book lessons via the website, and therefore the creation of an official website is essential. The owner decided that website will be created by her friend for a total price of 5000 CZK. This website will ensure modern and simple design with the possibility of online reservation for lessons.

There will be also quick links to social media of Free Spirit dance studio such as Instagram and Facebook. The menu section will consist of photos and videos of the services offered and their descriptions. The website hosting will be through ONEbit hosting and the domain freespiritdancestudio.cz is already included in the price. The costs for the website hosting are 83 CZK per month, thus 996 CZK per year.

- **Leaflets**

To have something that can be placed almost everywhere are the leaflets the best solution. Leaflets will contain all the needed information about the new dance studio and the owner will spread them into schools, all the faculties of the Tomas Bata University and shopping centers in Zlín. The costs for 5000 pieces are 2,490 CZK, so the price per piece is 0,80 CZK.

- **Posters**

The use of poster areas in the city of Zlín appears to be an appropriate way of promotion. The advantage of this strategy is a fairly wide range. The posters will be exhibited in the city of Zlín for 3 weeks before the opening of the studio. The costs for 50 pieces are 245 CZK, therefore 4,90 CZK per piece. The period of use of the A3 billboard in the city Zlín will be 3 weeks before the opening of the studio and the price per piece is 64 CZK thus 3,200 CZK per 50 pieces.

- **Promo video**

Videos are a phenomenon of today and it can be said that everyone is used to them. Videos are a great way to show potential customers everything the studio might offer. In this case the owner decided to hire a cameraman for quality video. The promo video will be uploaded on Youtube and shared on social media accounts.

- **Word of mouth**

The best way of promotion is the word of mouth. If the customers are satisfied, they are happy to tell their friends and give a positive recommendation which is for free and effectively brings new customers.

- **Loyalty cards**

It is an excellent form of sales promotion that will help Free Spirit dance studio to attract and retain regular customers. Customers will be given cards with discount and receive an emoji each time they will come on a lesson (applies to single entries – Zumba, Power Yoga, Jumping Party). The costs for 500 pieces of ordered paper loyal cards are 475 CZK, so the price per piece is 0.95 CZK.

- **Flashmob**

Flashmob is a flash, unexpected performance created by a group of people for a purpose entertainment, promotion and raising awareness of the Free Spirit Dance Studio. Flashmob is focused on busy places such as squares, department stores, buses or train station. A shopping center Zlaté Jablko in Zlín was selected for the Flashmob action plan, because it is located in the center of the city, and there are also groups of people who do not normally go to performances and competitions in sport dancing, therefore this plan is precisely targeted on these groups of people. Private permission is required by owner of the shopping center so that the event can be organized. It is assumed that the shopping center will not request financial reward for providing the space, as the whole event will last as long as possible ten minutes.

- **Performance**

Another tool to promote a dance group and raise awareness are public performances. It can be a performance at events such as Freedom Park, spring festivities, children's days, or it can be a performance on order e.g performance at various balls or corporate parties. In many cases, these performances will interest the potential customer, and he may then decide to start attending the dance studio.

Promotion	Price
Social media ads (Instagram, Facebook)	5,000 CZK
Leaflets	2,490CZK
Posters	3,200CZK
Loyalty cards (print of 500 pieces)	775 CZK

Promo video	3,000CZK
Word of mouth	0 CZK
Performance, Flashmob	0 CZK
<b>In total</b>	<b>14,465CZK</b>

*Table 4: Promotion costs (own creation)*

### **3.6.1.5 People**

The owner will employ 5 part-time lecturers on DPP. All of them will be paid by hour (lesson). Hourly wage is going to be 200-250 CZK. It depends on the duration of a lesson. The lecturers are students or have another job on full-time. It is important to have reliable employees, especially in this branch the employees must be passionate, well-qualified and professional dancers and need expert knowledge from the field of fitness, healthy nutrition and willing to help the customers as well as the lecturers possibly can.

### **3.6.1.6 Physical evidence**

Normal customer is not used to make a research first. Usually makes the decision based on the first impression that does not have to be always the best one. It is logical that customer that will look for a dancing studio for example on the internet a web page will do the first impression. That is why the Free Spirit dance studio will spend appropriate amount of money on the web page design and leaves it to a professional. Also, in today modern world a lot of young people spend their time on social medias, therefore promotion on these social platforms might be the key how to reach new customers.

### **3.6.1.7 Processes**

The last P from the marketing mix stands for the Process. It is used to control if the whole marketing mix working well. From the beginning when the customer recognizes a need to attend a dance lesson. Important part is to give the customers option to influence the involvement of the provided service by giving the studio a proper feedback.

## **3.6.2 Market research**

### **3.6.2.1 Segmentation**

As mentioned, Free Spirit dance studio will be located in the centre of Zlín, near to three university faculties, a shopping centre Zlaté Jablko, parks, high schools, tram and railway station. According to the mentioned statistics on the growing interest in physical activities Free Spirit dance studio will focus on these three segments of customers:

- Segment 1 – young people and students in the age 15-30

- Segment 2 – kids in the age 6 -14
- Segment 3 – customers in the age 30 and more

### 3.6.2.2 Targeting

Free Spirit dance studio targets customers looking for timeless and quality dance services who prefer individual style, entertainment, and originality, same as for the customers who care about their appearance and want to feel good physically and spiritually.

### 3.6.2.3 Positioning

The objective of positioning lies in introducing of the competitive advantage and features which make the dance studio unique. The owner believes that the most important advantage is represented by her know-how which allows her to share her experience and passion to dancing. The owner also believes that the original approach she will put into her business will bring new customers in the future. The aim of Free Spirit dance studio is to be perceived as a studio with the flexible and original approach which enables to make every dream connected with a dancing come true.

## 3.7 Human resource plan

Since Free Spirit dance studio is a small company, its organizational structure consists only of the owner and five external employees who will be employed on DPP. The founder is a key worker who will supply the necessary technique and materials, deputise employees in case of illness, take care of marketing, accounting, furthermore the owner has to hire the right people with the necessary experience. The following table shows the working hours of employees.

<b>Number of lessons / working hours</b>			
	Number of lessons per month	Number of lessons per half year (5 months)	Number of lessons per year (10 months)
<b>Lectrice (owner)</b>	28	140	280
<b>Lectrice 1</b>	20	100	200
<b>Lectrice 2</b>	12	60	120
<b>Lectrice 3</b>	8	40	80
<b>Lectrice 4</b>	8	40	80
<b>Lecturer 5</b>	4	20	40

<b>Total</b>	<b>80</b>	<b>400</b>	<b>800</b>
--------------	-----------	------------	------------

*Table 5: Number of working hours (own creation)*

### 3.8 Growth plan

Free Spirit studio is planning to offer a wide variety of very competitive packages or new courses as modern dance for pairs etc. Lecturers will be trained in the latest trends and with up-to-date styling of today's dances.

Marketing plan is to satisfy our customers and provide them with the desire to continue dancing. A happy customer will not only keep coming back, but they will tell other people about Free Spirit dance studio. We will offer discount awards as an incentive to people who provide us with referrals.

### 3.9 Financial plan

The financial plan of the Free Spirit dance studio consists of a several accounting records. The chapter covers start-up balance sheet, start-up costs, labour costs, operating costs, estimated revenues, income statement, and return on sales.

#### 3.9.1 Start-up Balance Sheet

Table 6 represents the start-up balance sheet consisted of the studio's assets and liabilities. The registered capital is 200,000 CZK, and it is covered by the owner's own savings.

<b>Total Assets</b>		<b>Total Liabilities</b>	
<b>Fixed assets</b>	0	<b>Equity</b>	200,000
		<b>Registered capital</b>	200,000
<b>Current assets</b>	200 000	<b>Current liabilities</b>	0
Bank account	150 000		
Cash	50 000		
<b>Other assets</b>		<b>Other liabilities</b>	0
<b>Total</b>	200 000	<b>Total</b>	200 000

*Table 6: Start-up balance sheet (own creation)*

#### 3.9.2 Initial Costs

Table 7 represents the costs associated with the establishment of the dance studio. Firstly, the expenses that are necessary before the start of the activity itself will be determined. In order to be able to run a dance studio at all, it is necessary to obtain a trade license. A fee of

1,000 CZK is associated with this. There are also expenses for the promotion of the dance studio. The space itself needs to be renovated a bit. There are two rooms where is needed to create a new passage and equip them to serve as changing rooms. Mirrors are needed to run the dance studio. Another important item is mats and trampolines for Power Yoga and Jumping party lessons. All prices include VAT.

Total costs associated with the establishment of the dance studio	Price (in CZK)
Initial investment	<b>40,925</b>
Trade license	1,000
Reconstruction	15,000
Promotion and marketing	14,465
- Social Media Ads	5,000
- Loyalty cards	775
- Leaflets	2,490
- Posters	3,200
- Promo video	3,000
Web pages	5,000
Bank account	Free of charge
Wireless printer	2,770
Smartphone	2,690
<b>Studio equipment and machinery</b>	<b>95,861</b>
Mirrors	33,000
Office supplies (pencils, paper blocks...)	2,000
Wi-Fi Router	580
Exercise Mat (x15)	2,980
Trampoline (x15)	25,905
First Aid Kit	563
Music Equipment	7,950
Bench with shoe shelf (x2)	2,236
Locker Cabinet with 12 Compartments	6,499
Sofa (x2)	9,998
Bar table	4,150
<b>Total amount</b>	<b>136,786</b>

*Table 7: Total costs associated with the establishment of the dance studio (own creation)*

### 3.9.3 Labour Costs

As already mentioned, the studio will have one owner and five part-time employees. The expenses for the full-time employees are not only gross wages, but also the health and social insurance, which is calculated as 34% total from the gross wage. The part-time employees will work on DPP, and their gross wage will not exceed the sum of 10 000 CZK per month,



therefore, there is no need to pay the insurance for these employees. The hourly wage will be 200-250 CZK per lesson depending on the length of the lesson. The owner herself will earn the wage from the profit.

	Number of lessons per month	Duration of the lesson	Gross Wage per month	Social and health insurance (25%+9%)	Total wage costs/1person per month	Annually (10 months)
<b>Lectrice 1</b>	16	60 min	3,200 CZK	0CZK	4,200CZK	42,000CZK
	4	90 min	1,000CZK			
<b>Lectrice 2</b>	12	60 min	2,400 CZK	0 CZK	2,400 CZK	24,000CZK
<b>Lectrice 3</b>	8	60 min	1,600 CZK	0 CZK	1,600 CZK	16,000CZK
<b>Lectrice 4</b>	8	60 min	1,600 CZK	0 CZK	1,600 CZK	16,000CZK
<b>Lecturer 5</b>	4	90 min	1,000 CZK	0 CZK	1,000 CZK	10,000CZK
<b>Total</b>	<b>52</b>	<b>-</b>	<b>10,800CZK</b>	<b>0 CZK</b>	<b>10,800 CZK</b>	<b>108,000CZK</b>

Table 8: Wages costs (own creation)

### 3.9.4 Operating costs

The operating costs consist of fixed and variable costs. The fixed costs do not change with the production volumes. In contrast, the variable costs may vary and are dependent on production. Fixed costs comprise of the rent, internet services, insurance, wages, webhosting, promotion. Dance lessons will be accompanied by music and therefore the license reward to organization Ochranařský svaz autorů (abr. OSA) must be paid. According to price list for special use in the field of use fitness and similar equipment to be provided through the possibility of membership on a monthly or other basis. Rate for every 1 m<sup>2</sup> of exercise halls for group exercises is 9,05 CZK. (OSA, 2021)

The exercise hall in Free Spirit studio has 59 m<sup>2</sup> and therefore 533,95 CZK per month will be charged.

<b>Fixed costs</b>	<i>Monthly</i>	<i>Half-yearly (5 months)</i>	<i>Annually (12 months)</i>
Rent	18,000	90,000	216,000
Energy	1,500	7,500	18,000
Internet services	300	1,500	3,600
Insurance (social+health)	4,981	24,905	59,772
Wages (per 10 months)	10,800	54,000	108,000
Webhosting	83	415	996
OSA license	534	2,670	6,408
Promotion (Social media ads)	1,500	7,500	15,000
<b>Total amount</b>	<b>37,698</b>	<b>188,490</b>	<b>427,776</b>

*Table 9: Operating costs in CZK (own creation)*

The costs in the first year cover the initial costs as well as the operating costs. In the following years, the owner needs to cover only the operating costs. In the yearly calculation, the costs cover the start-up costs in the first month as well as the operating costs for 12 months. Although the studio is opened only 10 months, some expenses need to be covered also for the next 2 months. For this case, the owner is planning casually weekend workshops and summer dance workshops to ensure the covering of expenses for July and August. The table with costs for the first five years is enclosed in Appendix I.

#### **3.9.4 Break-even point**

In order to cover the expenses of a dance studio, it is necessary to determine a break-even point and know the minimum number of customers.

Break-even point is concerning the situation when the company does not make any profit or loss. In other words when the costs are equal to revenues. Considering this particular business is providing a service and the numbers must be round, the calculation is not completely punctual, however, it is understandable if we take into the consideration the fact that the business is dealing with people. Total fixed costs were calculated 427,776CZK per year, thus 534CZK per one lesson.

Provided Service	Price		Fixed Costs per lesson (half-yearly)	Minimum number of customers
Contemporary dance	2 200 CZK / half year		10,680 CZK	5/ half year
High Heels	2 200 CZK / half year		10,680 CZK	5/ half year
Street dance – kids	2 800 CZK / half year		21,360 CZK	8/ half year
Street dance – juniors	2 800 CZK / half year		21,360 CZK	8/ half year
Street dance – beginners	2 800 CZK / half year		21,360 CZK	8/ half year
Street dance – advanced	2 800 CZK / half year		21,360 CZK	8/ half year
Break dance	2 000 CZK /half year		10,680 CZK	6/ half year
Zumba	110 CZK /1 lesson	90 CZK /1 lesson (loyal card)	42,720 CZK	6 / each lesson per half year
Jumping party	120 CZK / 1 lesson	100 CZK /1 lesson (loyal card)	32,040 CZK	5 / each lesson per half year
Power Yoga	120 CZ / 1 lesson	100 CZK /1 lesson (loyal card)	21,360 CZK	5 / each lesson per half year
<b>Total</b>	-			64 regular customers / half year

<b>Fixed Costs / Revenues</b>	CZK 213,888 / 216,800CZK
<b>Profit / Loss in round numbers</b>	0 / 0

*Table 10: Break-even point*

From table 11 it is possible to conclude that fixed costs per a lesson vary greatly which is caused due to the number of lessons per week and the length of a lesson.

To cover the expenses per half year, the minimum number of permanent customers should be 8 in average for courses. Lessons with single entry need to be attended regularly by 5 customers.

The break-even point was calculated based on price of all services offered by the studio to set up the average spending per visitor and fixed costs include monthly cost for rent, insurance, OSA license, promotion, wages and other expenses.

### **3.9.5 Estimated Revenues**

In the following subchapters, three variants will be calculated - optimistic, realistic and pessimistic variant. The considered number of attendants in the courses of a specific type was consulted with the former owner of the dance studio, however in each half of the year, these numbers may change with regard to a current demand. It is therefore important to proceed with a greater degree of caution and leaving any reserves. The calculation of monthly income will take into consideration that a month has four weeks. Half year in a dance studio then lasts five months. Furthermore, lessons have a certain capacity. Most lessons are limited to 16 people. Depending on the number of members in particular course will be possible to recruit the rest of the public. In the pessimistic variant will take into consideration that lessons will be regularly attended by two to four people. In a realistic variant five to eight people will be counted in a lesson and for optimistic variant the number of customers will be ten.

#### **Pessimistic Version**

The following table will show half-yearly revenues in a pessimistic variant.

This variant counts with the fact that the courses will be regularly attended by two or four customers in regular courses and by two customers in lessons with single entry.

<b>Product/Service</b>	<b>Price of the service</b>	<b>Number of customers</b>	<b>Estimated revenues / 1<sup>st</sup> half year</b>	<b>Estimated revenues / yearly</b>
Contemporary modern dance	2,200CZK	4	8,800CZK	17,600CZK
High Heels	2,200CZK	4	8,800CZK	17,600CZK
Street dance kids	2,800CZK	4	11,200CZK	22,400CZK
Street dance juniors	2,800CZK	4	11,200CZK	22,400CZK
Street dance beginners	2,800CZK	4	11,200CZK	22,400CZK
Street dance advanced	2,800CZK	4	11,200CZK	22,400CZK
Break dance	2,000CZK	2	4,000CZK	8,000CZK
Zumba	Price with discount 90CZK	2	14,400CZK	28,800CZK
Jumping Party	Price with discount 100CZK	2	12,000CZK	24,000CZK
Power Yoga	Price with discount 100CZK	2	8,000CZK	16,000CZK
<b>Estimated revenues per half year in total:</b>			<b>100,800CZK</b>	<b>201,600CZK</b>

*Table 11: Estimated Revenues in Pessimistic scenario*

### **Realistic Version**

This variant counts with the fact that half-year courses will be regularly attended by eight people and lessons with single entry by five people. In addition, the owner will organize once in a month weekend workshop.

<b>Product/Service</b>	<b>Price</b>	<b>Number of Customers</b>	<b>Estimated revenues / half year</b>	<b>Estimated revenues/ yearly</b>
Contemporary modern dance	2,200CZK	8	17,600CZK	35,200CZK
High Heels	2,200CZK	8	17,600CZK	35,200CZK
Street dance kids	2,800CZK	8	16,800CZK	33,600CZK
Street dance juniors	2,800CZK	8	16,800CZK	33,600CZK

Street dance beginners	2,800CZK	8	16,800CZK	33,600CZK
Street dance advanced	2,800CZK	6	16,800CZK	33,600CZK
Break dance	2,000CZK	5	8,000CZK	16,000CZK
Zumba	90CZK	5	36,000CZK	72,000CZK
Jumping party	100CZK	5	30,000CZK	60,000CZK
Power Yoga	100CZK	5	20,000CZK	40,000CZK
Weekend workshop 1x per month	300CZK	6	9,000CZK	18,000CZK
<b>Estimated revenues per half year in total:</b>			205,400CZK	<b>410,800CZK</b>

Table 12: Estimated Revenues in Realistic scenario

### Optimistic Version

The optimistic variant will have ten regular customers in courses and six in lessons with single entry. Once a month, a weekend workshop and two private classes are taken into account.

Product/Service	Price	Number of customers	Estimated revenues /half-year	Estimated revenues / yearly
Contemporary modern dance	2,200CZK	10	22,000CZK	44,000CZK
High Heels	2,200CZK	10	22,000CZK	44,000CZK
Street dance kids	2,800CZK	10	28,000CZK	56,000CZK
Street dance juniors	2,800CZK	10	28,000CZK	56,000CZK
Street dance beginners	2,800CZK	10	28,000CZK	56,000CZK
Street dance advanced	2,800CZK	10	28,000CZK	56,000CZK
Break dance	2,000 CZK	6	12,000 CZK	24,000CZK
Zumba	90 CZK	6	43,200CZK	86,400CZK
Jumping party	100 CZK	6	36,000 CZK	72,000CZK
Power Yoga	100 CZK	6	24,000CZK	48,000CZK
Weekend workshop (1x per month)	300CZK	10	15,000CZK	30,000CZK
Private lesson (2x per month)	400CZK	1	4,000CZK	8,000CZK
<b>Estimated revenues per half year in total:</b>			290,200CZK	<b>580,400CZK</b>

Table 13: Estimated Revenues in Optimistic scenario

### 3.9.6 Income statement

Based on the tables above, the following income statement has been created to show whether the dance studio will be able making a profit or not.

The following table shows the profit and loss statement for five years of business. The income statement has been compiled according to realistic scenarios, ie 50% of studio attendance. In the following years, it is expected to increase the number of customers and thus increase sales by 10% per year. It does not count on an increase in rents, energy or other fees. In addition, an increase in the cost of marketing activities and investment in studio equipment in the amount of CZK 5,000 per year is being considered. The table with costs for the first five years is enclosed in Appendix I.

	1 <sup>st</sup> year	2 <sup>nd</sup> year	3 <sup>rd</sup> year	4 <sup>th</sup> year	5 <sup>th</sup> year
<b>Revenues</b>	410,800	451,880	497,068	546,775	601,452
Initial Costs	136,786	-	-	-	-
Fixed costs	427,776	447,776	447,776	447,776	447,776
<b>Total Costs</b>	564,562	447,776	447,776	447,776	447,776
<b>EBT</b>	-153,762	4,104	49,292	98,999	153,676
Tax (15%)	-	616	7,394	14,850	23,051
<b>EAT</b>	<b>-153,762</b>	<b>3,488</b>	<b>41,898</b>	<b>84,149</b>	<b>130,625</b>

*Table 14: Income statement*

In order to calculate the first year's EBT, variable, fixed, and initial costs had to be deducted from the company's revenues. Additionally, a 15% tax is subtracted from the measured EBT since the creator is a natural citizen. As a result, the estimated EAT for the first year is 153,762 CZK. In the second year, the company's projected EAT is also a loss – 30,216. In comparison, the third year earns a total of 6,582 CZK.

This means that if the entrepreneur reaches 50% participation in all courses, she will earn a small profit in the second year of business at the earliest.

In conclusion, profit in the first years of business is insufficient when expenses do not include the owner's salary, who also teaches classes.

### Optimistic

The following table shows the profit and loss statement for five years of business according to optimistic scenarios, In the following years, it is expected to increase the number of customers and thus increase sales by 5% per year.

	1 <sup>st</sup> year	2 <sup>nd</sup> year	3 <sup>rd</sup> year	4 <sup>th</sup> year	5 <sup>th</sup> year
<b>Revenues</b>	580,400	609,420	639,891	671,886	705,480
<b>Costs</b>	564,562	447,776	447,776	447,776	447,776
<b>EBT</b>	15,838	161,644	192,115	224,110	257,704
Tax (15%)	2,376	24,247	28,817	33,6117	38,656
<b>EAT</b>	<b>18,214</b>	<b>137,397</b>	<b>163,298</b>	<b>190,493</b>	<b>219,048</b>

*Table 15: Income statement*

As a result, the calculations of the income statement of optimistic scenarios for the first five years show the business idea has the potential and that Free Spirit dance studio might be profit-making in the following years under the condition that participation in all courses will be higher than 50%. However, it is necessary to take into account that the costs do not include the salary of the lecturer, who also teaches lessons, so the profit is relatively low.

### **Pessimistic**

The following table shows the profit and loss statement for five years of business. The income statement has been compiled according to pessimistic scenarios, In the following years, it is expected to increase the number of customers and thus increase sales by 10% per year.

	1 <sup>st</sup> year	2 <sup>nd</sup> year	3 <sup>rd</sup> year	4 <sup>th</sup> year	5 <sup>th</sup> year
<b>Revenues</b>	201,600	221,760	243,936	256,133	281,746
<b>Costs</b>	564,562	447,776	447,776	447,776	447,776
<b>EBIT</b>	-362,962	-226,016	-203,840	- 191,643	-166,030
Tax (15%)	-	-	-	-	-
<b>EAT</b>	<b>- 362,962</b>	<b>-226,016</b>	<b>-203,840</b>	<b>-191,643</b>	<b>-166,030</b>

*Table 16: Income statement*

Due to the fact that the dance studio will be new and will not be so well-known, it is possible that participation in the courses will not be fulfilled even by 50%. In that case, the business would be unprofitable. She would not be able to pay the monthly costs.

### **3.9.7 Return on Sales (ROS)**

The return on sales (ROS) ratio is a metric used to assess a business's financial results. A rising ROS indicates that a business is growing more efficiently, while a declining ROS can indicate financial difficulties. Return on sales is calculated as the following formula:

$$\text{ROS} = \text{Net Profit} / \text{Operating costs} * 100 \text{ (Bragg, 2010, 55)}$$



The tables below show Return on Sales in the first five years in realistic scenario.

<b>Return on Sales in the first five years (realistic scenario)</b>	
<b>ROS in the first year</b>	-27,23%
<b>ROS in the second year</b>	0,77%
<b>ROS in the third year</b>	9,35%
<b>ROS in the fourth year</b>	18,79%
<b>ROS in the fifth year</b>	29,17%

*Table 17: Return on Sales in the first five years*

To compare the profitability of sales, I conducted a financial study of dance studios that disclose financial information.

<b>Return on Sales</b>	<b>Revenues</b>	<b>Costs</b>	<b>ROS in 2017</b>	<b>Revenues</b>	<b>Costs</b>	<b>ROS in 2018</b>
Taneční studio Voila s.r.o.	942,000	822,000	10,29%	1,628,000	965,000	32,55%
Taneční škola STARLET s.r.o.	1,694,000	1,408,000	13,57%	6,165,000	5,857,000	3,51%

*Table 18: Return on Sales - competitors*

According to the tables below, the return on sales of Free Spirit dance studio is extremely low in the first three years in comparison to other dance studios, implying that the investor will not receive a high rate of return.

## 4 RISK ANALYSIS

It is essential for business to know the risks that are highly possible to happen and to be able to eliminate them or take preventive measures, so the risks do not affect business functioning as much.

### **Business failure**

Business failure is the main risk and the only suggestion to avoid it is to have a proper elaboration of the business plan to have the rough idea if the business will be prosperous or not.

### **A lack of customers**

A lack of the customers is the risk that is going to take almost every new business in the market which is also the case of this dance studio and the way how to eliminate the threat is to invest into promotion to advertise the business and spread the information about the newly existing studio. Another solution might be offering some bonus or to provide a discount on the lesson for customer who has already attended more than 10 lessons.

### **Unmotivated employees**

The third risk is the possibility to have unmotivated employees what could be a huge problem for the studio. With this in mind the owner should take care about the employees in form of sufficient communication and keep good employee/employer relationship. To motivate employees in financial form, for example, to promise premium in case of higher attendance of lessons or satisfied customers giving the positive feedback on lectrices.

### **Insufficient premises**

The risk of insufficient premises is quite probable. The only solution is to save the money as much as possible, keep the costs low and constantly look for new premises to reach sufficient profit.

### **Injuries**

In case of this particular branch are the injuries big risk, and to eliminate them it is important to give an instruction and recommendations for better safety.

### **New competition**

The competition has been already described in the subchapter 3.5.3 – Competitive analysis. However, new competition penetrating the market is a common risk that must be taken into consideration. The preventive measures to remain on the same position in the market are to be providing the services sufficiently therefore the satisfied customers stay. To

give the customers a bonus for being loyal and appreciate them in form of free entry or hosting a sport event.

### **Regulations**

The last risk that should be taken into consideration are government regulations. Particularly today when the recent global pandemic of coronavirus hit the global economy and caused a financial crisis. During the pandemic, the majority services had to remain closed for a long time, thereby losing their revenues. As a result, many companies had to leave industries and many people lost their jobs. The economic has worsened not only in the Czech Republic but in the whole world. As a result, people have invested less money. A similar scenario of a global catastrophe or decrease in wages would mean a serious risk to any business. If such a situation occurs again, it is possible to offer courses online, but this does not match the personal approach, therefore high demand is not expected.

## CONCLUSION

The aim of this bachelor's thesis was to establish a business plan for a new dance studio. The theoretical part was being used to describe the basic theoretical concepts related to a business plan as explanation of basic business terms. The analytical part follows the structure given in the theoretical background of the work. It starts with a presentation of the dance studio itself and continues through the description of the business, service description to the marketing strategy, where the planned promotion and the expected expenses with it are stated and to the market analyses. First, there is the PEST analysis that evaluated macroeconomic factors in the social field, the place and structure of population in the city. Then there is a SWOT analysis, and from the results of this analysis it can be judged that the strengths outweigh the weaknesses and with good use of these strengths, it is possible to build a quality and well-functioning dance studio. Porter's model of five forces was used here to describe bargaining power of customers and suppliers, threats of entry of new competitors or substitutes, and in particular a detailed analysis of existing competition. The following is a financial plan where income and expenses are calculated. Unfortunately, attendance on lessons can only be estimated, therefore revenues are calculated in three variants (pessimistic, realistic and optimistic).

Based on these studies, it was determined that the implementation of this project may be feasible and profitable, assuming that the studio has a sufficient number of regular customers. On the other hand, if the entrepreneur does not guarantee at least 50% attendance in all classes, she would be unable to cover expenses. Due to the fact that the dance studio will be brand new in Zlín, such a large number of customers is not expected. In general, the concept of a business plan is interesting however not very real. As a result, starting a business is not recommended.

**BIBLIOGRAPHY**

- Abrams, Rhonda. 2019. *Successful Business Plan Secrets & Strategies*. 7th ed. Palo Alto, CA: Planning Shop.
- Bragg M., Steven. 2010. *Business Ratios and Formulas: A Comprehensive Guide*. 2nd ed. New Jersey: John Wiley & Sons, Inc., Hoboken
- Confederation College. 2014. *Entrepreneurship and Starting a Business*. Canada: Productive Publications
- Červený, Radim, Jiří Ficbauer, Alena Hanzelková, and Miroslav Keřkovský. 2014. *Business plán: Krok za krokem*. Prague: C. H. Beck.
- Finch, Brian. 2010. *How to Write a Business Plan*. 3rd ed. London: Kogan Page.
- Gattis, Chris. 2010. *Business Plan Template: [How to Write a Business Plan]*. Huntsville, Alabama: Blue Point Publishers.
- Koráb, Vojtěch, Jiří Peterka, and Mária Režňáková. 2007. *Podnikatelský plán*. Brno: Computer Press.
- Kotler, Philip, and Gary Armstrong. 2018. *Principles of Marketing*. 17th ed. Harlow: Pearson Education.
- Kotler, Phillip, Gary Armstrong and Opresnik. 2016. *Principles of Marketing*. 13<sup>th</sup> ed. Harlow: Pearson Education.
- Kozel, Roman, Lenka Mynářová, and Hana Svobodová. 2011. *Moderní metody a techniky marketingového výzkumu*. Prague: Grada.
- Majdúchová, Helena et al. 2018. *Podnikové Hospodárstvo*. Bratislava: Wolters Kluwer.
- Mariotti, Steve, and Caroline Glackin. 2013. *Entrepreneurship: Starting and Operating a Small Business*. 3rd ed. New Jersey: Prentice Hall.
- McKeever, Mike. 2011. *How to write a business plan*. 10th ed. Berkeley: Nolo.
- Mulačová, Věra, and Petr Mulač. 2013. *Obchodní podnikání ve 21. století: finanční řízení*. Prague: Grada.
- Srpová, Jitka, and Václav Řehoř. 2010. *Základy podnikání: teoretické poznatky, příklady a zkušenosti českých podnikatelů*. Prague: Grada.
- Srpová, Jitka, Ivana Svobodová, Pavel Skopal, and Tomáš Orlík. 2011. *Podnikatelský plán a strategie*. Prague: Grada.
- Shelton, Hal. 2017. *The Secrets to Writing a Successful Business Plan*. 2nd ed. Rockville: Summit Valley Press.
- Strouhal, Jiří. 2016. *Ekonomika podniku*. 3rd ed. Prague: Institut certifikace účetních.

Synek, Miloslav, and Eva Kislingerová. 2015. *Podniková ekonomika*. 6th ed. Prague: C.H. Beck.

Švarcová, Jena et al. 2019. *Ekonomie: stručný přehled: teorie a praxe aktuálně v souvislostech: učebnice*. Zlín. CEED.

Veber, Jaromír and Jitka Srpová et al. 2012. *Podnikání malé a střední firmy*. 3rd ed. Prague: Grada.

## ONLINE SOURCES

Chen, James. 2020. "Return on Investment (ROI)." Accessed November 1, 2020.

Investopedia.com. <https://www.investopedia.com/terms/r/returnoninvestment.asp>

Dosoudil, Petr. 2004, "Podnikání a životní prostředí," Enviweb.cz. Accessed October 17, 2020. <http://www.enviweb.cz/49238>

Český statistický úřad. 2020. "Inflace – druhy, definice, tabulky." Český statistický úřad. Accessed November 1, 2020. [https://www.czso.cz/csu/mira\\_inflace](https://www.czso.cz/csu/mira_inflace)

Český statistický úřad. 2020. "Nejnovější údaje o kraji." Český statistický úřad. Accessed November 1, 2020. <https://www.czso.cz/csu/xz>

Český statistický úřad. 2020, "Veřejná databáze: Základní charakteristiky ekonomického postavení obyvatelstva ve věku 15 let a více." Český statistický úřad. Accessed November 1, 2020. [https://vdb.czso.cz/vdbvo2/faces/cs/index.jsf?page=vystup-objekt&pvo=ZAM01-C&f=TABULKA&z=T&skupId=426&katalog=30853&u=v413\\_\\_VUZEMI\\_\\_100\\_\\_3131&&str=v467](https://vdb.czso.cz/vdbvo2/faces/cs/index.jsf?page=vystup-objekt&pvo=ZAM01-C&f=TABULKA&z=T&skupId=426&katalog=30853&u=v413__VUZEMI__100__3131&&str=v467)

Český statistický úřad. 2020. "Zaměstnanost, nezaměstnanost." Český statistický úřad. Accessed November 1, 2020.

[https://www.czso.cz/csu/czso/zamestnanost\\_nezamestnanost\\_prace](https://www.czso.cz/csu/czso/zamestnanost_nezamestnanost_prace)

Etržby. 2020. "Information about registration of sales." Etrzby.cz Accessed November 1, 2020.

<https://www.etrzby.cz/cs/english-version-609>

Inkubatorzlin. 2020. "O nás." Inkubatorzlin.cz. Accessed November 1, 2020.

<http://www.inkubatorzlin.cz/o-nas/>

Jak Podnikat. 2020. "Zdravotní pojištění OSVČ 2020." Jakpodnikat.cz. Accessed November 1, 2020.

<https://www.jakpodnikat.cz/zdravotni-pojisteni.php>

Jak Podnikat. 2020. "Sociální pojištění OSVČ." Jakpodnikat.cz. Accessed November 1, 2020. <https://www.jakpodnikat.cz/socialni-pojisteni-duchodove-zabezpeceni.php>

Ministry of Industry and Trade. 2019. "Annex No 1 to Act No 455/1991." Accessed October 18, 2020.

[https://www.mpo.cz/assets/en/business/licensedtrades/legislation/2020/3/ZZ\\_UPLNE\\_ZN\\_ENI\\_prilohy\\_k\\_3\\_3\\_2020\\_WEB\\_EN.pdf](https://www.mpo.cz/assets/en/business/licensedtrades/legislation/2020/3/ZZ_UPLNE_ZN_ENI_prilohy_k_3_3_2020_WEB_EN.pdf)

NMS Market Research, 2020, "Průzkum 2020: Jak děti a mládež tráví svůj volný čas?" Accessed November 15, 2020.

<https://www.331.cz/pruzkum-2020-jak-deti-a-mladez-travi-svuj-volny-cas/>

OSA, 2021, "OSA sazebník 2020." Accessed March 30, 2021.

<https://www.osa.cz/storage/DownloadTranslation/1-2000/225-attachment-2021-OSA-SAZEBNIK-R-CZ.pdf>

Portál Pohoda, 2020, "Sociální a zdravotní pojištění OSVČ v roce 2021," Accessed

November 20, 2020. <https://portal.pohoda.cz/pro-podnikatele/uz-podnikam/zmeny-v-pojistnem-osvc-a-u-zamestnani-maleho-rozsa/>

Univerzita Tomáše Bati ve Zlíně. n.d. "Studenti." Accessed November 15, 2020.

<https://www.utb.cz/univerzita/mezinarodni-vztahy/studenti/>

**LIST OF ABBREVIATIONS**

Ad	Advertisement
e.g.	Exempli gratia
etc.	Et cetera
CZK	Czech Koruna
EU	European Union
EUR	Euro
EET	Elektronická evidence tržeb
TBU	Tomas Bata University
GDP	Gross domestic product
DPP	Dohoda o provedení práce
OSA	Ochranný svaz autorský
EBT	Earnings before Taxes
EAT	Earnings after Taxes



**LIST OF FIGURES**

<i>Figure 1: SWOT analysis (own creation)</i> .....	22
<i>Figure 3: Logo of the dance studio (own creation)</i> .....	30
<i>Figure 4: Location of dance studio (source: Mapy.cz)</i> .....	34
<i>Figure 5: Dance spaces (source: Sreality.cz)</i> .....	34

**LIST OF TABLES**

<i>Table 1: Timetable of classes (own creation)</i> .....	37
<i>Table 2: SWOT Analysis of the dance studio (own creation)</i> .....	41
<i>Table 3: Price list (own creation)</i> .....	48
<i>Table 4: Promotion costs (own creation)</i> .....	52
<i>Table 5: Number of working hours (own creation)</i> .....	54
<i>Table 6: Start-up balance sheet (own creation)</i> .....	54
<i>Table 7: Total costs associated with the establishment of the dance studio (own creation)</i> .....	55
<i>Table 8: Wages costs (own creation)</i> .....	56
<i>Table 9: Operating costs in CZK (own creation)</i> .....	57
<i>Table 10: Break-even point</i> .....	59
<i>Table 11: Estimated Revenues in Pessimistic scenario</i> .....	60
<i>Table 12: Estimated Revenues in Realistic scenario</i> .....	61
<i>Table 13: Estimated Revenues in Optimistic scenario</i> .....	61
<i>Table 14: Income statement</i> .....	62
<i>Table 15: Income statement</i> .....	63
<i>Table 16: Income statement</i> .....	63
<i>Table 17: Return on Sales in the first five years</i> .....	64
<i>Table 18: Return on Sales - competitors</i> .....	64

## THE APPENDICES

## Appendix I – Costs in the first five years in CZK

<b>Costs in CZK</b>					
	1st year	2ndyear	3rd year	4th year	5th year
<b>Initial costs</b>	136,786	-	-	-	-
Fixed Costs	427,776				
Promotion	15,000	30,000	30,000	30,000	30,000
Rent	216,000	216,000	216,000	216,000	216,000
Energy	18,000	18,000	18,000	18,000	18,000
Webhosting	996	996	996	996	996
Salaries	108,000	108,000	108,000	108,000	108,000
Insurance	59,772	59,772	59,772	59,772	59,772
Internet services	3,600	3,600	3,600	3,600	3,600
OSA license	6,408	6,408	6,408	6,408	6,408
Other investment	-	5,000	5,000	5,000	5,000
<b>Total</b>	<b>564,562</b>	<b>447,776</b>	<b>447,776</b>	<b>447,776</b>	<b>447,776</b>