

A Business Plan for Establishment of a Strength and Conditioning Centre

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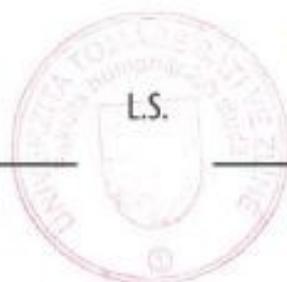
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ABSTRAKT

Tato bakalářská práce se zabývá tvorbou podnikatelského plánu pro začínající podnik. Cílem práce bylo vytvořit podnikatelský plán pro silově-kondiční centrum jménem Styrkur gym. Práce je rozdělena do dvou částí. Před samotným podnikatelským plánem bylo nutné definovat pojmy jako podnikání, podnik, typy podniků a informace potřebné k vytvoření podnikatelského plánu. Druhá část je zaměřena na tvorbu samotného podnikatelského plánu pro silově kondiční centrum Styrkur gym.

Autor by měl být po vypracování plánu schopen učinit rozhodnutí, zda je možné projekt spustit, nebo je myšlenka nerealistická.

Klíčová slova: podnikatelský plán, podnikání, sport, silový trénink, kondiční trénink, výkonnostní trénink

ABSTRACT

This bachelor thesis deals with the creation of a business plan for a start-up organization. The aim was to create a business plan for fictional strength and conditioning centre called Styrkur gym. The thesis is divided into two parts. First part sets theoretical background and defines what is entrepreneurship, business, types of business, and all the necessary information required when writing a business plan. The second section deals with the business plan of Styrkur gym.

After completion of the business plan, author should be able to decide, whether it will be feasible to launch the project or this idea unrealistic.

Keywords: business plan, entrepreneurship, sport, strength training, conditioning training, performance training

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

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INTRODUCTION

Establishment of a new business is a very complicated process. The preparation for this act takes a lot of performed actions and invested time. One of the most important steps in preparation for process of establishment of a business is to create a sufficient business plan. The aim of this bachelor thesis is to create a feasible business plan for strength and conditioning centre called Styrkur gym. The initial idea and motivation was author's realization about the lack of the service in the local area. While being an active athlete for many years, the author experienced many situations that required strength training preparation and equipment suitable for that purpose. That was where the initial idea and demand for this type of service appeared for the very first time. Setting up business in current situation affected by pandemic crisis might be a challenging and risky move, and for that reason each detail and timing of the potential establishment should be chosen really carefully.

The thesis is divided into two main parts. First part sets theoretical background for completion of a business plan and general definitions of entrepreneurship, business, and types of businesses. Special emphasis is placed on a definition of each part of business plan structure, which is later needed for completion of analysis part. Information included in the theoretical part is then used for the creation of the business plan itself.

The second part deals with the business plan for Styrkur gym. The business plan is created based on real data gathered during years of experience in the field of strength training as well as data collected from competition, its customers, and market research.

I. THEORY

1 ENTREPRENEURSHIP

The term entrepreneurship can be defined in many different ways. According to Martinovičová, Konečný and Vavřina (2016, 30), entrepreneurship is an independent, long-term, systematic, and sustainable activity for purpose of generating a profit and operating while assuming the associated risk. The activity involves searching for the business opportunities and looking for markets that are potentially profitable.

The word entrepreneur has its origin in French language, and it was used to define a person that performed any kind of activity that involved risk. Over the course of time, the meaning narrowed to someone who starts a new business. (Mariotti and Glackin 2014, 28) Martinovičová, Konečný and Vavřina (2016, 13) define entrepreneur as a person with certain personality traits and qualities involving organizational and leadership skills. Success of the entrepreneur depends on their professional qualifications, knowledge, persistent effort and eventually on the quality and feasibility of their business idea. Entrepreneur should be able to seek opportunities and foresee potential threats. Entrepreneur is also simply defined as a person who takes a certain risk with anticipation of reward in form of financial profit. (Martinovičová, Konečný et al. 2016, 13-15)

Entrepreneurship activity is crucial for the healthy functioning of the global economy. There is a high possibility that the entrepreneurship activity will not be seamless. Therefore, successful entrepreneur should be able to properly deal with crisis situations, and efficiently operate under pressure. Despite a good idea, vast majority of entrepreneurship activities require a specific material or non-material resources. Such as fitting equipment, finances, or premises. (Scarborough 2016, 21)

Entrepreneurs, who are employing other people should be able to manage the team efficiently and have qualities of a good leader. Among personality traits that should successful entrepreneur develop are:

- Being persistent
- Being self-confident
- To have a passion for the activity
- Being proactive
- Being success oriented
- Being resilient
- Being an opportunities seeker (Scarborough 2016, 30)

1.1 Business

Business is an institution established for an entrepreneurship activity. According to definition of European commission in regulation 651/2014., regardless its legal form, a business is every institution created with the intention of economic activity. (Martinovičová, Konečný et al. 2016, 15) Business consists of human resources, tangible assets, and intangible assets. (Vochozka 2012, 36)

1.2 Types of businesses

The first essential step when establishing a new company is to choose a business structure that will properly fit the needs of the organization. The decision should be made based on a product or service that it provides, or perhaps other factors that might the entrepreneur consider as important for their business. This decision will affect number of aspects regarding establishing procedure and eventually operating the organization. The chosen structure will affect for example amount of money that will be paid on taxes, number of founders of the organization, liability of founders, process and conditions for dividing profits of the company and finally capability of making the business activity profitable. Martinovičová also states (2016, 22) that in most cases the decision of structure of the establishing business will most likely be a trade-off.

Business can be divided according to various different criteria. For example, division by size of the organization or scope of activity. This thesis deals with division according to legal form. The two main types of business entities recognized by Czech law are:

- natural person enterprise
- legal entity enterprise (Vochozka 2012, 38-39)

1.2.1 Natural person enterprise

Natural person enterprise is a type of sole proprietorship organizational form in which is the individual owning the business operating on their own and fully responsible for their actions. According to Trade Code the natural person enterprising is a systematic activity, operated by an individual, under the founder's name, on their own responsibility, for a purpose of realizing a profit and operating while following the conditions set by law. The business is owned and operated by a single individual. The entrepreneur should be sufficiently skilled in the field of entrepreneurship activity, as well as economically educated to manage their own financial obligations. (Martinovičová, Konečný et al. 2016, 22) The entrepreneur is obliged to pay the tax of 15 %. (BusinessInfo.cz 2019)

Advantages of natural person enterprise:

- Both, establishment, and termination process of the business activity is simple,
- the owner has a full control and decision-making right over the company,
- low initial investment into administrative affairs,
- simpler process of operating the business, such as accounting. (Veber 2012, 72-73)

Disadvantages of natural person enterprise:

- a complete liability of the owner, hence, when does the business tackle financial issues and consequently bankrupt, the owner is liable with the assets of the business, as well as their own personal possessions,
- the organization is vastly dependent on the entrepreneur and business may experience problems in case of entrepreneur's incapacity to operate,
- Owner of the business must be administratively skilled. (Vochozka 2012, 39)

Forming a natural person enterprise

The owner of the business must follow both general and, if necessary, special conditions to meet all the requirements needed for performing the business activity. The entrepreneur must pay 1000 CZK at a trade licensing office.

General conditions that include:

- The minimum age of 18,
- Full legal capacity,
- Integrity. (Veber 2012, 78)

According to The Trade Act, the two types of natural person enterprising are:

- Free,
- Licensed.

Free trade can be performed with a trade certificate and registration at Trade Licensing Office. Being a photographer or bike shop owner are examples of free trade natural person enterprising. Licensed trade requires trade certificate and also qualifications needed for performing of the activity. Licensed trade is for example driving school ownership. (Veber 2012, 72)

1.2.2 Legal entity enterprise

The second type of organizational form of business is legal entity enterprise. Legal entity is an individual, or organization that has its rights and responsibilities. The investment into initial expenses and formalities regarding establishment are considerably more demanding than natural person enterprise establishment. In contrast with natural person enterprising,

this type of business requires more complex process of establishment and operating the business is more financially demanding. On the other hand, significant advantage is the owners' separation from the legal entity. Therefore, as the name indicates, the liability is limited, and founders' personal possessions are not at risk.

Among common legal entities that Commercial Register in Czech Republic acknowledges belong:

- Cooperatives (družstvo)
- Capital companies
 - Limited liability company (s.r.o.)
 - Joint-stock company (a.s.)
- Private companies
 - General partnerships (v.o.s.)
 - Limited partnerships (k.s.)(Martinovičová, Konečný et al. 2016, 22-23)

Cooperatives

Cooperatives in Czech Republic are type of legal entity consisting of at least five members. The organizational structure of this type of organization consists of audit commission, member's meeting, and the managing board. (Martinovičová, Konečný et al. 2016, 23)

Advantages of cooperatives:

- Members are not liable for company's debts,
- Members can simply enter or quit the organization. (Veber 2012, 76)

Limited liability company

The most frequently established legal entity in Czech Republic is limited liability company. The minimum number of founders of this type of company organizational form is one and the maximum number of founders is unlimited. The minimum amount of registered capital that needs to be covered is 1 CZK and the highest is unlimited as well. The liability of the company's debts is according to the amount of unfulfilled investment obligations. The limited liability company is established with the founding document called memorandum of association. (Martinovičová, Konečný et al. 2016, 23)

Advantages of limited liability company:

- Limited liability of the owners,

Disadvantages of limited liability company:

- Not so reliable in the eyes business partners in comparison with other types of legal entity companies,

- Compared to natural person enterprise, administration is much more complicated (Veber 2012, 75)

Joint-stock company

Joint-stock company is a type of organization owned by shareholders, who purchased shares of the organization. Investors can buy and sell shares of the company. The minimum amount of registered capital for joint-stock company is 2,000,000 CZK or 80,000 EUR. (Businessinfo.cz 2019) As a result of a relatively high initial capital and complicated affairs while establishing and operating the company, it is not usual type of organizational structure for small and medium companies in Czech Republic. The supreme body of the joint-stock company is a general meeting, which can be attended by all the shareholders of the organization. (Vochozka 2012, 43-44)

Advantages of a joint-stock company:

- The shareholders are not liable for the company's obligations,
- The business structure guarantee reliability and stability, trustworthy in the eyes of investors.

Disadvantages of joint-stock company:

- High initial capital,
- Managing and operating the company is complicated. (Veber 2012, 76)

General partnerships

The minimum number of founders of general partnership is two. The company is established by registration in Commercial registry and the minimum amount of registered capital is not specified. The profit of General partnership is divided equally.

Limited partnerships

Limited partnership is a type of legal entity enterprise that needs to be established by at least one general partner and one limited partner. The limited partner is liable up to the amount of money of their investment into the company. The minimum amount of registered capital is 1 CZK. (Martinovičová, Konečný et al. 2016, 23)

Advantages of limited partnership:

- The profit of the company is divided according to the contract,
- Low initial investment into the registered capital.

Disadvantages of limited partnership:

- Complicated process of establishment affairs. (Veber 2012, 74)

(Vochozka 2012, 43-44)

2 DEFINITION OF A BUSINESS PLAN

As Linda Pinson states in her book "The business that fails to plan, plans to fail." (2008, 2) When establishing a company, business plan is the most important piece of documents that is needed. The document that describes the process of establishment and defines both the short-term and long-term goals that company aims to achieve. (Pinson 2008, 2)

Moreover, the document that is required for drawing attention of a potential investors and motivate them to trust the business idea and possibly invest their money. Additionally, business plan also serves as sort of a directory or guidance for the founder of the organization, when making steps to transform the initial idea into reality. (Blackwell 2008, 3)

2.1 Purpose of a business plan

Despite the fact that the business plan is considered by many to be a document created for potential backers of a start-up, there are other and possibly more important purposes of this document. Author of the business plan should be able to find out whether the business idea is feasible, and the organization has a potential to be successful or not. Other purpose is then assuring a success of the business activity. Shelton also says (2014, 22) that the owner will become familiar with every section of the plan and running the business, even though he or she may not be expert in that particular field.

Generally, there are two types of users that will read the business plan and those are:

- internal users
- external users

Stated internal users of the plan are, for instance, managers or other people within the organization for whom the plan serves as sort of a guide when performing the business activity. (Abrams 2019, 4)

However, in some cases even more important purpose is to submit the document to readers outside of the organization. Author should establish who is going to read the business plan and what is the expected feedback from the addressed audience. Clear definition of the audience will be useful for providing all the desirable information that the reader might be interested in. When, for instance, the anticipated outcome is finding a potential investor of the project, it must emphasize a low-risk investment with high returns. Yet, on another note, if the plan is presented to a potential buyer of the business, it should emphasize profitability and promising future considering the positive development of the organization. It is helpful

to write the business plan with the desirable response by the reader as the main objective. (Finch 2006, 20-21)

2.2 Structure of a business plan

Business plan structure may contain various different sections, but these are the main components, that should every proper business plan consist of:

- Executive summary
- Company overview
- Product or service description
- Organizational plan
- Market analysis
- Marketing
- Financial analysis
- Risk evaluation
- Appendices (Finch 2006, 17)

2.2.1 Executive Summary

The crucial section of the business plan is executive summary. The importance is a result of fact that the audience, who can be for example a potential investor, will read this section first. Regardless of how good the product or service the business plan to offer, this section will most likely determine whether the audience will consider the plan relevant or not. (Abrams 2019, 53)

The fundamental objective of executive summary part is to broadly introduce the company and more importantly appeal to targeted audience, catch their interest, and persuade the audience to crave for more details and read the rest of the business plan. (Hazelgren and Covello 2006, 171)

Executive summary should be clearly written, short contraction of the business plan. The ideal length of summary is somewhere between one to three pages and should not include too many details. Even though this section seems to be an introduction to the business plan and occurs first in the document it should be written after the rest of the document is already finished. The goal is to precisely reveal the abbreviated version of the plan. Well-written executive summary should include validation that the business idea is good, the plan is carefully planned and realistic and the management of the organization is efficient and qualified for the job. It should also outline the competitive advantages of the organization

and it has a high potential to be profitable. There are two types of executive summary writing styles to choose from. First is so called synopsis summary, which basically summarizes every section of the document. The other type is called narrative summary, which is more focused on business concept and allows more creative way of presenting the business plan. (Abrams 2019, 53)

2.2.2 Company overview

This section provides fundamental information about the business before the more detailed sections, such as marketing or financial plan, is provided. The description should be broad, and it should contain key information only rather than being overly detailed. (Abrams 2019, 68) To be more exact, this section of the business plan should include the name of the company, legal status, who established the company and when it was established. Together with what are the main objectives of the organization, the mission statement and display of the vision. The essential part of the company overview is mission statement mentioned above. Mission statement should clearly reveal what is the objective of the organization's activity, what activities the organization accepted to seek and what values does the company believe in. (Hazelgren and Covello 2006, 87-88)

2.2.3 Product or service description

The company's capability to offer appropriate and marketable product or service is indeed elemental requirement for the success of the organization. For sure the best scenario is to bring a product that is completely unique and has no competitor on market. In case when there is a competitor with a similar product or service, it is going to be a lot harder to assure a profitable market share. (Aulet 2013, 25-26) This section should deliver a summary of features and benefits of product or service that does the company offer. Additionally, why would consumer prefer it over the company's competition product or service and eventually make a purchase. What is unique about the service or product that the company offers. (Shelton 2014, 62-63) Benefits are typically much more relevant than features for promoting and selling the product, therefore this section should exceed benefits over features. Further, too many technicalities should be avoided in this section. Additionally, it is recommended to describe the product from the customer point of view. What would the potential buyer or visitor require when seeking for this type of product or service? (Hazelgren and Covello 2006, 95)

2.2.4 Organizational plan

Assuming that the new business is a natural person enterprise and will be composed of only small organizational team, this part of business plan might require only a short paragraph. However, if the business consists of bigger organizational team, it is helpful to outline how will be the organization structured. This section should provide information about the management, number of employees and their responsibilities. Moreover, required skill level of the employees should be described and also conditions that will be offered to these people. (Shelton 2014, 86) Finch (2006, 22) also recommends graphically illustrate the structure, so that the hierarchy and network in the company can be understood better. (Finch 2006, 55-56)

2.2.5 Market analysis

Market analysis is a part of business plan where the customers, competition and target market are specified. (Pinson 2008, 47) To achieve the profitability of the business, it is important to make the potential customers prefer the business from its competition. For that purpose, the in-depth customer analysis is needed. One cannot satisfy every single one customer on market; therefore, it is crucial to clearly define who is the desired customer of the business. Every group of customers has a distinctive needs and wants and behave in different way. The action of dividing buyers to distinguished groups is called market segmentation. After the market is divided into different segments, it is time to choose one or more segments, that will the company focus on. This process is called market targeting. The company should indeed pick the segment of the market that will assure the highest profitability customer growth. (Amstrong, Kotler, et al. 2017, 58-59)

The expectation of a business operating on a market without any competition is highly unrealistic. There will always be other business that will the newly established company has to compete against. Therefore, another crucial part of marketing plan is to create an analysis of the businesses' competitors. There are two types of competition that will the newly established organization compete against and those are:

- Direct competition
- Indirect competition

When creating a description of the businesses' competitors, it is also recommended to focus on weaknesses and strengths of these subjects. (Shelton 2014, 65) As Evans states in his book (2016, 66) it is really important to take competitors of the business seriously and

give them credit they deserve. It definitely will not be helpful to discredit the competitors just to make the newly established organization look good.

Porter's Five Forces Analysis

One of the frequently used tools for evaluation of the competitive situation on target market is Porter's Five Forces analysis.

Specifically, Porter describes these forces:

- Existing competitive rivalry – description of current competitive situation and how will the new business adapt to this environment,
- Barriers to entry – difficulty to enter the market for new businesses,
- Threat of substitutes – this factor examines the possibility of customers to pick an alternative product of a different company,
- Supplier power – the level of power of supplier on the market,
- Buyer power – bargaining power of buyers and the way it will affect the targeted market. (Mariotti and Glackin 2014, 61-63)

PEST Analysis

PEST analysis is a market research tool used for examination of external factors that might influence the company. These factors are:

- Political – policies of the country that will influence the operation of the business,
- Economic – these factors examine economic situation of the country where was the business established, such GDP or unemployment rates,
- Socio-cultural – influence of social structure of the local people on the company,
- Technological – technological capabilities of the company related to its competitors, development of technology. (Srpková and Řehoř, 2010, 132)

2.2.6 Marketing

As is stated in the previous section, to come up with a good business idea and delivering a decent product or service is essential. However, for the desired outcome of making a business successful, and generating a profit, it is necessary to come up with an effective strategy for promoting the product or service to the targeted group of customers. Evans emphasises that marketing section is not only about advertising. (Evans 2016, 110-111) Evans defines marketing (2016, 111) as an orientation of a company towards serving the customer. This strategy is called marketing plan.

The marketing plan should include:

- The strategy of reaching out to a potential customer,

- What is the idea behind the product or service, what is being communicated?
- The strategy of eventually selling the product or service. (Abrams 2019, 164)

Generally, this section includes a plan for reaching to already defined customers, approach to advertising and marketing platforms. Additionally, it is important to decide how much money is reserved for certain marketing tools when starting the business and later during business's operation etc. (Abrams 2019, 169) It is important to efficiently combine offline and online marketing channels and be result oriented. Objectives of the marketing strategy should be measurable and specific. (Pinson 2008, 44)

Marketing mix

Marketing mix is one of the most effective marketing approaches for decision making. Marketing mix consists of four tools that can be managed in way that is suitable for the organization's ambitions. Those tools are:

- Product
- Place
- Price
- Promotion

Proper marketing plan should combine all the mentioned tools accurately to achieve the required result.

Product is either a product, service, or combination of both, that the company brings to market. In other words, what exactly consumer receives when making a purchase. Product should either respond to existing demand on the market or generate a demand in potential customers.

Place determines how will be the product or service delivered to the customer and where it will be sold. It deals with distribution of the product or service. Price is the amount of money that is the customer obliged to pay when purchasing a product. Price can be adapted to adjust demand of the product or service.

Promotion is a way of reaching to potential customers and influencing them to complete the purchase. Choosing the suitable advertising for the company. (Amstrong, Kotler, et al. 2017, 62–63)

SWOT analysis

Swot analysis is very frequently used tool in the process of business plan creation and strategic planning. It is a technique used to analyse four aspects of the business. Specifically, it describes what are the strengths, weaknesses, opportunities, and threats of the start-up

organization. Creating a SWOT analysis will help the business to choose the objectives to focus on and threats to avoid. (Pinson 2008, 33) Strengths evaluate the business's internal advantages. On the other hand, weaknesses evaluate internal disadvantages that might limit the organization during its operation. Opportunities describe factors that might be favourable for the company in external environment. Contrarily, threats describe factors that might harm the organization. (Amstrong, Kotler et al. 2017, 64)

Below is example of what might SWOT analysis of a business look like:

Strengths	Weaknesses
<ul style="list-style-type: none"> • Experienced management team • Strong marketing campaign • Well balanced organizational team 	<ul style="list-style-type: none"> • No experience in certain field of business • Outdated technology • Bad relationships among employees
Opportunities	Threats
<ul style="list-style-type: none"> • Lack of competition on the market • New trend favouring product or service that company offers 	<ul style="list-style-type: none"> • Economic decline • New competitor on a market • Government restrictions

Table 1: Example of SWOT Analysis (source: own creation)

2.2.7 Financial plan

It is crucial to have a good understanding of numbers related to company's affairs and financial reports while establishing and managing the organization. Everything that is stated in previous parts of the business plan needs to be involved in the financial plan in quantitative interpretation. Everything that is presented to potential investor or banker must be supported by numbers. Financial projection is the section of the plan where the initial idea turns into reality that shows whether the project has a potential to be profitable or not. (Hazelgren and Covello 2006, 143) Pinson emphasizes (2008, 78) that it is very important to keep these financial documents up-to-date and revise them periodically, as they will serve as a guidance during the business' operation. Despite the fact the financial analysis will serve as a guideline when operating the business, it may also be a decisive factor of the investor or lender whether to put their money into the project. Therefore, it is crucial to keep these documents updated regularly.

The three essential types of financial documents needed while operating the business are:

- Income statement
- Cash flow statement
- Balance sheet (Finch 2006, 81)

Income statement

Income statement, also referred to as the profit and loss statement, is a document which displays whether the business is able to be profitable or not. Income statement sums up revenues, incurred costs, and expenses, that the company made in a certain period of time. The period of time that the income statement is prepared varies upon the time that the business already operates. The first year should be covered with monthly reports, second and third should be covered with reports every quarter of the year and fourth and fifth year should be covered with reports every year. The formula for income statement calculation is:

$$\text{Net Income} = (\text{Total Revenue} + \text{Gains}) - (\text{Total Expenses} + \text{Losses})$$

(Abrams 2019, 297)

Balance sheet

Balance sheet displays the state of company's assets. Balance sheet shows assets, in other words everything what is owned by the company, liabilities, which is everything owed by the company and equity of the company.

Assets are divided into current and fixed. Finch (2006, 145) defines fixed assets as assets of a business such as land, buildings, machinery, that are not readily realisable into cash in the way stock or debtors are. Furthermore, fixed assets are divided into tangible and intangible assets. Fixed tangible assets can be for instance machinery or car, while fixed intangible assets can be patents, copyrights or for example goodwill. Among current assets belong for example inventory or cash. (Finch 2006, 145)

Same as assets, liabilities are divided to current and long-term. The third category included in balance sheet is owner's equity. Pinson defines (2008, 102) equity as the claims of the owner on the assets of the business.

Balance sheet indicates what is the company's value in a given time. Balance sheet documenting is based on double-entry bookkeeping, which basically guarantees that assets must equal liabilities. (Finch 2006, 89-91)

Table below show what might the business’s balance sheet look like:

Assets		Liabilities and Equity	
Fixed		Equity	
Car	300,000	Registered capital	1,000,000
Machinery	800,000	Retained earnings	500,000
Current		Liabilities	
Cash	300,000	Accounts payable	100,000
Inventory	200,000		
Total	1,600,000	Total	1,600,000

Table 2: Example of balance sheet (source: own creation)

Return on Investment

It is highly expected that a starting entrepreneur will be required to invest a certain amount of their own, or someone else’s money. However, this money is invested with an anticipation of future return. The following formula is used for calculation of the businesses’ profitability.

$$ROI = \frac{\text{Net return}}{\text{Cost of investment}} * 100$$

(Marrioti and Glackin 2016, 287)

2.2.8 Risk evaluation

Performing a business activity would not be possible without any extent of risk-taking. It is also important to think about all the possible risks that might the business face during its existence. As Finch states (2006, 93), well-thought risk analysis ensures that the business plan is thoroughly prepared from every possible perspective. A business plan where the owner does not expect to face any kind of risk would not be taken seriously.

By preparing the risk evaluation the owner will also be able to anticipate and avoid some of them. It is also helpful to explain how those risks are going to be solved. (Evans 2016, 60-61) There are two types of risks related to business.

- Internal risks
- External risks

Internal risks come from inside of the organization. This is the type of risk that can be to some degree predicted and eventually avoided by the management of the organization. Company can avoid the risk by for example purchasing assets insurance, better financial analysis, or better personnel management.

Examples of internal risks:

- Insufficient personnel
- Lack of financial resources
- Equipment damage

On the other hand, external risks come from outside of the organization and cannot be effectively predicted and avoided by the company itself. They are often connected to economical and market situation. Examples of external risks might be:

- Economic crisis
- New and stronger competition with competitive advantage
- Globally closed sport institutions (Finch 2006, 93)

2.2.9 Appendices

Appendices is the last section of the business plan and it should include all the supporting documents used in other sections of the plan. As for example CV, logos, charts, tables, licenses, brochures about the product, references, and other documents included in the business plan. Backing-up the information provided in the rest of the document might be helpful for the reader to understand about the company and its product or service. (Hazelgren and Covello 2006, 179) Evans also reminds (2016, 23) not to overflow the appendices section with useless information and include the essential data only.

3 CONCLUSION OF THEORETICAL PART

The theoretical part of this bachelor thesis covers all the necessary background needed for completion of a business plan for a new organization.

The first chapter of the theoretical part is focused on a general description of the terms entrepreneurship, business definition and explanation of all different types of businesses divided according to legal form and acknowledged by the Czech law. Each type of business is described with explanation of general advantages and disadvantages of each business type. The special emphasis is placed on a natural person enterprising due to necessity of this information later in the analysis part.

The second chapter of the theoretical part includes theoretical background about business plan itself. The first section generally defines business plan and why it is recommended to create one. This section is followed by business plan structure description. Each one part of business plan is listed and described in detail. Each part of business plan in theoretical background will be practically applied in analysis part of the thesis.

II. ANALYSIS

4 A BUSINESS PLAN FOR STRENGTH AND CONDITIONING CENTRE



Figure 1: Logo of the company (own creation)

Name of the company: Styrkur gym
Location: Dlouhá 4309, 760 01 Zlín
Date of establishment: May 2nd, 2022
Legal form: Natural person enterprise
Owner: Mašláň Jindřich
Phone number: +420 775 414 209
E-mail: j_maslan@utb.cz
Web: styrkur@gym.cz

5 EXECUTIVE SUMMARY

Strength and conditioning training is, in some form, essential part of every athlete in the world of today. This type of compensation training can be beneficial in many different ways. Apart from apparent strength improvement, this type of training is also important for injuries prevention. Moreover, it also improves stability, mobility, flexibility, and finally overall performance of the athlete. Furthermore, besides professional sport, the fitness lifestyle and strength training became matter of course for the general public as well. With that being said, the demand for these services indeed increased and in parallel with that, also demand for more variety of these services. Some people prefer regular gym mainly with fitness machines and some people seek for alternatives.

One of those alternatives can be, for instance, the service that we offer. Styrkur gym is a strength and conditioning centre in Zlín. Basically, the main difference between regular fitness gym and stated strength and conditioning gym is focused mainly on exercising aimed on performance, instead of aesthetics. With that purpose, the approach to this type of exercising is fairly different than regular fitness approach. The equipment of such gym is rather minimal with focus on the special equipment rather than high variety of machines and regular fitness equipment. Styrkur Gym will be focused mainly on kettlebell exercising. Secondly on barbell exercising, bodyweight exercising and movement exercising. The gym will be focused on basic movement patterns, with focus on long-term systematic progress of our clients. The gym will be available for individual training as well as guided lessons, which will be offered in both, individual and group variants. As is already stated above, the variety of the equipment will be not as high as would be expected in regular gym. Therefore, the emphasis will be placed on quality and sufficient amount of every single piece of equipment, so that our clients do not experience the lack of preferred tool. Detailed description of every equipment can be seen in the section below.

Targeted clients of the gym will be both, professional athletes, who prefer specifically equipped strength and conditioning gym, and amateurs who seek alternatives to regular fitness centres. The age of potential targeted customers will be within 18-40 years, living in the city of Zlín and nearby areas. Styrkur gym will be located on strategic position near downtown, so that it can be easily accessible by our clients.

After initial cost calculation, it was decided that the business will be financially funded by owner's personal savings and loan from the owner's family.

6 COMPANY DESCRIPTION

The business will be named Styrkur gym. The meaning of the word “styrkur” refers to "strength" in Icelandic language. Iceland is well-known for being the cradle of strength-oriented sports, especially strongman discipline. For that reason, the meaning is suitable for this type of business and the word will be used in the name of the company. The phrase that sums up the idea behind the business: "Lift heavy, move freely, be healthy."

6.1 Organizational structure and management

Styrkur gym will be established as a natural person enterprise, as it suits the purposes of such small business the most. Therefore, the only owner and manager of the business will have a full control and liability for the newly established company. The owner will be responsible for running and controlling the organization as well as all various tasks related to running the business. However, from time management perspective it would not be attainable to perform this activity in one person for a longer period of time. Two more employees will be employed to help with everyday tasks such as reception service, or cleaning of the gym. These employees will work regular 8 hour shifts a day, while switching morning and afternoon shifts. Afternoon shift includes 30 minutes reserved for maintenance and cleaning after the gym's closure. The owner and manager will have to deal with rest of the responsibilities and is expected to be present every day and work more than regular 8 hour shifts in first months of the gym's existence.

From the long-term point of view, another person will be employed as a full-time worker when it becomes financially achievable for the business. Additionally, in busier times will be used the help of part-time worker if the situation requires.

6.2 Location

The gym will be located at Dlouhá street (see Appendix IV), which is near the city centre and thus easily accessible either by public transport or even by foot. For clients that would prefer transport by car will be available sufficient number of parking slots near the building, where the gym is located. The selected space is fitting for primary activity of the business, which is exercising. Furthermore, suitable for supporting purposes associated with the operation of the business and comfort of our clients. There will be a reception desk and small relaxation space with couch, further locker rooms, toilets and showers separated for men and women. The selected space is filling a space of roughly 93 square meters overall. The main space, which is going to be gym itself, is occupying approximately 75 meters square. Since

the gym will not be equipped with big exercising machines, space of this dimensions should be more than more than sufficient. The main space is also where a reception desk with a small bar is situated. The rest of the space is going to be occupied by two locker rooms with social services.

6.3 Opening hours

The opening hours of Styrkur gym will be as is shown in the table below. The opening hours are set to suit as many people as possible, no matter what time of the day they want to dedicate for visiting the gym. The opening hours may be adjusted after starting the activity based on demand of our clients.

Opening hours	
Monday	6:30 - 22:00
Tuesday	6:30 - 22:00
Wednesday	6:30 - 22:00
Thursday	6:30 - 22:00
Friday	6:30 - 22:00
Saturday	6:30 - 22:00
Sunday	9:00 - 20:00

Table 3: Opening hours (source: own creation)

6.4 Goals and objectives

The ultimate goal is to achieve profitability of the business. The mission of Styrkur gym is to provide a quality service, which will offer an alternative option for people who want to stay active, yet for some reason do not prefer regular fitness centres. Specifically, for people who prefer more functional style of exercising and favour gym equipped specifically for that purpose. The business seeks to make a long-term relationship with our customers and create an environment in which will its clients feel good and will be motivated to use its service repeatedly for the long period of time.

To sum this section up, the key objectives of Styrkur gym are:

- To provide the highest possible quality service for our clients,
- To provide an enjoyable environment for likeminded people,
- To achieve steadily increasing number of clients,
- To maintain a long-term loyalty of the clients,

- To secure a long-term profitability and competitiveness of the business,
- To achieve steadily increasing quality of our service, such as better equipment, bigger and more suitable space.

7 DESCRIPTION OF THE SERVICE

Styrkur gym offers a space for strength and conditioning training with equipment suitable for that purpose. The main focus of the gym will be exercising with free weights, particularly kettlebell and barbell exercising. Kettlebell, sometimes also called bulina or girja, is a cast iron ball with an attached handle and flat bottom. It has its origins in Russia and the significant advantage of it is that it can be used for wide range of very effective exercises. The gym will have a sufficient number of kettlebells ranging from the lightest 4 kilograms to the heaviest 60 kilograms kettlebells. For better clarity, complete list of equipment can be seen below. The kettlebells are thoroughly chosen, with a great emphasis on the quality of the equipment. The main attribute of those kettlebells is quality durable material, while maintaining appropriate size for exercising. There will be a squat rack with Olympic barbell and also two additional Olympic barbells without a rack for various different usage. Each barbell will be equipped with quality Olympic plates ranging from 5 kilograms to 25 kilograms. Certainly, additional equipment will be available as well. Clients can use plyometric boxes, rack, bench, or assault bike. The gym will be laid out with special shock absorbing floor for better comfort when using heavy weight tools and for safety purposes. Moreover, there will also be a small section with mats for movement exercises, stretching, yoga etc. Some people prefer to look at themselves while exercising and for that purpose will be part of the wall equipped with mirror.

Equipment	Amount	Equipment	Amount
Kettlebell 8 kg	6	Kettlebell 72 kg	1
Kettlebell 12 kg	6	Plate 5 kg	6
Kettlebell 16 kg	6	Plate 10 kg	6
Kettlebell 20 kg	6	Plate 15 kg	4
Kettlebell 22 kg	6	Plate 20 kg	4
Kettlebell 24 kg	6	Plate 25 kg	4
Kettlebell 28 kg	6	Squat rack	1
Kettlebell 32 kg	4	Plyometric box	2
Kettlebell 36 kg	4	Assault bike	1
Kettlebell 40 kg	4	Bench	1
Kettlebell 48 kg	2	Mats	15 m ²
Kettlebell 60 kg	1	Olympic barbell	2

Table 4: Complete set of equipment (source: own creation)

The gym will offer space for individual training; however, group classes will be offered for appointment as well. Furthermore, long-term programs will be available to achieve the maximum potential of our clients. Particular training programs will be developed based on demand of our clients after the gym opens. Gym will also be available for external personal coaches with their clients. The gym space and its equipment will be available for these external trainers after they pay a fixed amount of money every month.

The entrance fee will include the access to separated locker rooms for men and women with 10 lockable lockers in each. There will be a shower as well as toilet in each of them. Additionally, each locker room will be equipped with shoe cabinet for those who prefer not to keep their clothes and shoes in in a single locker. Drinking water will be included in locker rooms as well as on bar for free.

Moreover, the reception desk will include a small bar with the basic necessities that might be demanded by clients of the gym. The bar will offer purchase of various snacks, coffee, drinks, or borrow a towel for free, if needed.

7.1 Market analysis

The first part of marketing plan is focused on description of the market situation. Specially, it deals with customer profile description and analysis of the businesses direct and indirect competitors. First part is focused on market analysis. More specifically, customer profile of the business and analysis of the gym's main competitors. Then marketing mix defined. The last part of marketing chapter deals with SWOT analysis created for Styrkur gym. One of the tools of market research was also questionnaire distributed both physically and online and which was filled out by total number of 72 people. The results of the questionnaire can be found in Appendix P II.

The fact that there is a certain level of competition indicates that there exists a demand for such service in the area. However, as long-term market research through consultation and personal experience revealed, there also is a great potential to start a new business and bring something unique, that will catch the interest of public. Reacting to and satisfying an already established demand is definitely an easier task than establishing a new one. Entering the market with no competition would possibly mean that the demand for the service does not exist at all in the area.

7.1.1 PEST Analysis

PEST Analysis describes what factors might influence the company in an external environment. Specifically, it describes political, economic, socio-cultural, and technological factors. Each one is described in detail below.

Political factors

Styrkur gym will be established as a natural person enterprise. The owner is therefore required to acquire a trade license, which can be obtained at a trade licensing office. The owner is also obliged to meet the general conditions and pay 1,000 CZK. Operating a fitness centre, while providing already described training services requires a qualified trade licence. The owner will thus be required to obtain a certificate needed for performing such activity. (firmy.finance.cz 2010) During the operation, the owner will be required to pay the income tax of 15%. (BusinessInfo.cz 2019)

Economic factors

The business will be established in Zlín. As stated in statistic of Český statistický úřad, the city has a rate of unemployment of 3,44 % (czso.cz 2021) and average wage of 31,640 CZK (czso.cz 2020). In 2020, GDP of Czech Republic fell by 5,6 % and is expected to grow back by the year of 2022. The economic decline is caused mainly by the pandemic situation that significantly restricted trade, transport and industry. (forbes.cz 2021)

Socio-cultural

The city of Zlín has a population of approximately 75,000 people. (Kr-zlinsky.cz 2019) Several faculties of Tomas Bata University are located in Zlín, which ensures presence of many young and physically active people. The healthy lifestyle is definitely on the rise, and especially among young people. For that reason, the gym located in Zlín has a potential to build a strong customer base. Zlín is also a home of many sport clubs, and therefore many active athletes that seek a space for their strength and conditioning training.

Technological factors

Regarding technological factors, the exercising equipment that is Styrkur gym equipped with is rather minimalistic and there is no room for direct competitors to overcome it with something significantly superior. Certainly, the amount, quality, and variety of the offered equipment can be to some extent improved.

7.1.2 Customer profile

The targeted group of customers are both women and men within the age of 18-40 who are physically active on either professional or amateur level. According to questionnaire, which

can be found in Appendix I, this type of service attracts more men, than women. Styrkur gym seeks to attract individuals as well as groups of people. Visiting Styrkur gym should not be exceptionally financially demanding service, thus will be accessible even for people who are not wage earners, such as students.

The first segment of customers are people for whom exercising serves as a leisure activity, in other words, casual gym visitors. These people are not professional athletes and exercising will most likely be their only activity. They presumably prefer a more functional type of exercising and our gym offers an alternative to classic fitness centre. Typical customer of the first category would be for example 30-year-old female, employed as a sales manager, which is a highly psychically demanding and sometimes even stressful job. This individual would use the service offered by Styrkur gym as a stress relieving activity that can be compared for instance to jogging, swimming, or cycling.

The second segment are people who already train a different sport and need space and equipment for their strength and conditioning training. This category of customer base is expected to consist mainly of young adults and exercising for these people serves as a compensation activity to their primary sport. Example of activity that requires a strength training might be combat sports and many different various sports. Typical customer of the second category will be a 23-year-old male individual, who is a professional mixed martial art fighter in a preparation camp for his upcoming fight. This person will look for a space for his strength and conditioning training, such as for example Styrkur gym.

The third segment will be groups of people, such as for example sport teams who prefer specifically equipped space for their strength and conditioning training.

The vast majority of our potential customers live in the city of Zlín, or in the area within approximately 15 km of the gym. Nevertheless, some of them may even live further, since Zlín is a county seat and therefore highly visited by non-residents who, for instance, work or study in the city of Zlín or adjacent areas.

7.1.3 Porter's Five Forces Analysis

Porter's Five Forces Analysis is used for description of competitive situation on the market targeted by Styrkur gym.

Existing competitive rivalry

It may safely be said that there is quite a strong indirect competition in the area where is the gym located. As the strongest indirect competitors of Styrkur gym were chosen inFitness Zlín, Vita Sana and Fitness hala. The most significant direct competitors of the business are

considered KB5 and Sportcentrum Maty. Additional information about mentioned direct and indirect competitors can be found below.

inFitness Zlín

- Address: Bartošova 4393, 760 01 Zlín,
- Indirect competitor of Styrkur gym,
- InFitness Zlín a gym located right in the city centre, a therefore near the location where Styrkur gym will be placed,
- The gym is broadly focused on many different exercising concepts, which is an opposite of Styrkur gym, that is very closely focused on a specific style of exercising,
- Considerable advantage compared to Styrkur gym is a strong customer base and reputation.

Fitness Hala

- Address: U Zimního stadionu 4286, 760 01 Zlín
- Indirect competitor of Styrkur gym,
- Regular gym equipped mainly with exercising machines,
- Located further from city centre.

Vita Sana Zlín

- Address: Jana Antonína Bati 5648, 760 01 Zlín,
- Indirect competitor of Styrkur gym,
- Different customer base compared to Styrkur gym,
- More expensive,
- Strategically chosen location,
- Similarly as inFitness, broadly focused on many different exercising concepts.

KB5

- Address: Třída Tomáše Bati 87, 760 01 Zlín,
- The biggest direct competitor of Styrkur gym,
- Similarly focused gym, mainly on kettlebell exercising,
- Despite being newly established in the city, KB5 gyms are located all over Czech Republic and have strong reputation and customer base,
- Not so strategically chosen location, compared to Styrkur gym.

Sportcentrum Maty

- Address: Růmy 5470, 760 01 Zlín

- Direct competitor of Styrkur gym,
- Alternative to a regular fitness gym same as Styrkur gym, yet in with a different focus,
- Located near city centre.

Threat to entry

Setting up a business similar to Styrkur gym is not that complicated and demanding process and for that reason threat of new entrants definitely exists. Specifically, business establishment as a natural person enterprise is quite simple and can be financially affordable.

Threat of substitutes

There is a possibility, that unexperienced people and potential visitors of the gym will not see a difference between this type of service and regular fitness centres, which are highly recognized by general public. This can be, however, prevented by a sufficient marketing campaign, that will convince the public about uniqueness of the offered service. Threat is also a possibility of potential customers buying a similar exercising tool and exercising at home. However, it is not expected that people will buy a whole gym equipment and additionally space that is specifically created for this type of training is much more suitable.

Supplier power

The purchase of gym equipment will be rather one-time purchase. Styrkur gym will thus not be dependent on a supplier that would possibly limit day-to-day functioning of the business. The business will be dependent only upon suppliers of the bar goods. This will be secured through Makro and products from Prom-IN, which will provide the gym with supplement products.

Buyer power

The bargaining power of buyers is generally stronger when the customer base is smaller. To prevent this, Styrkur gym needs to build a strong and stable customer base to increase its competitiveness and to lower the bargaining power of its clients. The pricing of the business is set to be competitive against the competition.

7.2 Marketing

This is the section where the marketing plan of the business is specified. Marketing plan is described through marketing mix, sometimes also called 4P.

7.2.1 Marketing mix, 4P

Following chapter is focused on description of four tools included in marketing mix. More specifically product, promotion, price, and place are explained.

Product/service

Styrkur gym offers a space for space for strength and conditioning with special emphasis placed on kettlebell exercising. The service offered by the business is already described in chapter 7 in detail.

Promotion

This section of marketing plan describes the methods of reaching out to potential customers. The first action of promotion is going to be launch of gym's custom-made website. The website is necessary because when the company catches some awareness of people, they might be interested in more information about the gym. The website will include all the necessary information that might be the potential customer interested in. Such as description of the gym, location, opening hours, contacts, price lists and photo gallery of the gym. The long-term plan with website is possibility of online booking system for classes or perhaps small e-shop with equipment for exercising.

The significant part of company's promotion is planned to be done through social media. Vast majority of the company's targeted customers are, at least to some extent, active on social media. Moreover, it is also the most financially advantageous way of promotion for such company. To be exact, the main focus will be laid on Instagram and Facebook page, with special emphasis on mentioned Instagram advertisement. The most intensive marketing campaign will be performed before the launch of the business and also in the first three months of existence. The next steps of promotion will be performed based upon the response of customers and overall success rate of the initial marketing campaign.

Price

The pricing strategy is created based on competitor's gyms pricing in local area and also questionnaire available in Appendix II. It is created to be competitive against regular gyms in the city of Zlín, but at the same time able to be profitable.

Both, single entry, and season tickets will be offered to our customers. Moreover, both will be available for regular and discounted prices. Detailed overview of pricing list can be seen on the table below. Items personal training with gym trainer and introduction to kettlebell training programme will be available in uniform price. The market research also

revealed (see Appendix II) that a significant portion of respondents would use the service of personal trainer. Purchasing a personal training costs total price of 300 CZK for an hour, the entrance fee is included in the price. Same counts for Introduction to KB training program. Visitors, who use the service of external personal trainer will pay the entrance fee the same way as customers who use the gym on their own.

	Regular price	Discounted price
Single entry	80 CZK	60 CZK
10 entries pass	700 CZK	500 CZK
One-month pass	800 CZK	600 CZK
Personal training	300 CZK	
Introduction to KB training	1,000 CZK	
External personal trainer	3,000 CZK	

Table 5: Pricing (source: own creation)

Place

As is already mentioned, the gym will be located in Zlín. The population of the city is approximately 75,000 people. (Lidé, Zlínský kraj) Moreover, Zlín region has population of approximately 191,652 people and thus many potential clients. (Zlín, Český statistický úřad) Styrkur gym will be located right in the centre of the city on Dlouhá street. Because of the chosen location, customers can choose from multiple ways of transport, including public transport, which is accessible near the gym's location. Parking near city centre might be unfortunately a bit problematic, however in most cases, it is possible to find a parking slot a maximum of approximately five minutes away.

7.2.2 SWOT Analysis

The table below shows SWOT analysis created for Styrkur gym. Below the table are particular strengths, weaknesses, opportunities, and threats described in detail.

Strengths	Weaknesses
<ul style="list-style-type: none"> - Location - Cheap start-up - Certified trainers with years of experience 	<ul style="list-style-type: none"> - Small organizational team only - Lack of experience - Lack of reputation
Opportunities	Threats
<ul style="list-style-type: none"> - Potential customer base in Zlín - Competition - Trend - Current situation 	<ul style="list-style-type: none"> - Economic situation - Awareness of local people - Restrictions

Table 6: SWOT analysis of Styrkur gym (source: own creation)

Strengths

Appropriately chosen location is surely essential for success of the business operation. The gym is strategically located in the centre of Zlín with a good access to public transport. Another strength of the organization is relatively cheap initial investment compared to competitor ones. Despite the necessity to purchase complete gym equipment, the initial investment is not expected to exceed 500,000 CZK.

Weaknesses

One of the potential weaknesses is a small organizational team. When starting the business, the team will consist of two people. However, when it becomes financially achievable for the organization, minimum of one more employee will be employed. Establishment of Styrkur gym is owner's first experience with organization management and leadership. Consequently, the company is brand new, hence without any reputation and needs to survive the market entry.

Opportunities

Zlín is a university city and therefore highly visited by physically active people and thus potential customers of the business. The owner has a year of experience in strength training industry and sport in general, which can business benefit from. Another fact that plays into the hands of Styrkur gym is a lack of direct competition in the nearby area. Also, people

seem to care about importance of health improvement more and therefore fitness industry is on the rise. Moreover, as a result of current pandemic situation, in which are people not allowed to perform physical activities as usual, they might be more motivated to seek for such service when they will be allowed to.

Threats

Styrkur gym is presumably going to be established in an economic decline. This fact needs to be considered really carefully, otherwise it would possibly be an existential threat for the business. This is also associated with current pandemic situation and government restrictions that would prevent Styrkur gym from operating and thus the operation of the business would have to be ceased. For a brand-new company without any savings would be such occurrence devastating. Further, local people may not be so familiar with this type of exercising and unexperienced people may not see difference between regular gym and strength and conditioning gym and may choose regular because of its recognition by the general public. This threat can be prevented through well-created marketing campaign that will give customers a realistic picture of the gym.

8 FINANCIAL PLAN

Following section deals with financial analysis of the business. Financial analysis of this business plan should reveal whether it will be possible to establish the strength and conditioning centre the way it is planned in the previous chapters of the analysis. The first part of the financial analysis deals with initial expenses related to establishment, followed by initial balance sheet of the business, cost calculation and revenues calculation. After finishing this chapter, the author should be able to decide, whether it will be feasible to launch the project, or not.

8.1 Initial expenses

The table that can be found in Appendix P I shows complete set of expenses needed for start-up of the Styrkur gym. Reconstruction, equipment, promotion, and administrative affairs are included. A major portion of money reserved for initial expenses is going to be spent on the purchase of fixed assets. To be more exact, the lifting equipment, that is already described in detail in chapter 7., and other additional equipment that is needed for everyday tasks of the gym.

The overall price for initial costs and the registered capital is therefore 447,000 CZK. This amount of money will be paid only once, as it is the amount of money needed for mainly purchase of fixed assets of Styrkur gym. Significant part of money needed for starting the company is going to be provided by the owner's personal savings. Bank loan is planned to be avoided at any cost, so the rest of the money is going to be borrowed by family of the owner, which is going to be repaid in next following years according to the agreement with the family members.

Money needed for starting the company:	449,600 CZK
Money from owner's personal savings:	250,000 CZK
Money borrowed by family of the owner:	199,600 CZK

Table 7: Sources of funding of Styrkur gym (source: own creation)

8.2 Initial Balance Sheet

After specifying what the price of initial expenses looks like, it is possible to create an initial balance sheet of the business, which looks like follows:

Assets		Equity and liabilities	
Fixed assets	422,500	Equity	449,600
Tangible assets	392,500	Registered capital	449,600
Exercising equipment	338,500		
Other equipment	54,000		
Intangible assets	30,000		
Website	30,000		
Current assets	27,100	Liabilities	0
Bank account	27,100		
Total	449,600	Total	449,600

Table 8: Initial balance sheet of Styrkur gym (source: own creation)

8.3 Labour expenses

As is already stated before, two full-time workers will be employed. Gross wage of each will be 20,000 CZK. The owner's wage will be based on the profits of the company. The health insurance rate of the workers, that needs to be covered by the company is 9 % and the rate of social insurance is 24,8 %. (Kurzy.cz 2021)

	Gross wage per month (CZK)	Social insurance per month (24,8 %) (CZK)	Health insurance per month (9 %) (CZK)	Total (CZK)
Two full time workers	40,000	9,920	3,600	53,520

Table 9: Labour expenses (source: own creation)

8.4 Operating costs

Operating costs consists of both fixed and variable costs that the business has to spend every month. This calculation will be compared with revenues calculation and will be needed for income statement calculation later in the analysis.

Fixed costs	Monthly cost (CZK)
Rent	17,000
Wages	53,520
Phone	500
Internet	600
Insurance	3,000
Bar	4,000
Energy and water	5,000
Cleaning supplies	2,000
Total	85,620
Variable costs	Monthly cost (CZK)
Equipment maintenance	1,000
Petrol	2,000
Total	3,000

Table 10: Fixed and variable costs of Styrkur gym (source: own creation)

Total amount of monthly operation costs of Styrkur gym is calculated as follows:

Operating costs	Monthly cost (CZK)
Total	88,620

Table 11: Complete operating costs of Styrkur gym (source: own creation)

8.5 Revenue calculation

This part of financial analysis reveals estimated revenues of the business. This estimation is executed in realistic, optimistic, and pessimistic variation. Calculation of estimated revenues is based on consultation with people who operate similar businesses for a longer period of time and owner's personal experience. Pricing is based on questionnaire created for Styrkur gym and owner's experience. The questionnaire can be found in Appendix P II: Questionnaire.

8.5.1 Realistic scenario

The realistic version of calculation assumes that the gym will be visited by 20 people through regular single entry and 10 people through discounted single entry every day. The one-month entry pass is expected to be purchased by 10 people a month and 10 entries pass is expected

to be purchased by 10 people in a month, assuming that 5 people will pay regular price and 5 people discounted price in both cases.

The main purpose of bar in Stykur gym is not to make it remarkably profitable, but it will only offer the essential things that might visitors seek for to make their stay even more comfortable. Therefore, it is assumed that the revenue from bar will be around 10,000 CZK a month. To make conditions for external personal trainers as convenient as possible, they will be asked to pay the fixed price of 3,000 CZK a month and then allowed to conduct their lessons freely in the gym. However, as a result of space capacity limitations, the maximum number of external trainers will be 7. The realistic scenario counts with 5 external trainers a month. Personal training is expected to be purchased by 30 people a month and Introduction to KB training by 5 people a month. The total revenue according to realistic scenario was calculated as 118,000 CZK.

8.5.2 Optimistic scenario

In optimistic version of calculation is expected the visit of 26 people through regular single entry and 13 people for single entry with discounted price. Regarding one-month passes, this item is expected to be purchased by 7 people for regular and 7 for discounted price. Same counts for 10-entry passes. The revenue from bar is expected to be 12,000 CZK. In optimistic scenario, the full capacity of external trainers, which is 7, should be filled. Optimistic scenario counts with 39 personal trainings a month and 7 Introduction to KB training programs a month. The overall revenue of optimistic scenario is 155,700 CZK.

8.5.3 Pessimistic scenario

Finally, the pessimistic scenario of calculation assumes the visit of 14 people through regular single entry and 7 people for single entry with discounted price. Regarding one-month passes, this item is expected to be purchased by 3 people for regular and 3 for discounted price. Same counts for 10-entry passes. The revenue from bar is expected to be 8,000 CZK. Pessimistic scenario counts with 3 external trainers, 21 personal trainings and 3 Introduction to KB training in a month. The overall revenue according to pessimistic calculation is 80,300 CZK.

Reason why would pessimistic scenario come into reality may vary. One of them is definitely insufficient initial promotion campaign of the project that would lead into lack of awareness of the public. Another option could be customers dissatisfaction with the service after already trying it. Both mentioned problems are solvable and can be prevented by careful preparation.

Realistic scenario		
Item	Sales/month (CZK)	Sales/Year (CZK)
Single entry regular price	48,000	576,000
Single entry discounted price	18,000	216,000
One month pass regular	4,000	48,000
One month pass discounted	3,000	36,000
10 entry pass regular	3,500	42,000
10 entry pass discounted	2,500	30,000
Bar	10,000	120,000
External trainers	15,000	180,000
Personal training	9,000	108,000
Intro to KB training	5,000	60,000
Total revenues	118,000	1,416,000

Table 12: Realistic scenario of revenues (source: own creation)

Optimistic scenario		
Item	Sales/month (CZK)	Sales/Year (CZK)
Single entry regular price	62,400	748,800
Single entry discounted price	23,400	280,800
One month pass regular	5,600	67,200
One month pass discounted	4,200	50,400
10 entry pass regular	4,900	58,800
10 entry pass discounted	3,500	42,000
Bar	12,000	144,000
External trainers	21,000	252,000
Personal training	11,700	140,400
Intro to KB training	7,000	84,000
Total revenues	155,700	1,868,400

Table 13: Optimistic scenario of revenues (source: own creation)

Pessimistic scenario		
Item	Sales/month (CZK)	Sales/Year (CZK)
Single entry regular price	33,600	403,200
Single entry discounted price	12,600	151,200
One month pass regular	2,400	28,800
One month pass discounted	1,800	21,600
10 entry pass regular	2,100	25,200
10 entry pass discounted	1,500	18,000
Bar	8,000	96,000
External trainers	9,000	108,000
Personal training	6,300	75,600
Intro to KB training	3,000	36,000
Total revenues	80,300	963,600

Table 14: Pessimistic scenario of revenues (source: own creation)

8.6 Income statement

Based on previously calculated revenues and operating costs of the business it is now possible to develop an expected income statement of the organization. Income statement is again created in variations for realistic, optimistic, and pessimistic scenarios.

	Monthly	Annually
Revenues	118,000 CZK	1,416,000 CZK
Costs	88,620 CZK	1,063,440 CZK
EBT	29,380 CZK	352,560 CZK
Tax (15%)	4,407 CZK	52,884 CZK
EAT	24,973 CZK	299,676 CZK

Table 15: Income statement – realistic scenario (source: own creation)

	Monthly	Annually
Revenues	155,700 CZK	1,868,400 CZK
Costs	88,620 CZK	1,063,440 CZK
EBT	67,080 CZK	804,960 CZK
Tax (15%)	10,062 CZK	120,744 CZK
EAT	57,018 CZK	684,216 CZK

Table 16: Income statement – optimistic scenario (source: own creation)

	Monthly	Annually
Revenues	80,300 CZK	963,600 CZK
Costs	88,620 CZK	1,063,440 CZK
EBT	-8,320 CZK	-99,840 CZK
Tax (15%)	0 CZK	0 CZK
EAT	-8,320 CZK	-99,840 CZK

Table 17: Income statement – pessimistic scenario (source: own creation)

8.7 Return on Investment

The following calculation reveals the probability of a return from the initial investment of Stykur gym. This calculation is based on realistic scenario of income statement.

$$ROI = \frac{299,676 - 449,600}{449,600} * 100$$

$$ROI = -33,35\%$$

As the calculation indicates, it is not expected that the initial investment will be returned in the first year of the gym's existence.

8.8 Summary of financial plan

The first section of financial analysis deals with initial expenses related to start-up of the business. Every item that will be purchased is included in the table with price and quantity. After calculation of the complete set of expenses needed for starting the business, it was necessary to define source of funding and registered capital of the gym. After thorough analysis of financial situation of the owner it was decided that the businesses' initial expenses will be financed by owner's personal savings, as well as money borrowed by owner's family. This scenario is the best possible solution for the owner, as he will be able to avoid bank loan, which may cause some additional issues and conditions of the loan would not be that much comfortable. The first section also includes costs related wages of the employees of

Styrkur gym. Followed by initial balance sheet of the business and operating costs, consisting of fixed and variable costs. Each element of the cost calculation is then listed in the table with price. Eventually, total price of monthly costs of the gym has been calculated as 88,620 CZK.

Following part is focused on expected revenues calculation. This calculation is carried out in optimistic, realistic, and pessimistic variations. Each variation is analysed in detail. After specifying both costs, and expected revenues, it was possible to create an income statement to reveal the ability of the gym's profitability. Moreover, earnings before taxation and earnings after taxation are taken into account. Finally, return on investment is calculated based on realistic scenario of income statement estimation. This calculation reveals that the initial investment will not be returned in the first year of operation.

This calculation revealed that it will be financially achievable to operate for a longer period of time if the realistic variation comes into reality. If optimistic scenario becomes a reality for a longer period of time, it would be definitely worth to find a bigger space, that will provide bigger customer capacity, more space for additional equipment and eventually overall comfort of our clients. In case when pessimistic scenario appears to be accurate evaluation of revenues analysis, the business would become unprofitable and would require management adjustment or perhaps better promotion campaign.

9 RISK EVALUATION

As is already stated in theoretical part, risk evaluation is crucial to prevent, or at least minimize the impact of all possible risks, that might happen during the company's lifetime. Both external and internal risks categories are described below in detail.

9.1 External risks

Competitive risk

One of the potential risks is a situation when a new direct competitor enters the market. The competitor might offer very similar services, or perhaps worse scenario, when the competitor chooses the location near the Styrkur gym. The company then needs to act based on that and for example bring something new that will create a new competitive advantage against the new competitor to secure a position on the market.

Economic decline

A huge risk that needs to be thoroughly analysed and prepared for is a situation on the market. Styrkur gym is going to be most likely established in economic decline and the timing of establishment needs to be picked carefully. Ignoring this threat could possibly be an existential threat for the business.

9.2 Internal risks

Danger of insufficient management/personnel

As is already mentioned in SWOT analysis, the owner of the organization is quite unexperienced in the field management and leadership. Therefore, every issue that will the business tackle will be dealt with for the very first time and the possibility of mistakes is higher. However, there is again a chance of reduction or perhaps avoidance this type of risk. For instance, owner should consult crucial problem solving with someone who is more experienced in the field of management. In such case is a higher possibility that the consulted person already experienced some of the potential problems or mistakes.

Insufficient marketing or customer targeting

Possible risk is customer's lack of interest in such service in the area. Potential customers will not see the service as something unusual and distinguishable from regular fitness centre. Another threat is that the marketing campaign will not be as effective as is expected. And even though people would be interested in such service, it will not get to them. This risk would lead into pessimistic revenues variation and thus be again existential threat for the business.

10 FUTURE PLANS OF STYRKUR GYM

10.1 Short-term plans

The most essential short-term plan is to survive the first year on the market and ideally maintaining the business profitable. The goal is to continue an effective promotion campaign that will steadily increase clientele of Styrkur gym.

We would also like to fulfil all the objectives already mentioned in section 6.5 Goals and objectives.

10.2 Long-term plans

Very important goal from the long-term point of view is to avoid stagnation in improvement of service provided. From improving and maintaining condition of the current equipment to assuring bigger and more suitable space to ensure the maximum comfort of our clients. One of the criteria of the future space is also for example the businesses' own parking. These actions are indeed going to happen when it becomes financially achievable for the business.

CONCLUSION

The objective of this bachelor thesis was to create a business plan for strength and conditioning centre. After the business plan is completed, it should be apparent, whether it is feasible to actually launch the project, or it will be realisable in the future, or perhaps it is completely unrealistic vision.

The first chapter of the business plan settled all the theoretical background needed for completion of the actual plan. This chapter defines all the necessary terms regarding entrepreneurship, business, and business types in The Czech Republic. Furthermore, theoretical background about writing a business plan is defined and also structure that should proper business plan include.

The analytical part of the thesis includes the business plan itself. The aim was to create a business plan for strength and conditioning centre called Styrkur gym, based on the information included in theoretical part of the thesis. First part of analytical part deals with the general description of the start-up business, executive summary, company overview, organizational structure, or description of the offered service. Then marketing analysis is settled, which includes market research, marketing mix and also PEST and SWOT analysis created for Styrkur gym. The final and most extensive part of business plan is financial plan of the start-up company. First section of the financial plan deals with initial expenses and costs of the newly established organization. Following section of financial plan deals with revenue calculation of the gym. Estimates are based on consultation with owners of similar organization, personal experience of the owner and also the market research conducted for Styrkur gym. This calculation is carried out in realistic, optimistic, and pessimistic variations.

After completion of the business plan, it turned out that the idea will be realizable in case when realistic or optimistic scenario expectation becomes a reality. In these two scenarios, the organization would be profitable. This is the result of a relatively low initial investment, which would not require a bank loan and also low operational expenses, caused mainly by carefully chosen space with rather low rent. However, one of the first actions in terms of longer-term planning will be selection of bigger and more suitable space, that will presumably considerably increase monthly expenses of Styrkur gym.

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LIST OF ABBREVIATIONS

CZK First abbreviation – meaning

EAT Second abbreviation – meaning

EBT Third abbreviation – meaning

CV Curriculum vitae

et al. et alia – and others

SWOT Strengths, Weaknesses, Opportunities, Threats

PEST Political, economic, social, technological factors

a.s. Akciová společnost

v.o.s. Veřejná obchodní společnost

s. r. o. Společnost s ručením omezeným

k.s. Komanditní společnost

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APPENDICES

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P II	Questionnaire
P III	Questionnaire results
P IV	Location of the company

APPENDIX P I: INITIAL INVESTMENT

Initial investment	
Item	Cost (CZK)
Kettlebell	129,200
Olympic barbell	28,000
Olympic plates	52,300
Assault bike	28,000
Shock absorbing floor	65,000
Mats	9,000
Squat rack	20,000
Plyometric Boxes	3,000
Bench	4,000
Reception desk	5,000
Chair	1,000
Notebook	9,000
Shelf	2,500
Mirror	5,000
Sofa	20,000
Coffee machine	10,000
Coffee table	500
Dishes	1,000
Cell phone (2×)	3,000
Administrative affairs	
Trade license	1,000
Criminal record statement	100
Promotion	
Website	30,000
Social media ads	15,000
Leaflets	3,000
PPC advertisement	5,000
Total	449 600

APPENDIX P I: QUESTIONNAIRE

1. Jaké je Vaše pohlaví?
 - a) Muž
 - b) Žena
 - c) Jiné

2. Jaký je Váš věk?
 - a) Do 20 let
 - b) 20-30 let
 - c) 30-40
 - d) 40 a více

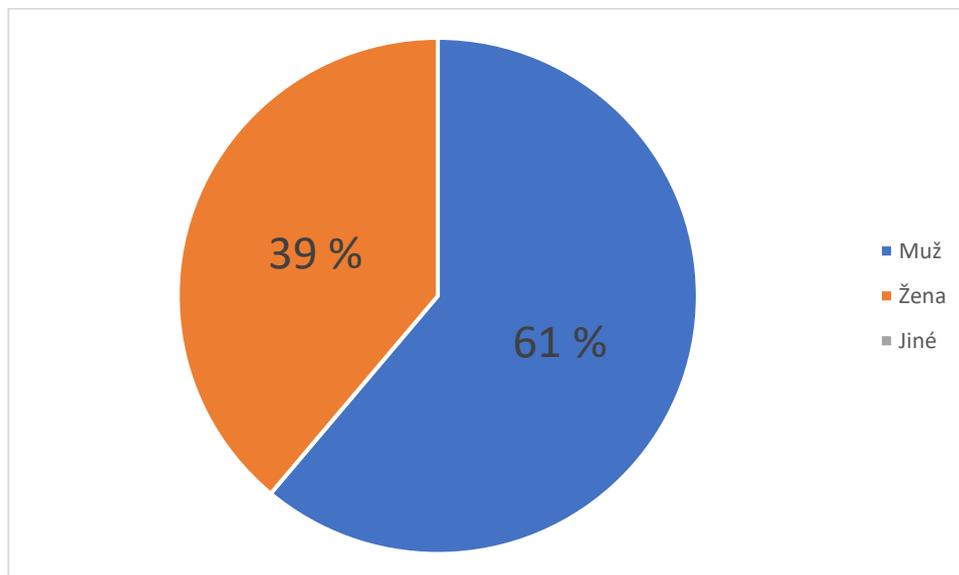
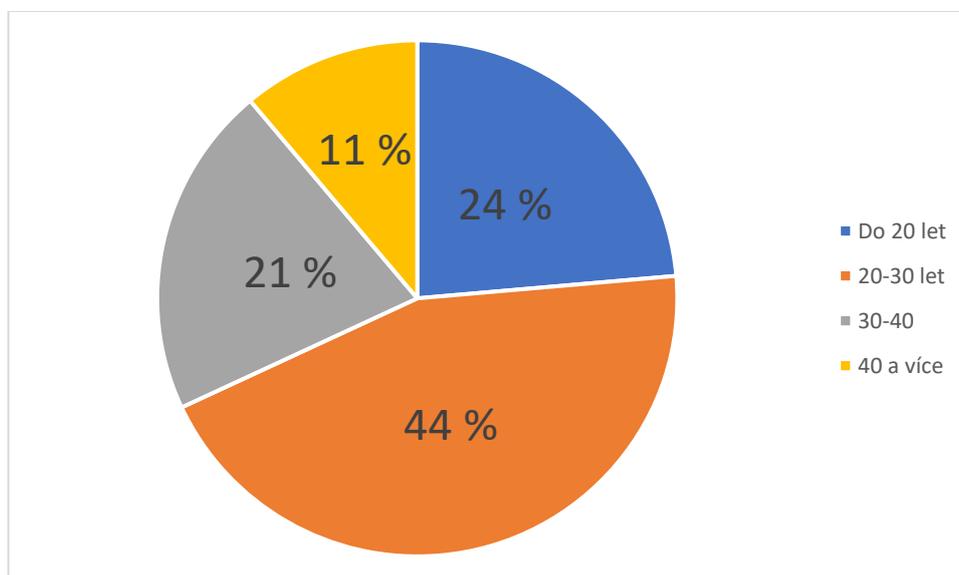
3. Do jaké skupiny se řadíte?
 - a) Aktivní/profesionální sportovec/kyně
 - b) Rekreační/amatérský sportovec/kyně
 - c) Nesportovec

4. Jak často trénujete?
 - a) 5 x a více týdně
 - b) 2 x a více týdně
 - c) 2 x a méně týdně

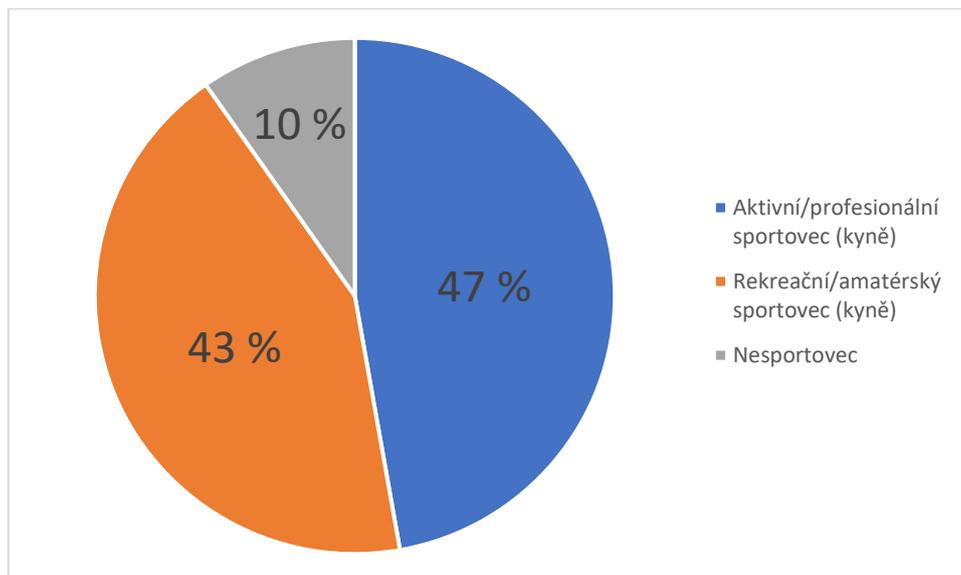
5. Zařazujete silový trénink do sportovní přípravy / rekreačního sportování?
 - a) Ano, pravidelně
 - b) Ne
 - c) Nepravidelně

6. Preferujete speciálně vybavený prostor pro silově-kondiční typ tréninku?
 - a) Ano, preferuji
 - b) Ne, na prostoru nezáleží
 - c) Posiluji doma

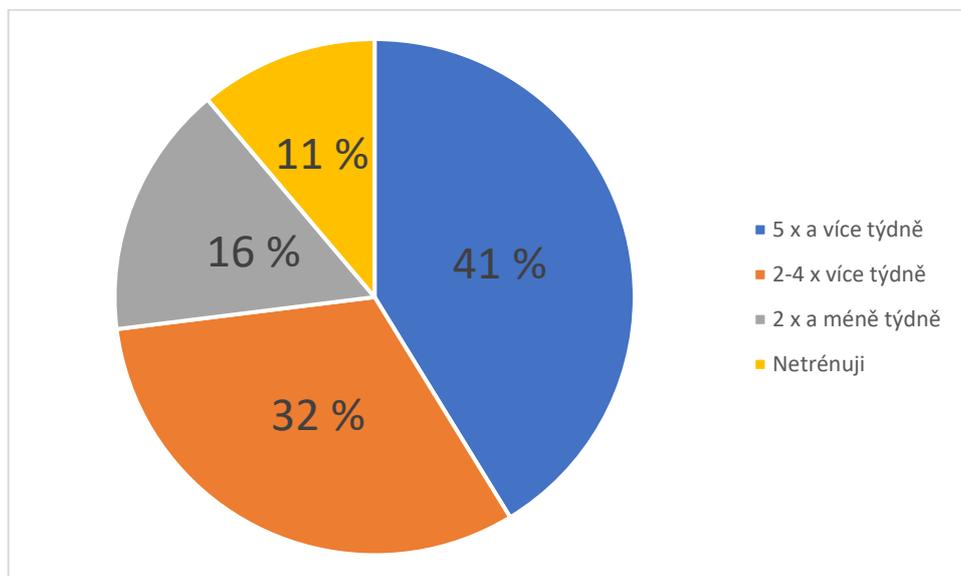
-
7. Kolik jste ochotni zaplatit za vybavenou tělocvičnu pro silově-kondiční trénink?
- a) 50-80 CZK za vstup
 - b) 80-120 CZK za vstup
 - c) 120 a více CZK za vstup
8. Máte při návštěvě posilovny zájem využít službu osobního trenéra??
- a) Ano, pravidelně
 - b) Ano, občas
 - c) Ne
9. Kolik peněz jste ochotni zaplatit za hodinu s osobním trenérem?
- a) 250-350 CZK
 - b) 350-450 CZK
 - c) 500 CZK a více

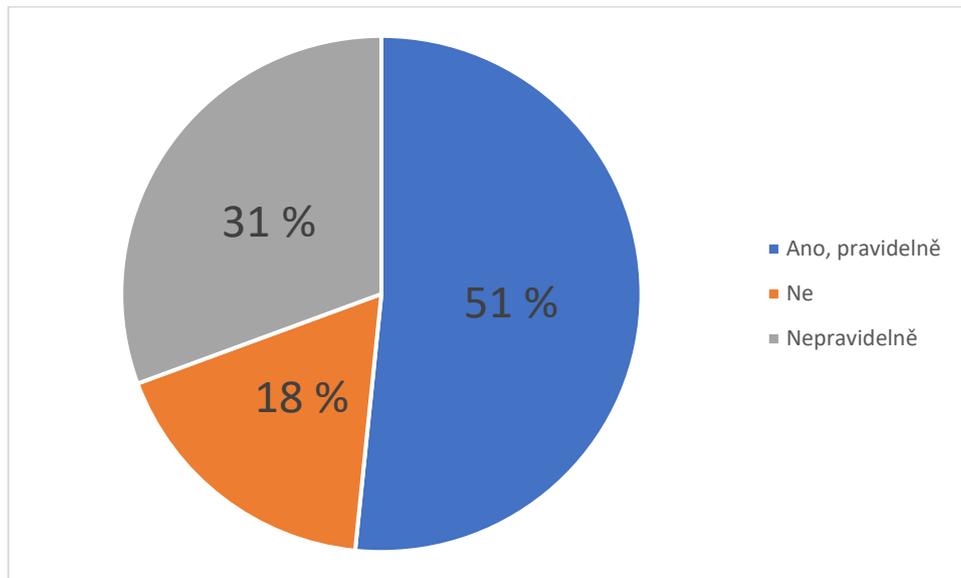
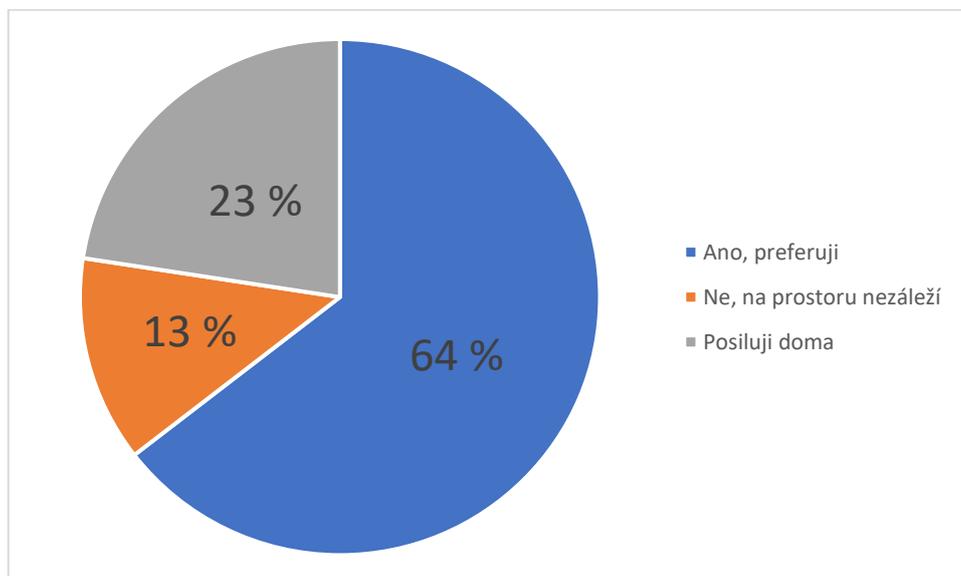
APPENDIX P II: QUESTIONNAIRE ANSWERS**1. Jaké je Vaše pohlaví?****2. Jaký je Váš věk?**

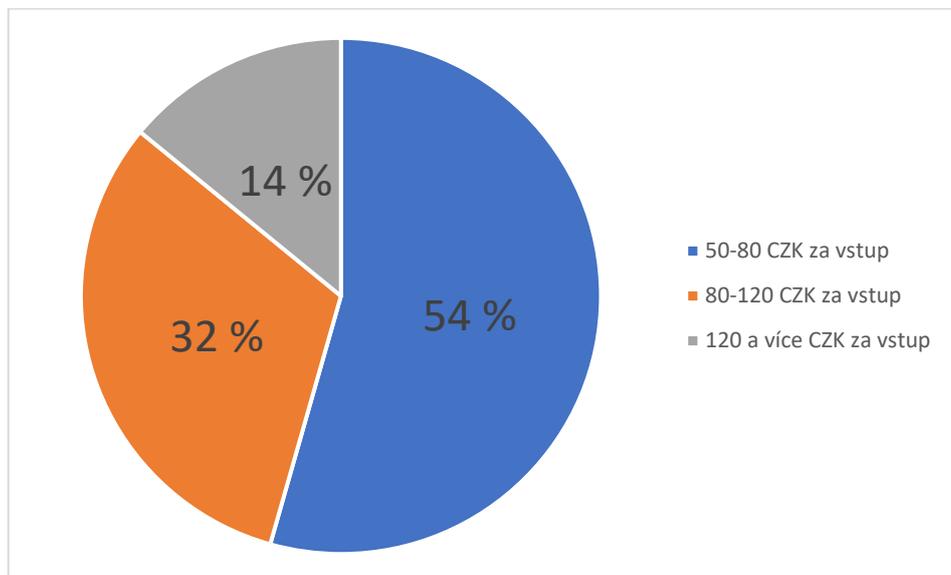
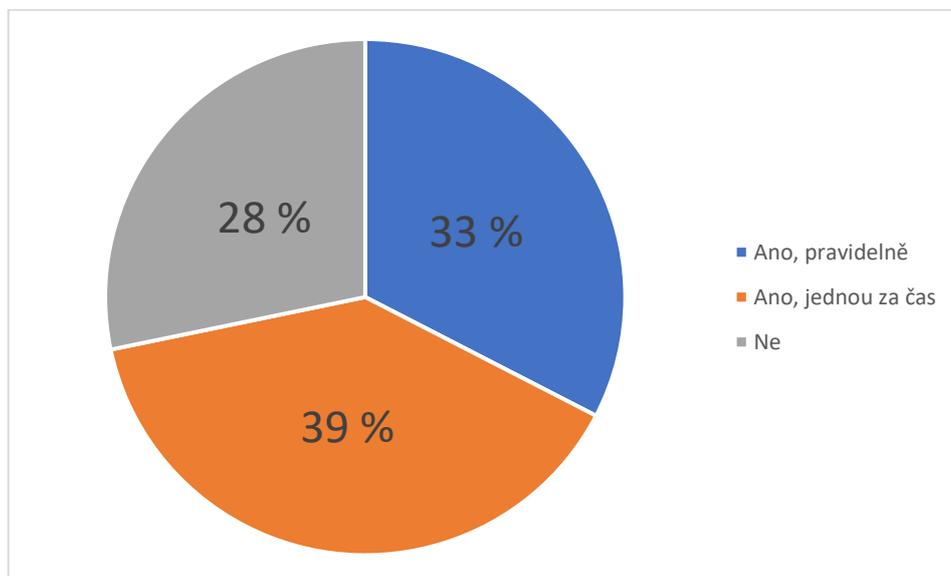
3. Do jaké skupiny se řadíte?

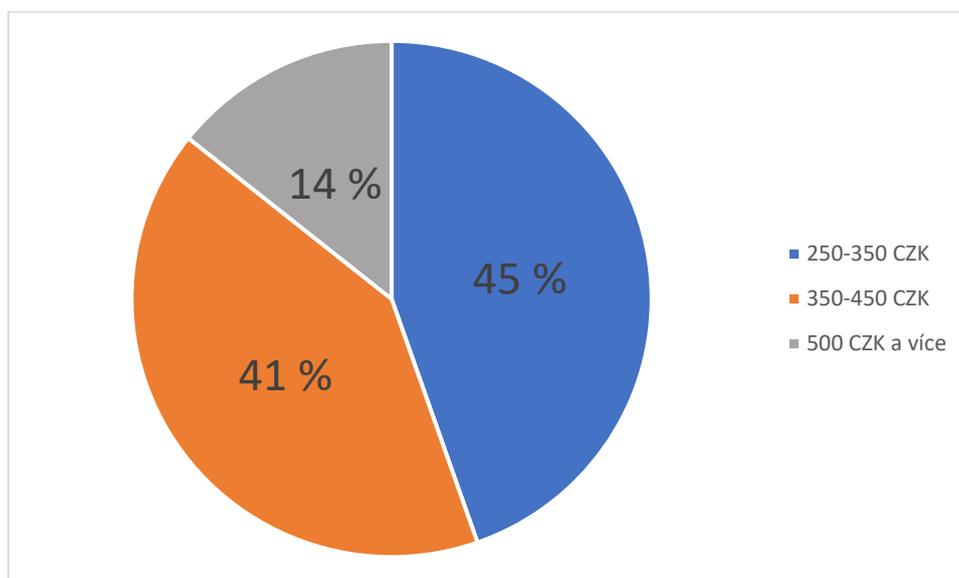


4. Jak často trénujete?



5. Zařazujete silový trénink do sportovní přípravy / rekreačního sportování?**6. Preferujete speciálně vybavený prostor pro silově-kondiční typ tréninku?**

7. Kolik jste ochotni zaplatit za vybavenou tělocvičnu pro silově-kondiční trénink?**8. Máte při návštěvě posilovny zájem využít službu osobního trenéra?**

9. Kolik peněz jste ochotni zaplatit za hodinu s osobním trenérem?

APPENDIX IV: LOCATION OF THE GYM

Location of the company (source: maps.google.cz)

