

# **A Business Plan for the Café and Shop Kristián**

Marie Hutařová

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**Mgr. Libor Marek, Ph.D.**  
děkan



**Mgr. Roman Trušník, Ph.D.**  
ředitel ústavu

Ve Zlíně dne 6. února 2020

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## **ABSTRAKT**

Bakalářská práce se zabývá vytvořením podnikatelského záměru pro prvorepublikovou kavárnu a obchod s folklorní módou Kristián, kterou bude provozovat Roland s. r. o. Jejím cílem je zjištění, zda je takový byznys vůbec rozumné otevřít a zda existuje možnost, že bude podnik ziskový. Práce má teoretickou a praktickou část. Teoretická část se zabývá definováním podnikatele a podnikání, popisem právních forem podnikání v České republice, požadavků na podnikatele a podnikatelský záměr. Praktická část pak uplatňuje znalosti z teoretické části do praxe a aplikuje je na podnikatelský plán pro kavárnu a obchod Kristián.

Klíčová slova: podnikatelský záměr, kavárna, obchod, podnikání, podnikatel, ziskovost, první republika, folklorní móda

## **ABSTRACT**

This bachelor's thesis deals with the creation of a business plan for the First Republic café and the shop with folklore fashion Kristián which will be run by a limited-liability company Roland. The aim of this work is to find out if it is reasonable to open this business and if there is some possibility to be profit-making. The bachelor's thesis is divided into theory and analysis. The theory describes an entrepreneur and entrepreneurship, legal forms of business in the Czech Republic, and demands on an entrepreneur and a business plan. The analysis applies the knowledge from the theory to the business plan for the café and shop Kristián.

Keywords: business plan, café, shop, entrepreneur, entrepreneurship, profitability, First Republic, folklore fashion

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

Be as smart as you can, but remember, that it is always better to be wise than to be smart.

Alan Alda

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## INTRODUCTION

This bachelor's thesis deals with a business plan for a café that is connected with a shop which will offer clothes in folklore design. The interior of the café will look like the cafés from black and white films from the first half of the 20th century. The reason for choosing this topic is that I have always desired to have a place where a person can forget about everyday troubles and sense the atmosphere of the old black and white movies from the First Republic period. As a lover of Oldřich Nový, I wanted to include his personality in this work, so the café and the shop are called Kristián. The limited-liability company that will run Kristián is called Roland s. r. o. Roland was a pseudonym of the actor Raoul Schráníl. In addition, Roland is also associated with the French author Romain Rolland who wrote the very popular book "Pierre and Luce" whose plot takes place during the First World War.

Roland s. r. o. will be based in the Chateau Strážnice where I have a part-time job as a tourist guide. It was the tourists visiting our chateau who gave me the idea to open a café in the chateau area. They ask me regularly if there is a café where they can get an ice cream or a cup of delicious coffee, or just sit and relax. They were always quite disappointed when I sent them to the centre of our town Strážnice or 500 meters away. The idea about a shop with folklore fashion came to my mind also thanks to the visitors of the chateau who were interested in my sneakers with folk ornaments of Strážnice.

The aim of this bachelor's thesis is to create a business plan for Kristián and find if such business has some chances to be profitable and how much would it cost to establish Roland s. r. o. and to furnish and design the interior of the café.

The bachelor's thesis has two parts. In the theoretical part, a definition of an entrepreneur, trade, lease business, business corporations, types and environment of businesses, and a structure of a business plan can be found. The practical part is devoted to creating a business plan for Roland s. r. o. and its business Kristián. The business plan for Kristián is written as detailed as possible. I put a great effort into this business plan and bachelor's thesis.

## **I. THEORY**

## 1 ENTREPRENEURSHIP

In the Czech Republic, in the New Civil Code (Act No. 89/2012 Coll.) an entrepreneur is defined as: “Whoever performs independently on their account and responsibility of trade or employment in a similar manner with the intent to do so consistently for profit, is considered regarding this business for entrepreneurs. For the purposes of consumer protection and for the purposes of § 1963, the business also considers any person who enters into a contract related to its commercial, industrial or similar activities or the exercise of his own profession, or a person acting for or on behalf of entrepreneurs” (Portál POHODA 2019).

The definition of an entrepreneur is given in Sections § 420 - 435 of the New Civil Code. It can also include tradesmen (owners of a trade license) and self-employed people without a trade. Under the terms of the New Civil Code, an entrepreneur is a person registered in Business Register or a person who runs a business on the basis of a trade licence, or a person who does business based on a licence pursuant to special legal regulations (Černá et al. 2016, 57).

According to Martinovičová, Konečný and Vavřina, an enterprise is an ability and motivation to find out, create and take advantage of any opportunity that leads to execution of planned welfare of a company (2014, 10). The goal of entrepreneurship must be making a profit, but the profit does not need to be achieved (Srpková et al. 2010, 20).

### 1.1 A Trade

Under the term of the Trade Licensing Act, a trade is “a systematic activity carried out independently under the conditions laid down in this Act, under a person’s own name and liability, with a view to making a profit”. Activities which are not trade are determined in § 3 of the Trades Licensing Act (Ministry of Industry and Trade 2019).

Trade activities are regulated under the Act No. 455/1991 Coll. (Trade Licensing Act), the Act No. 570/1991 Coll. (Trade Licensing Office) and under the Government Decree No. 278/2008 Coll. The main division of the trade is into permitted trades and notifiable. In order to do a permitted trade, it is necessary to obtain a concession. The concession is the permission from the state that a businessman is competent to run a trade (Ministry of Industry and Trade 2019).

## 1.2 Business Corporations

Under the terms of the Business Corporation Act., there are two main types of business groupings – commercial companies and cooperatives. The commercial companies include an unlimited partnership, a limited partnership, a limited-liability company, a joint-stock company, a European company and a European Economic Interest Grouping. Cooperatives involve a cooperative and a European Cooperative Society (Štenglová et al. 2017, 1).

Commercial companies are subdivided into two groups: capital companies and partnerships. An unlimited partnership and a limited partnership fall into the category of partnerships and limited-liability and joint-stock companies belong to capital companies (Štenglová et al. 2017, 1).

There are some dissimilarities between capital companies and partnerships. Partners of capital companies do not guarantee for liabilities of a company or their guaranty is limited, whereas partners of partnerships guarantee without restraint, except for limited partners in a limited partnership. Partnerships do not demand any contribution obligation (limited partners are the exception) (Štenglová et al. 2017, 2). Capital companies are usually established for a long period of the time and they do not perish when one partner leaves (Pokorná et al. 2014, 5).

### 1.2.1 Joint-stock Company

A joint-stock company is a company whose registered capital is divided into a certain number of shares. The minimal amount of the registered capital is 2,000,000 CZK or 80,000 EUR. All shareholders are equal in a joint-stock company and every company has to be established by acceptance of the Articles of association. The name of a joint-stock company must include ‘akciová společnost’, ‘akc. spol.’, or ‘a. s.’ (Portál POHODA 2017).

Shareholders own shares which express their co-ownership of a company. A share is a security which certifies that its holder put some money in the company. In order to get a share, a future shareholder must pay the issue price of a share. The rights associated with owning a share are the ability to participate in running a company, to be paid a dividend or residual value of a company. A dividend is a regular payment from a company based on the decision of a General Meeting. There may be two systems of joint-stock companies – monistic and dualistic system. The monistic system consists of an administrative board and a statutory manager as bodies of a company, whereas the dualistic is created by a board of directors and a supervisory board (Portál POHODA 2017).

### 1.2.2 Limited-liability Company

A limited-liability company is a company established by the Memorandum of association which must be in the form of an authentic instrument so it can be found in a public register. The name of a company must involve ‘společnost s ručením omezeným’, ‘s. r. o.’, or ‘spol. s r. o.’

The associates are liable for the debts up to the moment when the amount of their contribution obligation is repaid. During the time when the obligation is not repaid, the associates have liability for the company’s debts to the extent of their outstanding contribution obligation. After the repayment of the contribution, the members are not liable for the debts of a company. This is probably one of the strongest reasons why people choose this type of a business corporation. Another aspect connected with the liability is the minimal size of registered capital is 1 CZK per associate (Portál POHODA 2017).

A business share of every member is determined according to the amount of a contribution. This does not need to be applicable if it is determined differently in the Memorandum of association. The supreme body of a limited-liability company is a General Meeting, the statutory body is an executive(s), and the supervisory body is a supervisory board (Portál POHODA 2017).

### 1.2.3 Unlimited Partnership

An unlimited partnership is a company with minimally two members who are jointly and severally liable for partnership’s debts, and who have to be involved in its activities or control its assets. Business shares in this type of partnership are not transferable and they are usually same for all members. The profit or loss is divided equally among the members. Every member can leave an unlimited partnership and new ones can be accepted during the life of a partnership. A statutory and a supreme body are created by all members of a partnership. The name needs to include ‘veřejná obchodní společnost’, ‘veř. obch. spol.’, ‘v.o. s.’ (Portál POHODA 2017).

### 1.2.4 Limited Partnership

A limited partnership needs to be founded by at least two persons. One of them is called a limited partner and they are liable for the debts of a limited partnership only marginally, whereas the second one must have unlimited liability for the debts, and they are named general partners. Every limited partner has to give a contribution and their share is determined according to their size of a contribution. The liability of limited partners is to the extent of unpaid contribution. The limited partners must pay a certain amount of money,

which is given in advance in the Memorandum of association. This amount of money is also known as the limited-liability amount (Portál POHODA 2017).

A profit or loss is divided among a company and general partners with the same amount. Then, general partners distribute the loss or profit with the same amount. The part of the company's profit is split among limited partners according to their amount of contribution. Limited partners are never liable for the loss of a partnership. All general partners create a statutory body. Affairs, the statutory body does not deal with, are discussed by all members of a partnership. There must be written 'komanditní společnost', 'kom. Spol.', or 'k. s.' in the name of a limited partnership (Portál POHODA 2017).

### **1.2.5 Cooperative**

A cooperative is an alliance of an unspecified number of persons. It must be established in order to reciprocally support its members or third parties. It can be established for the purpose of conducting business. A cooperative must have at least three members and its name must include the word 'družstvo'. Each cooperative needs to have the Article of association.

Members of a cooperative are not liable for debts and they have to provide a membership contribution as a part of the registered capital. In return for offered money, a cooperative share is given to every member and they can receive profit share. Members can vote and be voted into cooperative's bodies. Each cooperative consists of a meeting of members (supreme body), a board of directors (a statutory body), auditing committee (supervisory body), and other bodies established on the basis of the Articles of association (Portál POHODA 2017).

## **1.3 Types of Businesses**

Czech business economics offers many types of differentiation of businesses. A business may be separated according to a scope of activity, size, legal form, business sector, and industry field (Vochozka, Mulač et al. 2012, 37).

### **1.3.1 Division according to Scope of Activity**

The differentiation according to the scope of business activity includes municipal, regional, national, international and public companies. Municipal businesses act in one town or city; regional companies have the scope of activity in one region; national businesses performance their activities throughout the whole state; international businesses operate in



more than one country; and public companies are owned by the state (Vochozka, Mulač et al. 2012, 38).

### 1.3.2 Size Division

Another sorting is based on a size of a company. How demonstrate Srpová et al., many sources offer different criteria of a size division. Srpová et al. mention different requirements of EUROSTAT, The Czech Social Security Administration (2010, 37), and the European Commission:

- **micro companies** (employees <10, total annual net turnover < 2,000,000 EUR, total assets <2,000,000 EUR)
- **small companies** (employees <50, total annual net turnover <10,000,000 EUR, total assets <10,000,000 EUR)
- **medium companies** (employees <250, total annual net turnover <50,000,000 EUR, total assets <43,000,000 EUR)
- **large companies** (employees >250, total annual net turnover >50,000,000 EUR, total assets >43,000,000 EUR) (Srpová, 2010, 36).

The Accounting Act 563/1991 Coll. provides different division (Portál POHODA 2018).

### 1.3.3 Sector Division

The Czech Republic has four sectors: primary, secondary, tertiary and quaternary sector. The primary sector is devoted to mining and extraction of raw materials, agriculture, gamekeeping, forestry, and fishing, the secondary sector includes the manufacturing industry, building, Production and distribution of electricity, gas and water, the tertiary represents all services, and the quaternary means the science and research (Vochozka, Mulač et al. 2012, 37–38).

### 1.3.4 Industry Division

The Czech Republic uses the classification CZ-NACE for an industry categorization. This classification distinguishes 99 fields of national economies (Vochozka, Mulač et al. 2012, 38). Many of these fields are subdivided into smaller more detailed parts. International Standard Industrial Classification NACE makes an international comparison of companies easier and synoptical (Český statistický úřad 2019).

## 1.4 Lean Business

The purpose of a lean business is to minimize wastage. And it does not matter if talking about the wasting time, natural resources, energy, material, money or working force. Ries emphasizes lean thinking is based on instant feedback. All entrepreneur's activities should form a chain: create › evaluate › learn from it. A very important term in the terms of the lean business is a pivot. It is a great change of direction (target customers, distribution technology) for a business (Ries 2011, 27).

The name Ash Maurya is closely connected with a lean business. It is a businessman who created a very famous lean canvas. This one paper long business plan helps beginning entrepreneurs to present their business idea in a very brief way to potential investors. The lean canvas is quick in both – creating and even presenting it. It is brief, so it leads a businessman to talk about essential information. Related to briefness is the term 'elevator pitch'. It is a very short presentation or communication concerning a problem. Thirdly, it is portable, so it is very easy to share with others and also to keep it updated (Maurya 2012, 225; 25–26).

## 1.5 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 lot, whereas the company has very small impact on its surrounding (Synek, Kislingerová 2015, 15).

The environment of the business includes political, economic, social, technological and technical, and ecological that together create PESTE analysis (PESTLE Analysis 2020).

### 1.5.1 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).

### 1.5.2 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).

### **1.5.3 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).

### **1.5.4 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).

### **1.5.5 Ecological Environment**

Young people discuss ecology more and more these days (Seznam Zprávy). Furthermore, the ecology is required not only by the state but also by many civic associations. Failure to comply with environmental tasks may be penalized and it can mean also a loss of good reputation (BBC 2015). At the same time, ecology may also facilitate to a company to differentiate from competitors.

### **1.5.6 Geographical Environment**

Geographical environment is connected with the logistics of a business. The geography bears upon the location of a company. If possible, a firm should be located near its crucial sources and target customers. The sources may be affected by climate and weather conditions typical for a particular region or country (Synek, Kislingerová et al. 2015, 16).

### **1.5.7 Ethical Environment**

Another environment is an ethical one. Ethics is almost as examined topic as the ecology. Nowadays, people start to take an interest in the origin of goods and to its manufacturing and working conditions. The sources of material used for production is not negligible (Hospodářské noviny 2019).

## 2 BUSINESS PLAN

### 2.1 Why to Write a Business Plan

A business plan is principally created for a single entrepreneur (Shelton 2017, 25–26). Writing a business plan may help its owner to decide whether it is rational to start or grow a business or not (Sutton 2012, 14). A business plan is a crucial tool which helps to make the right decisions about introducing new innovations and another turning point (Galai, Hillel, and Wiener 2016, 3). Shelton declares that a business plan is one of several criteria for getting a banker to review an entrepreneur's application for a loan (2017, 29). If an entrepreneur decides to make acquisition, takeover or franchise it is nearly vital to create a new business plan (Shelton 2017, 24).

Shelton suggests that more attention a person gives to the planning process, more potential weaknesses may be determined (2017, 25). Abrams warns neither a well-made business plan does not guarantee the success of the whole business, achieving objectives nor any ability to obtain a needful amount of funding (2019, 15).

#### 2.1.1 Four Functions of a Business Plan

Colwell describes four functions of a business plan that :

- **Communication tool** (businessmen communicate with stakeholders)
- **Planning tool** (entrepreneurs realize the market opportunity, segmentation in advance)
- **Discovery tool** (entrepreneurs discover new knowledge and abilities)
- **Yardstick** (businessmen see whether the set objectives are fulfilled) (Colwell, 2019, 34–35; 190).

#### 2.1.2 Demands on a Business Plan

According to Blackwell, preparation of a business plan and strategic financial plan is a very important and very long procedure, although, a “clever” business plan requires to be always written, uncluttered and achievable (2017, 5). A business plan must comply with these demands: to be

- **Brief** - the mention of the most relevant information for investors (Galai, Hillel, and Wiener 2016, 178)
- **Clear** – to keep the language simple, avoid too long sentences or too many ideas in one long sentence (Blackwell 2017, 6)

- **Logical** - design and format of a business plan included numbered pages, chapters, diagrams, charts and tables (Galai, Hillel, and Wiener 2016, 181)
- **Simple** - not to be very technical because the business plan is intended especially for bankers and stakeholder (Blackwell 2017, 5)

## 2.2 What Makes a Business Successful

A business needs to be adaptable to these changes and respond to global opportunities. Besides this, a business should bring something new (Abrams 2019, 5). A victorious business plan must state what problem a product or service solves, how they are unique and why the whole business idea will be successful in a financial and even operational field (Shelton 2017, 59–60).

Only those entrepreneurs, who do not hesitate to give their money, energy and time, who are willing to wait for compensation for a longer period of time, and who are disposed to educate themselves, gain new experience and are not afraid of making mistakes can succeed (Shelton 2017, 13–14). Furthermore, Shelton recommends to start a business modestly and grow progressively and try to fund a business with own money at first, and then to ask third parties for money (2017, 59).

## 2.3 Entrepreneurs' Common Fears and Reasons of Failing

An entrepreneur should consult business ideas with mentors and advisors who have rich experience in a given field, because “more than half of start-ups fail in their first five years” warns Shelton. Especially, advice about finances is very useful, because it is better to spend more money on guidance by finance experts than to go out of business (2017, 16).

A frequent mistake is to focus on an entrepreneur's profit and not taking care of customer's needs. A profit of a company eventuates from being unique from competitors and from delighting customers successfully (Shelton 2017, 14).

Colwell advises trying to accept failure as a learning opportunity. Every entrepreneur should be prepared to promptly changes their pivot and be able to get over mistakes quickly (2019, 30–32). Ries recommends to be tolerant of employees' mistakes for the first time. But an entrepreneur must never allow his/her employees to repeat the same mistakes (2011, 200).

## 2.4 Structure of a Business Plan

A structure of a business plan has no fixed template and it differs depending on the field, size and type of a business. Different authors offer a slightly different structure of a business plan, but the content is usually very similar. All authors (Abrams 2019, 51; Shelton, 2017, 69; Blackwell 2017, 8–9; Colwell 2019, 197; Sutton 2012, 35; Galai, Hillel, Wiener 2016, 186–87) agree with the statement that every business plan should consist of an executive summary, some description of a company, product or service, marketing plan, analysis of a market and competitors, financials and some appendices at the end. Colwell (2019, 196) and Shelton (2017, 69–167) offer nearly the same components of a business plan:

1. Executive Summary
2. Company Overview
3. Product or Service Description
4. Market Analysis
5. Industry Analysis
6. Value Proposition
7. Detailing Operations
8. Marketing Plan
9. Growth Plan
10. Management and Staffing Plan
11. Financial Plan
12. The Appendices

Galai, Hillel and Wiener recommend to begin a business plan with a title page and a table of contents (2016, 184).

### 2.4.1 Executive Summary

Many authors (Abrams 2019, 54; Shelton 2017, 59; Galai, Hillel and Wiener 2016, 183–87; Colwell 2019, 197) state that an executive summary is the most important part of a business plan. Sutton adds that the goal of the executive summary is to capture a reader's interest (2012, 25). Authors (Abrams 2019, 57; Colwell 2019, 197; Shelton 2017, 69; Gattis 2010, 23; Galai, Hillel, Wiener 2016, 184; Sutton 2012, 36; Blackwell 2017, 8) are in agreement with the statement that every executive summary must be brief and short.

The executive summary should consist of a very short introduction of an idea and a company, a very brief description of a product or service and main advantages of the product

or service, main goals of a company, marketing part, and some information about competitors (Shelton 2017, 71).

### **2.4.2 Company Overview**

This section of a business plan should advertise basic details about a company. It needs to contain a name of a company, its legal form, line of a business, company registration number, tax identification number, brief introduction of products or services, a domain name and other contact information, list of company's owners with their shares, location of a company and its subsidiaries if any. Furthermore, key goals and objectives, a summary of a company's growth prospects, mission, vision, and a history of a company (Abrams 2019, 68–71).

### **2.4.3 Product or Service Description**

Colwell gives entrepreneurs advice that this part should consist of a detailed and specific description of every single type of a product or service. In addition to describing the physical attributes of a product or service, there should be also mentioned the problem which is solved by this product or service (2019, 206–10). The benefits of a product or service should not be forgotten, adds Blackwell (2017, 9).

The detailed depiction of a product amounts technical specifications, photos, brochures of samples, diagrams, or charts. This part must refer to all these things, but they belong to appendices, appraises Shelton (2017, 73).

### **2.4.4 Market Analysis**

Colwell states that market analysis and industry analysis are interconnected, but a beginning entrepreneur should keep them isolated. A market analysis focuses on customers whereas competitors are occupied with industry analysis (2019, 212). A market analysis is about classifying and learning about future customers, whereas a marketing plan exactly explains how the customers will be allured (2019, 106).

#### **2.4.4.1 SWOT Analysis**

SWOT analysis, which investigates strengths, weaknesses, opportunities, and threats of a company, is a very useful and easily applicable tool for identification of internal and external environment. This analysis is also very important for the choice of right strategies (Váchal, Vochozka et al. 2013, 432–433).



Entrepreneurs can show they are aware of weaknesses and threats and they will try to eliminate them. On the other hand, opportunities may emphasize a positive site of a business and chances to succeed, and strengths can help to differ a company from its competitors (Srpková et al. 2011, 43).

#### **2.4.4.2 Market Segmentation**

An integral part of the Market Analysis is an identification of a company's target market. (Sutton 2012, 99). Every segment must meet five requirements in order to be beneficial – to be Measurable, Accessible, Differentiable, Actionable, and Substantial. Kotler and Armstrong offer these four most common types of segmentation

- **Geographic** (spatial units, such as nations, regions, counties, cities, neighbourhoods, a density of population or a climate)
- **Demographic** (gender, income, age, education, occupation, religion or ethnicity)
- **Psychographic** (social class, personality, lifestyle, values, opinions, interests, and hobbies)
- **Behavioural** (relation to a concrete product or service) (2016, 223–229; 232).

#### **2.4.4.3 Market Targeting**

The term market targeting can be defined as a choice of one or more segments which were specified in the market segmentation. A company may choose from four types of targeting:

- **Undifferentiated marketing** (a company does not care about any market segmentation and wants to get customers from the whole market)
- **Differentiated or segmented marketing** (a company chooses several market segments and its offer is different for each segment)
- **Concentrated or niche marketing** (a company chooses only one or a small number of segments and focus on a large share of this segment) (Kotler and Armstrong 2016, 233–34).

#### **2.4.4.4 Market Positioning**

Positioning involves trying to reach a specific position in customers' minds. It means creating opinions, perceptions, and attitudes to a brand of a company or its products or services. In other words, it can be said that the market positioning is about pleasant feelings and connotations which appear in customer's minds when a company's name is expressed (Armstrong, Kotler, and Opresnik 2016, 80).

### **2.4.5 Industry Analysis**

According to Abrams, an entrepreneur creating the Industry Analysis should focus on recognizing who are main competitors, who are possible future competitors and what are barriers to entry in a particular market (2019, 125). Not to forget to appoint direct competition is very important. (Direct competitors offer the same solution to a problem, whilst indirect competitors come up with an alternative solution (Colwell 2019, 101) or they propose same product but to the different target market (Sutton 2012, 104).)

In this part, an entrepreneur should focus not only on basic information about their competitors like name, location, size, and target market but also on emphasizing in what they are different from the competitors (Colwell 2019, 220).

### **2.4.6 Value Proposition**

The value proposition should discuss the problem which a product or service solves for its target customers and it should not leave the features and benefits of their product or service. Features are only for a businessman while benefits are significant for customers (Colwell 2019, 222–24). Abrams says that customers make much of convenience, customer service, and even societal impact (2019, 147).

#### **2.4.6.1 Unique Selling Proposition**

Whereas a value proposition says to customers why they should buy products or services from a particular company rather than from its competitors, a unique selling proposition differs a company from its rivals (Kotler and Armstrong, 2016, 243).

### **2.4.7 Detailing Operations**

The Detailing Operations is obliged to contain a description of needful facilities, a production plan, suppliers, distribution capacity, maintenance, utilities, inventory, distribution chain, and global operational issues. It is also very beneficial to clarify where will be saved the records and data essential for running a business. It means a resolution where will be an archive for storage of invoices and other necessitous papers associated with paperwork (Abrams 2019, 196–215).

The operations comprise even logistics. The logistics have two main tasks that must be accomplished. Firstly, it must the secure cash position of a business and secondly, it needs to supply customers with products or services which will satisfy their needs and desires (Bugri, Pribišová, 2017, 17).

## 2.4.8 Marketing Plan

The first step in the creation of the Marketing Plan is to clarify whether a businessman wants to focus on obtaining new customers, or on making from current customers loyal customers (Shelton 2017, 97).

### 2.4.8.1 Marketing Mix

Marketing mix consists of 4 Ps that are Product, Price, Promotion, and Place. **Product** strategy involves more than a single product or service that is sold to customers. It involves also brand, package design, quality, lifecycle of a product, trademarks, and customer service (Kurtz, 2012, 46).

**Price** strategy usually changes during the lifecycle of a product. When a new product is introduced on a market, there are two types of pricing strategies that can be chosen: Market Skimming which means setting high initial prices, and Market Penetration that implies a low initial price to penetrate a market (Armstrong, Kotler, and Opresnik, 2017, 305).

**Promotion** and advertising are part and parcel of marketing, but start-ups mostly do not have enough money to finance a full-scale multimedia advertising campaign. For this reason, beginning entrepreneurs should especially rely and focus on guerrilla, viral, or marketing strategies. Besides the guerrilla marketing, businessmen should use public relations campaign (PR) (Colwell 2019, 232).

Cijo and Gul profess that word-of-mouth marketing is the most powerful type of promotion ever. This type of promotion is very cheap and its credibility is higher than some advertising prepared by a company (2014, 7).

**Place** or a distribution strategy includes a selection of right marketing channels and transportation of product to final customers (Kurtz, 2012, 47).

### 2.4.8.2 Kano Model

Kano model is a marketing strategy that explores customer's satisfaction. It has four stages that graduate customer's delight. A customer is not aware of two first stages, but he/she is dissatisfied if he/she does not have them. The third stage makes a customer bit pleased, and the fourth one represents some added value (Product Plan 2020).

### 2.4.8.3 Bowman's Strategic Clock

Bowman's Strategic Clock focuses on combination of price of a product or service and its added value for customer. There exist eight positions:

- 1) Low Price/Low Value

- 2) Low price (cost minimization)
- 3) Hybrid (price and quality are on a medium level)
- 4) Differentiation (higher added value, higher or lower prices)
- 5) Focused differentiation (high price, margin even added value)
- 6) Increased Price/Standard Product
- 7) High Price/Low Value
- 8) Low Value/Standard Price (Free Management Ebooks 2020)

#### **2.4.9 Growth Plan**

Growth Plan should comment on a strategy which is needed for launching a new product or service. Colwell gives a chance to some Gantt chart to be in this section (Colwell 2019, 233). It should also include concrete moves which will lead to the growth of a business. In addition to this, a creator of the Growth Plan may refer to products or services which they intend to develop in the future (Colwell 2019, 234).

#### **2.4.10 Management and Staffing Plan**

This section should hold members of a management team, decision-makers, key employees, accountants, bookkeepers, and directors (Abrams, 2019, 237), because great people make a business successful, not a product (Shelton, 2012, 10).

Staffing plan may also inform about compensation and benefits for employees – whether the benefits will be in a monetary form (the thirteenth salary, food stamps, contribution for pension insurance) or in a tangible form (caboose, some coupons and discounts for cultural events or some educational courses, food in a workplace, an extra week of day off, sick days) (Colwell 2019, 237).

#### **2.4.11 Financial Plan**

A financial plan should contain information about money, therefore, details about all costs and revenues of a company. Every business plan should include an initial balance sheet and start-up expenses as well as the income statement and the number of customers. An entrepreneur should not forget about estimated monthly costs and wage policy (Shelton 2017, 140).

#### **2.4.12 The Appendices**

The Appendices is the right place for diagrams and tables associated with a product, conveys Colwell (2019, 240). Photos of a product or maps with the location of a company

or its suppliers and customers. If there are no maps, there should be a list of the company's plants, stores, branch offices and their addresses. It is recommended to retailing and manufacturing business to involve also a floor plan which will show a reasonable and effective utilisation of space (Colwell 2019, 334–36).

## **II. ANALYSIS**

### 3 EXECUTIVE SUMMARY

Roland s. r. o., which has only one owner, will run the café and the shop called Kristián. Both will be situated in the Chateau Strážnice where a great potential of customers is. The café, made in the First Republic design, will offer high quality drinks and desserts made according to traditional recipes from the era of the First Republic. Except for this, the café will sell delicious home-made ice cream and ice cream sundaes.

The café Kristián will be a place suitable even for seniors and families with children where the guests may converse with accompaniment piano music from the era of the First Republic. Roland's customers may remember for old times when people were much more gentlemen nor their folk history. This will be enabled thanks to the pleasant atmosphere of the café where will also be many culture events held and guests will be able buy clothes decorated with folk ornaments. Roland also wants to show that it is possible to eat high quality sweets and still be environment-friendly. The café will also offer cultural life that will be represented by concerts of music from the First Republic, dance lessons of swing or lectures about history of Czechoslovakia.

The shop will offer clothes, shoes and fashion accessories with folklore ornaments. There will be also dolls worn in folk costumes. These costumes will be sewn by hand, and clothes with shoes will be painted manually by me. Visitors of Strážnice will be able to buy some commemorative souvenirs like chocolate with the print of Strážnice on its wrapper. Samples of offered goods in the shop can be found in the Appendix.

Kristián will have four direct competitors which are cafés, confectionaries and an organization offering refreshment and accommodation that is situated near the chateau. Indirect competitors are represented by restaurants in the town.

Roland s. r. o. will be active on social media, more specifically on Instagram and Facebook, but it will also have its website.

Initial costs connected with the foundation of the limited-liability company and running Kristián will amount 950,000 CZK. The registered capital of Roland will be 933,000 CZK. Monthly costs in peak season are expected to be 99,651 CZK and in dead season 79,851 CZK.

## 4 COMPANY OVERVIEW

The company that will run a café and shop is called Roland s. r. o. and has a registered capital of 980,000 CZK. The owner and executive will be Marie Hutařová. The company will have one permanent employee, and three holiday makers. The scope of the business will be:

- Restaurant services
- Production and processing of fermented spirits, consumer spirits and other alcoholic beverages and the sale of fermented spirits, consumer spirits and alcohol
- Manufacture, trade and services not elsewhere specified

### Location

The company will be based in Strážnice, Zámek 672 and there will be situated the café and shop Kristián as well. Roland s. r. o. will operate in rented places whose landlord is the National Institute of Folk Culture. The road leading to Bzenec provides access for suppliers and visitors to the castle and a car park is also ensured. The café and shop Kristián will be connected with each other and opened together.

### Opening Hours of Kristián

The café will be seasonal because its target customers are especially visitors of the chateau, so there will be different opening hours for peak and dead season. All Mondays are closed because the opening hours are in accordance with the opening days of the chateau.

*Table 1: Opening Hours of Kristián (own creation)*

	<b>May–August (peak season)</b>	<b>October–April (dead season)</b>
<b>Monday</b>	CLOSED	CLOSED
<b>Tuesday</b>	9:30–18:00	12:00–16:00
<b>Wednesday</b>	9:30–18:00	12:00–16:00
<b>Thursday</b>	9:30–18:00	12:00–16:00
<b>Friday</b>	9:30–18:00	12:00–16:00
<b>Saturday</b>	9:30–18:00	12:00–16:00
<b>Sunday</b>	9:30–18:00	12:00–16:00



## **5 PRODUCT DESCRIPTION**

### **5.1 Café Kristián**

The café will have an interior appearance from the old black and white movies from the First Republic period. There will be hanged photos from these films and the customers will have an opportunity to read a copy of period newspapers while waiting for their orders. Period music will be played from a gramophone and the employees will be dressed up in the period clothes. The café has the capacity of 70 people including outdoor seating.

#### **5.1.1 Desserts and Pancakes**

The café will offer desserts, pancakes, coffee, tea, soft drinks, and some types of alcoholic drinks as well. The desserts will be made according to the period traditional recipes and some of them will be also named after famous people from the First Republic period. For example, a nougat cake a la Oldřich Nový is the cake that this actor really ate and loved. The offer of the desserts will not be the same every day, it will differ according to seasonal fruits and according to the suppliers. Except for classical cakes and biscuits, the café will sell sweet puddings and fruit creams which were so popular in that era.

The pancakes served in the café will not be French crepes which are very common even in Czech restaurants. A speciality of Kristián will be “Crêpes La Bouche Fine” which are pancakes with whipped egg whites and vanilla sugar. The second type will be pancakes of Vlasta Burian that are pancakes which are made, apart from the classic ingredients, from apples, coconut, butter, and kefir. A quark with sour cream and strawberries will be served as a side dish. The last option is very common and is suitable especially for children – pancakes à la Karel Čapek with a jam. All types of pancakes will be made from the flour in organic quality. For a small fee, the customers will have a possibility to order a pancake made from spelt flour.

#### **5.1.2 Coffee and Tea**

It is essential for every café to offer coffee, tea and also hot chocolate. The customers will have a possibility to choose from a wide assortment of coffee. Espresso, Espresso Macchiato, Lungo, Cappuccino, Latte, Latte Macchiato, Irish coffee, Vienna coffee, Algerian coffee, spelt coffee will be sold there as well as plain chicory which was very common in the First Republic period. It does not contain caffeine, so it is suitable for children and nurturing women. The coffee will be served together with home-made vanilla cookies à la T. G. Masaryk.

The customers will have a choice between tea bags and also tea leaves. Both types will have fruit and herbal flavour. The offer of tea will change according to feasts and seasons. As a result of this offer, there will be a possibility for customers to taste limited flavours of tea like Lenten tea, Spring Kiss, Easter tea, Happy Easter tea, Easter Bunny, Apple Strudel tea, Magic of Fireplace, Advent tea, Winter Night, Heavenly Christmas Delight tea.

All types of tea will be of organic quality. The sugar that will be added to coffee or tea, will be solely brown cane sugar.

### **5.1.3 Soft Drinks**

The offer will provide home-made lemonades from seasonal fruits and plants. There will be sold the mineral water of companies that have more than 100-year tradition, like Magnesia, Mattoni, Hanácká kyselka, or Korunní. A jug full of pure water with a lemon and mellise or peppermint will be offered for people who do not like mineral water. A syrup of customer's own choice may be added to the water. Except for the syrups, at the turn of summer and autumn, the customers will be offered an apple juice and a grape juice.

### **5.1.4 Alcoholic Drinks**

The café Kristián will not forget about alcohol lovers. For the customers who are older than 18 years, the Kristián will offer a unique assortment of brandy, whiskey, rum, and cognac. The offer will be exclusive and will contain brands like Grant's, Ararat, Pampero, Republica Božkov, and Plantation. One brand is not very luxurious, but it is directly associated with the First Republic period and it is Dynybyl gin. This gin was found in 1918 and was very popular among Czechoslovak people (Týden 2015).

Since Kristián is situated in South Moravia, it is necessary to offer some wine in the café. The poured wine will be white, red, and rose. Nuts will be served with wine as well.

### **5.1.5 Ice Cream**

Kristián will sell home-made scoop ice cream which will be sold directly in the café in a display case that is simultaneously also its maker. Therefore, customers will be able to see the whole process of ice cream making. In addition, especially children are amazed by seeing this. There will be four flavours of ice cream and they will not be always the same. Everything will depend on seasonal fruits again. But there will not be only fruit flavours, the café will also offer a chocolate, quark, vanilla, or pistachio, and hazelnut ice cream.

Apart from the classic ice cream in a cone, there will be also a possibility to order the ice cream sundae. The ice cream in the sundae will be with fresh fruits and a wafer.

### **5.1.6 Events in The Café**

Just like in the old days of the First Republic, every café was a place full of culture. This is the reason why my business will not be only the place for meetings but there also will be many possibilities of cultural activities. One of them will be a scenic reading called LiStOVáNí with the actor Lukáš Hejlík who is also a gourmet that promotes on this Instagram account cafés and restaurants he likes. I believe my coffee and cakes will be delicious enough to be mentioned on his Instagram stories or in his book “Gastromapa” in the future.

#### **5.1.6.1 Dance and Music**

Since my café will be in the style of ‘20s whose integral part was swing dance, in my business will be swing taught by two dance teachers from Swing Family. They will give open classes as well as courses for registered people.

Music and dance belong together. For that reason, the band playing music from the First Republic called Melody Gentlemen will be invited. The café is situated in South Moravia and this region is known and attractive for its vine and folk culture. For this reason, the events with traditional Moravian music and vine will be held there.

#### **5.1.6.2 Lectures**

In addition to entertainment, education should not be forgotten. Regularly, there will be held a lecture or conversation about topics connected with the times of the First Republic or First World War. The lectures will be presented by Mgr. Lukáš Lexa – a chairman of Klub vojenské historie Slovácko.

#### **5.1.6.3 Seasonal Events**

Except for educational lectures about the Czechoslovakian history, during or before important holidays and events (Christmas, Easter, a funfair, a folk feast), the café will deliver special lectures about traditional customs from the First Republic period. Such lectures will include even tasting dishes which were typical for these events or holidays.

### **5.1.7 Children in The Café**

The children will be welcome in my café and shop Kristián because many of them visit the park with their parents. They will have a playing corner and its equipment will not be made from plastic materials, but toys will be made from wood which will fit in the whole interior of the café. The only exception will be vintage rag dolls and wicker doll prams.

In the café, there will be some beverages and meals, especially for children as well. One of them will be a fruit tea with gummy bears called “Winnie the Pooh”, the second children tea will be “Elephant’s Strength”. Other beverages suitable even for children will be chicory, cocoa with milk, and home-made lemonades.

## **5.2 Shop Kristián**

The shop will be a part of the café. It will be located immediately at the entrance in a separate room because the appearance of the café interior is very different from the goods offered in the shop. The shop will be in the Moravian folklore style whereas the café will be in the First Republic urban style.

The shop will offer women’s, men’s, and children’s clothes, more specifically, T-shirts, skirts, sneakers, hair accessories, and baby bodysuits with the Moravian folklore ornaments from Strážnice. There will also be a possibility for lovers of folk costumes to buy a girl or a boy doll in the Strážnice folk costume. All pieces of clothes will be painted by me. Except for the clothes and the dolls, the customers may use the opportunity to purchase unique high-quality chocolate with the print of Strážnice on its wrapper.

## 6 MARKET ANALYSIS

### 6.1 SWOT Analysis

Table 2: SWOT Analysis (own creation)

<p><b>Strengths</b></p> <ul style="list-style-type: none"> <li>Good location</li> <li>Original design and concept</li> <li>Unique offer of desserts</li> <li>Interesting events in the café</li> <li>Outdoor seating</li> <li>Possibility to have a celebration in the café</li> <li>Eco-friendly attitude of the business</li> <li>Possibility to expand</li> </ul>	<p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>Increasing number of chateau visitors</li> <li>High visit-rate of Strážnice</li> <li>Possibility of promotion in the chateau and public address</li> <li>People require some café near the chateau</li> <li>Chateau Strážnice in the book “Špalíček výletů”</li> <li>International Folklore Festival Strážnice</li> </ul>
<p><b>Weaknesses</b></p> <ul style="list-style-type: none"> <li>Unexperienced owner</li> <li>Newly established company</li> <li>Rented place for the business</li> <li>High costs of bands</li> <li>High initial expenses</li> <li>Seasonality of the café</li> <li>Working time account</li> </ul>	<p><b>Threats</b></p> <ul style="list-style-type: none"> <li>Slowing economic growth</li> <li>Dead season in winter</li> <li>Cancelling of the lease</li> <li>Reduction of tourists due to coronavirus</li> <li>New competitors</li> <li>Unreliable holiday workers</li> <li>Folk elements become unfashionable</li> </ul>

The International Folklore Festival offers for my café and shop perfect opportunity for increasing sales because it takes place in the park and its visitors are lovers of folk culture. Besides, the programme lasts up to mid-night and people usually spend the whole day in the park so they are hungry. The book “Špalíček výletů” is a tourist book where are tickets for many sights and there is also the Chateau Strážnice so many people visit this chateau because of this free ticket.

### 6.2 PESTE Analysis

#### 6.2.1 Political factors

The political factors include even legal factors. The business may be influenced by some new government regulations regarding entrepreneurship and business. They can represent

stricter conditions for food and alcohol handling. A problem could arise when the Czech Republic leaves the EU since it would mean a smaller number of foreign people visiting the Czech Republic and therefore a lower interest in buying folklore and commemorative souvenirs in the shop.

The last factor could be a declaration of a state of emergency. In this case, the cafés, restaurants, and shops would have to be closed and a government would be able to prohibit travelling.

### **6.2.2 Economic Factors**

The factor which is currently very actual is coronavirus that will cause a global recession in all probability (The Guardian 2020). The economic environment also includes the entire wage policy (minimum wage, social security contribution, health insurance). The South Moravian Region is in the 4th place in the Czech Republic with the highest average wage (Český statistický úřad 2020).

Another influencing factor may be the rate of unemployment. High unemployment would mean no guests in the café and very low unemployment would mean a small chance for good employees. Except for these economic factors, the interest rate of banks may also have some impact on my business in case, my company would need to ask for a loan.

### **6.2.3 Social Factors**

The standard of living is very high in the Czech Republic nowadays, the CR is on the 25th place in the world (Numbeo 2020) so people tend to splurge more but they are also willing to spend more money on goods of high quality (Bio-info 2020). There is also an increasing number of people with a university degree (iRozhlas 2019) which implies that my business has a chance to get a competent and well-educated employee with some language skills.

Moreover, protection of our planet, more high-quality meals, and usage of sustainable packaging belong among trends for 2020 (Dušková 2019).

### **6.2.4 Technical and Technological Factors**

Technical factors include technical essentials like electricity and water, rented places for the café and the shop. Service availability is also very important because without the functional coffeemaker the café cannot run.

This category also involves the purchase, usage and maintenance of all appliances in the café and their wear and breakdown rate. The technological innovations will not avoid my

business even though its concept is in the old-time style. My office requires a computer, a printer and the café will offer a Wi-Fi connection to its guests. Access to water, electricity and Internet connection is available in the rented space because there already was a restaurant in the chateau.

### 6.2.5 Ecological Factors

All desserts offered in the Café Kristián containing some fruit will be made from fruits which were grown without the usage of any chemical spraying. The fruit will be offered according to its season which means that the café will not support any foreign and wholesale suppliers. My business wants to support local farmers and vintners of whom there are many in the South Moravia.

One ecological factor which should not be forgotten is a shortage of water that the Czech Republic may face in the future (Transitions Online 2018). It would mean worse conditions for growing fruits. Likewise, temperature fluctuations caused by changing climate may also affect the fruit yield (Climate Change Post 2020).

Kristián will take care of ecology also in a different way. The napkins for the customers will be 100 % compostable, the customers will use only glass straws and print paper will be recycled as well. In addition, all food that is not eaten will be advertised in the app Nesnězeno. The leftovers will be given to farm animals.

## 6.3 Market Segmentation

Kristián will focus on these seven segments of customers:

- Visitors of the chateau
- Tourist and cyclists
- Guests of the Caravan Site
- People visiting the park
- Visitors of the swimming pool area
- Families with children
- Visitors of the International Folklore Festival

## 6.4 Target Market

The target customers of the café Kristián will be all visitors of the chateau Strážnice who like history, visitors of the Caravan Site or swimming pool area, and all visitors of the

chateau park. Target customers may also be inhabitants of Strážnice who come to the park to relax there, especially young mothers with children that go for a walk in the park.

The shop will focus on people who like folk culture and traditions. These people may be members of folk-dance bands or even foreign visitors of the town who want to bring some souvenir from Strážnice.

An ideal visitor should be a lover of the era of the First Republic and appreciate good diet, coffee, tea, exclusive alcohol or folklore culture. At the same time, he or she should care a bit about the environment.

## **6.5 Market Positioning**

Roland s. r. o. wants to be seen as a company that tries to be environment-friendly and which offers unique products and services in high quality and does not forget about Czech history and traditions.



## 7 INDUSTRY ANALYSIS

### 7.1 Direct Competitors

The café and the shop Kristián will be located in Strážnice, so it is obvious that direct competitors will be probably cafés or confectioneries placed in this town. Two cafés and two confectioneries exist in that location, but one of these confectioneries will be cancelled due to a severe illness of its owner.

#### 7.1.1 Confectionary U Anděla

The biggest and most endangering competitor is the confectionary U Anděla that is currently the only confectionary in Strážnice. It is located in the centre of the town, so it is not short of customers. Its competitive advantage is that they sell handmade cakes. The average price for one piece of a cake is about 55 CZK. The confectionary also offers some sundaes and enables the selling of soft serve ice cream.

The confectionary offers except for coffee, ice cream, sweets, and cakes hand-made fashion accessories with folklore components. They are often made from blue-print textile which is renowned in Strážnice. The capacity of the confectionary is smaller than in my café.

#### 7.1.2 Café BonBon

Quite endangering competitor, due to its location, is the Café BonBon. It is located in Strážnice port on Tomas Bata's Channel on a boat. The port is positioned near the park where is the chateau with the café and shop Kristián. There is a high probability that the guests of Bata's Channel and the Open-air Museum Strážnice will visit this café instead of my business because the museum is just next to the port.

The café has also some disadvantages which are benefits for my café. BonBon is the café on the boat, which is quite rare but on the other hand, it has a very small seating capacity (12 people) and very narrow daily offer of cakes and desserts. In addition, the boat has quite a poor shelter, so it is not very comfortable to sit there when the weather is inhospitable.

The café BonBon and the confectionery U Anděla, which was mentioned above, are owned by one person.

##### 7.1.2.1 *Bonbon and the Confectionary U Anděla on Social Media*

It is quite surprising that although the café and the confectionary have a young owner, it is not very promoted on social media. Both are active only on Facebook and they do not use Instagram at all. The café and the confectionary have one joint website whereas all

information concerning BonBon is temporarily unavailable (data from 14 March 2020). Both establishments are mentioned on the website of the town Strážnice and on some website for travellers like Zomato.cz, Tapkame.cz, or Restaurantguru.com.

The owner of the confectionary also allows his customers to book seating places in advance via telephone or a contact form on their website.

### **7.1.3 U Veličky**

Another competitor of my café will be an organization providing the refreshment and also accommodation because it is located only 600 metres from the chateau. Except for a classic accommodation, “U Veličky” offers also a possibility to stay in “U Veličky” is not a café or confectionery but they also offer some coffee and ice cream. “U Veličky” is situated along a cycleway so many cyclists will probably stop there rather than to have a small detour to the park and the café Kristián.

The inside seating capacity is very small but “U Veličky” has quite a big space for outside seating.

#### **7.1.3.1 “U Veličky” on Social Media**

“U Veličky” uses both Facebook and Instagram account but there is no post on Instagram so far. They are more active on Facebook on which they also send posts concerning current events that take place there. “U Veličky” is the only direct competitor who uses also Youtube where they show how the accommodation looks like.

#### **7.1.3.2 Events in “U Veličky”**

Apart from meal and accommodation, this organization offers also some additional activities like renting of bicycles, a bouncy castle and some jungle gyms for children, a campfire ring, or even a water zorbing so it is suitable especially for people who want to spend their time in nature and who like sport.

### **7.1.4 Café and Coffee-roasting Plant Porta**

The café Porta is an endangering competitor in view of the fact that it has a similar concept of the business to my café. The only positive site from my café is that Porta is located on the other side of the town than the park is.

This business is a bit different because it is mainly focused on selling various types of coffee from all over the world. The permanent store consists of two parts. The first one is a retail shop with coffee where a seller also roasts the coffee at a customer’s request, and the

second part is the café. The capacity is bigger than in the café BonBon but it is still smaller than my café. In the summer months, the café offers seating places in a garden which is in an older country style.

Compared to my café, Porta offers a really wide range of coffee types, but it usually has maximally three types of coffee desserts in its daily offer. Although the café has an old-time appearance, the offer of coffee, drinks, and cakes is very modern. They sell for example cheesecakes, whereas my café will offer cakes and sweets that are commonly not available in cafés and confectioneries.

#### ***7.1.4.1 Porta on Social Media***

Even though Porta is the café that has an old-time design, the business is promoted on Facebook and Instagram. Except for these two social media platforms, the café has naturally even its website. There is also an e-shop on their website where people can buy coffee, extras for coffeemakers but also single coffeemakers. Porta is not very active on its Instagram because it has only 30 (March 15, 2020) posts.

#### ***7.1.4.2 Events in Porta***

Besides selling and roasting coffee, they sell coffeemakers and it also rents them, whether for short or long term. They also hold courses for coffee lovers where they advise how to grind, store and prepare high-quality coffee. Apart from events concerning coffee, Porta holds even degustation of wine and exclusive rum.

Table 3: Opening Hours of Direct Competitors (own creation)

	<b>Porta</b>	<b>U Veličky</b>	<b>BonBon</b>	<b>U Anděla</b>
<b>Monday</b>	13:00–18:00	10:00–18:00*	CLOSED	10:30–17:30
<b>Tuesday</b>	13:00–18:00	10:00–18:00*	10:00–19:00	10:30–17:30
<b>Wednesday</b>	13:00–18:00	10:00–18:00*	10:00–19:00	10:30–17:30
<b>Thursday</b>	13:00–18:00	10:00–18:00*	10:00–19:00	10:30–17:30
<b>Friday</b>	13:00–20:00	10:00–18:00*	10:00–19:00	10:30–18:00
<b>Saturday</b>	10:00–20:00	10:00–18:00*	10:00–19:00	10:30–18:00
<b>Sunday</b>	13:00–19:00	10:00–18:00*	10:00–19:00	10:30–17:00
<b>Year-round Operation</b>	YES	NO (Closed from November to the end of March – depends on the weather)	NO (Closed from October to April – depends on the weather)	YES

*\*The opening hours are valid from June to August. In March, April, May, September, and October they open at 14:00 during the week and at 10:00 at weekends.*

## 7.2 Indirect Competitors

All restaurants and hotels with restaurants located in Strážnice can be considered as indirect competitors of my business. Although there is no company with the same concept as Kristián has, they can still mean some danger for the café. The restaurants usually offer some desserts, pancakes, coffee, tea and some of them even live music.

There are three hotels with own restaurants in the town – Hotel and Restaurant Strážnice, Černý Orel and Pod Věží. All of them offer pizza, many types of coffee, some desserts like cheesecakes, and ice cream sundae. Each of these restaurants offers the possibility to rent their places for some private event.

All these three restaurants are situated in the centre of the town but my probably the biggest competitor will be Hotel and Restaurant Strážnice. It is popular among German tourists who organize sightseeing tours to Strážnice and live in this hotel. The hotel arranges especially for German music events with some Moravian brass bands. There are also evenings accompanied by piano music held.

The only indirect competitor, that is not a hotel or restaurant, is positioned very near Kristián but it differs quite a lot in the offer. It is a buffet which is a part of a swimming pool

area that is next to the Caravan Site. The buffet mainly offers fast food, draught lemonades, and ice lollypops.

## **8 VALUE PROPOSITION**

The café will offer its customers delicious home-made products in high quality in the very special surrounding. The customers will have a unique opportunity to have the first-hand experience of the atmosphere from the old black and white movies with period gentlemen and music. Some evenings, they will have a chance to dance in the rhythm of these period songs. Apart from this interesting offer, the customers of the shop who are not inhabitants of the town Strážnice can buy a doll dressed in traditional costume as a souvenir.

### **8.1 Unique Selling Proposition**

The customers will have a wonderful chance to taste sweet delicacies that were enjoyed by First Republic stars and which are not offered in common cafés, restaurants or confectionaries. While eating and drinking, the customers can read period newspapers, see the photos of these stars, or just listen to old-school records from a period gramophone. And the customers' children can try to play with wooden toys, rag dolls and wicker doll prams just like the children 100 years ago.

## 9 DETAILING OPERATIONS

The first operation connected with the running of the café and shop Kristián is the foundation of Roland s. r. o. The second step is acquiring of suppliers of whole equipment for the café and the shop, of rented place, goods offered in the café, dolls for folklore costumes, cloth for sewing these costumes, textile and footwear for the painting of folklore ornaments. Then an account on Instagram and Facebook must be created, and a website of the company should be developed.

After that, everything needs to be realized – the company has to be registered in the Business Register, the logo of Kristián requires to be created, the contract with the supplier of a rented place has to be signed, the interior of the café and the shop needs to be furnished, leaflets and posters have to be printed and displayed, and period clothes for the employees require to be sewn.

### 9.1 Irregular Suppliers

Irregular suppliers are those suppliers, whose services will not be used repeatedly or frequently. This type of suppliers will provide my business generally with initial equipment. The establishment of the company including trade licence and concession on selling alcoholic drinks will be ensured by Simply Office. For the purchase of the café equipment I will use services offered by Online Gastro (dishwasher), Penerini Coffee (coffeemaker and milk blender), Gastro Trade (pancake maker), Frigomat (ice cream maker and confectionary showcase), Expondo (hot chocolate maker and kitchen cupboard), Profí kuchyně (glass freezer), Sandi (lockable fridge), Gastro Profí (jug kettle), Dako (tables), Aj (chairs), Dublino (bar chairs), EOShop (coat-stands), Vintage Home (trash cans), Beliani (garden furniture), Alax (bar and dispensing counter), České regály (shelves), Gastrozone (flatware and glass straws), Dokonalá káva (courses for baristas), Tisk Strážnice (leaflets and posters), Dotykačka (EET cash desk) and Olga Baštová (period clothes for employees), CZC.cz (notebook, printer, and thermal printer for tickets), B2B Partner (glass lockable showcase in the shop), and Účetní systémy (accounting software POHODA).

### 9.2 Regular Suppliers

Regular suppliers will be those who will provide my café and shop with all food and drinks, napkins, textile and shoes for painting folklore ornaments, cloth for sewing of folk costumes, and dolls.

### 9.2.1 Café Suppliers

The cakes and desserts will be baked by five different suppliers. Two of them are future tradesmen, two are already tradesmen and the last one is a limited-liability company. The future tradesmen are Pavlína Horáková and Barbora Adamcová who will bake the cakes made to the traditional First Republic recipes. The current tradesmen are Tomáš Budař who runs a confectionary in Ostrožská Lhota and Miroslava Tomšejová from Rohatec. Both bake classic Czech desserts like Indiánek, laskonska, punčový řez, větrník, sladké rolády, and kremrole, and Miroslava Tomšejová bakes also the period cakes. The last one who also makes Czech desserts is Alfastream s. r. o. based in Mutěnice but they have an outpost in Hodonín. The products sold by these five suppliers will be ordered in turns. The café will have rather more suppliers for the case of a temporary disability some of them.

Concerning the material for pancakes that will be made in the café, all materials will be bought in Makro, except for flour, honey, and jam. That will be obtained from PROBIO that offers flour in organic quality and sells also spelt flour. Honey will be bought from Ivana a Radek Boturovi (Radek Botur owns also a family winery that will supply wine to the café). All cleaning products will be also bought in Makro.

The coffee and hot chocolate will be bought from Gourmet káva and tea will be offered from Sonnentor who pays attention to the planet and has tea in organic quality. All Sonnentor's products have eco-friendly packaging (including recyclable paper and compostable filter paper, cellulose, and pyramid filter bags). The soft drinks will be provided by Horňácká farma that makes home-made fruit syrups and remaining mineral water will be bought in Makro again.

Regarding alcoholic drinks, they will be purchase from e-shops Alkohol.cz that offers even very exclusive alcoholic beverages. The wine will be supplied by the family winery called Víno Botur from Strážnice.

The café Kristián will probably have a high consumption of napkins. They will be sold by GreenStore.cz and they will be fully compostable.

Musicians, dance teachers, and lecturers can be considered as suppliers too. The live music will be provided by Melody Gentlemen from Kroměříž. The dance teachers will be from Swing Family z. s. from Vlkoš.

### 9.2.2 Shop Suppliers

The shop Kristián will not be as demanding for suppliers as the café. Painting of clothes requires paints on a textile that will be purchased in Korálky Hodonín, T-shirts from Dual



Trade s. r. o., dresses, and headscarves from Adler Czech a. s. and baby bodysuits will be bought from Kojenecke-obleceni.eu. The shoes will be purchased from TexBase s. r. o. The cloth for folk costumes will be obtained from Latka.cz where can be found all material necessary for sewing whole folk costume. The dolls will be bought from LAMPS, a. s. that offers quite large dolls for low prices. The last supplier of the shop Kristián will be DEDRA Plzeň who will send me headbands that will be painted.

### 9.2.3 Logistics

Pavλίna Horáková and Barbora Adamcová live in Strážnice so the transportation does not have to be solved. Other three main suppliers will deliver the goods on their own. PROBIO offers free transportation, in addition, the owner of this company is my father's cousin so a prospective modification of delivery terms should not be a problem. On the other hand, all products from Makro will be transported by own car. Gourment káva sends thorough DPD or GLS for free if the value of goods amounts to more than 2,000 CZK. Sonnentor provides its own transportation by their electric vehicles. Hornácká farma is based in Hrubá Vrbka but it has its dispensing point in Hodonín so the syrups will be purchased there. Alkohol.cz offers the possibility to withdraw a consignment with no fee in Brno so this means it would be withdrawn when going to Makro in Brno. Víno Botur is based in Strážnice, so the transportation will be procured by myself. GreenStore makes use of Zásilkovna that delivers the goods which costs less than 800 CZK for 59 CZK. The café will order a huge volume of napkins so it will cost more than 800 CZK and transportation will be for free. But it still requires the visit of Zásilkovna.

A purchase from Korálky will be visited personally roughly once a month. Dual Trade sells through e-shop Dobrytextil.cz, transportation is provided by GLS, Adler Czech a. s. offers free delivery above 2,000 CZK through PPL or Česká pošta. Kojenecke-obleceni.eu charges 99 CZK for transportation and guarantees delivery through Geis. TexBase s. r. o. uses a courier service or Zásilkovna and it is for free. Latka.cz charges 202 CZK if the sum of purchased goods does not exceed 3,700 CZK. The cloth, especially a brocade is very expensive so it is supposed the transportation will be for free. They send the goods through Česká pošta. LAMPS, a. s. dispatches shipments for free. DEDRA Plzeň sends goods for 119 CZK if the price of purchased goods is not higher than 2,500 CZK.

The musicians will arrange transport on their own and will pay their costs of transport.

## 10 MARKETING PLAN

### 10.1 Product

The café will offer cakes baked to the traditional Czech First Republic recipes, coffee, tea, and soft drinks in high-quality or organic quality, exclusive alcoholic drinks. The added value of this café will be its old-time design with period music from a gramophone. There will be sold folk souvenirs from Strážnice in the shop Kristián. Detailed information about all products and services offered by Kristián can be found in the section *6 Product Description*.

### 10.2 Price

Kristián will choose slightly higher prices than its competitors have. It will not be market skimming pricing, the prices will not be so high, but they will high enough to be considered as quality goods with added value. All desserts and drinks will be made from high quality materials, they will be often home-made and in organic quality. All clothes decorated with ornaments will be painted by myself so its price should contain the value of depleted paints and hours spent by painting them. The dolls in folk costumes can be seen as expensive, but their costume will be made from brocade and this cloth is very expensive.

### 10.3 Promotion

Another propagation will be situated in Strážnice and its vicinity. Specifically, there will be a guidepost and leaflets allocated near the chateau and a caravan site. Other posters and leaflets will be placed in the tourist information centres in Strážnice and surrounding towns. It cannot be forgotten about the guest houses. There are two spas near Strážnice – in Hodonín and Ostrožská Nová Ves. The guests of these spas often visit Strážnice so it is necessary to inform them about Kristián.

The café will be also promoted on the blog “Obrázky z lásky” which is written by Barbora Adamcová who will bake the cakes for my café. Every event in the café will be announced in the public address which is also possible to hear in the Caravan Site area.

My business will also bet on word-of-mouth marketing. The cashier in the Chateau Strážnice will talk about my café and she will send the chateau visitors to the café when having enough time before a tour.

## 10.4 Place

The café has a very strategic location since it is placed in the Chateau which is during the peak season full of tourists. The Chateau and therefore also the café are situated in the middle of a beautifully landscaped park which abounds with many green trees and bushes but also with a river and small ponds. Next to the park, there is a caravan site and also an outdoor swimming pool that implies the number of visitors of the part and its surrounding is not negligible. The park is also frequented by local people who visit it with the purpose of breathing healthier air and having a walk with their children.

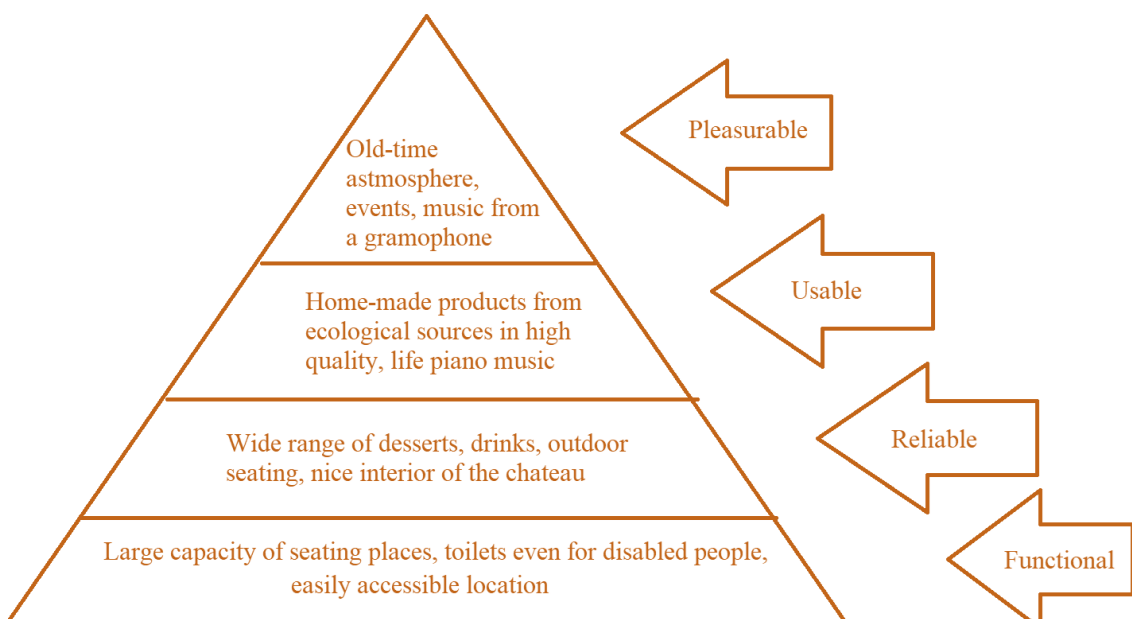
## 10.5 Website and Social Media

Kristián website will also include basic information about the café like its location and directions on how to get there, opening hours, some photos of the interior, and a telephone and e-mail contact. Apart from Czech, the website will be in English and German and will be regularly updated. Kristián will also manage on Instagram and Facebook where not only the posts of events held in the café will be sent but also the photos of offered desserts and clothes with the folklore design.

## 10.6 Marketing Strategies

### 10.6.1 Kano Model

Figure 1: Kano Model (own creation)



### 10.6.2 Bowman's Strategy Clock

Kristián will occupy the fourth position that focuses on differentiation. A company choosing this position has two various ways to offer its products to the customers. They can sell their products with perceived high value at high prices (because the volume of sold goods is not very large) or they sell them at a lower price in order to get a bigger market share.

My business will choose the first option because Kristián focuses on niche market and its offered products will be in high quality at higher prices because the operating expenses will not be very low.

## 11 GROWTH PLAN

The café and shop Kristián will have a possibility to expand if an optimistic version (see below *Financial Plan*) actualizes in five consecutive years. Roland s. r. o. would move from the chateau to own premises. It would be in a former joinery which is situated near the chateau in the park. It would need to be reconstructed before opening Kristián. The whole reconstruction would cost roughly 2,057,500 CZK (see *Appendix IX*). Kristián would also start to offer accommodation to visitors which would be on the first floor of the joinery. Another expansion would represent that for some fee, the customers would get a possibility to pose in some borrowed period clothes for a photo.

The shop Kristián would expand the assortment of its goods. Some period fashion accessories, maybe some clothes and also rag dolls and wooden toys would be sold in the shop. Except for this, Kristián would start an online shop where the goods sold in the shop would be offered.

## 12 STAFFING PLAN

Kristián is directly connected with the tourist industry so its biggest disadvantage is seasonality. Due to this, the opening hours need to differ in winter and summer. The working hours will be same as the opening hours of the café but there must be added 30 minutes because the shop assistant or a holiday worker will clean and prepare the café for the next day:

**Summer** (May-September), Tue-Sun 9:30 - 18:00 (working hours 9 hours)

**Winter** (October-April) Tue-Sun 10:30 - 15:30 (working hours 5,5 hours).

Because of the seasonality, it was necessary to decide how many people I will employ and what contract will they sign. On the basis of working time simulation, I decided for one permanent employee and three temporary workers in peak season. They will work on the basis of an agreement to complete a job so they can earn maximally 10,000 CZK per month and they cannot work more than 300 hours per year for Roland s. r. o. so this contract is financially best for employers.

I will be a founder/owner, an executive of the company, and a full-time employee in the position of a boss of the café and the shop. It will be a yearlong job and my monthly gross salary will be 25,000 CZK.

I prefer 6.5 hours a day employment contract with the shop assistant. The shop assistant has a guaranteed monthly wage of 17,800 CZK (106.40 CZK/hour) so he/she will have monthly gross salary 14,500 CZK. I would use a working time account which enables to pay an employee fixed wage and divide working hours flexibly. This method is administratively demanding but I would accept it in order to keep a good and loyal employee. I assume that if I do not employ a person for a whole year, he/she will not be a good employee. Moreover, I would have to look and give initial training to a new person every year.

The guaranteed wage of holiday worker is 96.30 CZK/hour, but they will get 100 CZK per hour. Two holiday makers will work in the café maximally 99 hours per one month and the third holiday maker will work for remaining hours that will not be worked by two preceding holiday workers. Every worker must sign a “taxpayer’s affidavit” for Roland s. r.o. in order not to have any wage costs.

## 13 FINANCIAL PLAN

### 13.1 Balance Sheet for the First Month

Table 4: Balance Sheet for the First Month (own creation)

<b>Total Assets</b>	<b>980,000</b>	<b>Total liabilities</b>	<b>980,000</b>
<b>Fixed assets</b>	<b>545,000</b>	<b>Equity</b>	<b>980,000</b>
Tangible fixed assets	545,000	Registered capital	980,000
<b>Current assets</b>	<b>435,000</b>	<b>Other sources</b>	<b>0</b>
Inventory	365,000		
-Material	40,000		
-Merchandise	10,000		
-Advance payments for inventory	315,000		
Cash and bank accounts	70,000		
-Bank account	70,000		
<b>Accruals</b>	<b>13,000</b>		
-Deferred expenses	13,000		

Tangible fixed assets consist of the equipment of the café and shop whose purchase costs are higher than 40,000 CZK. Advance payments for inventory represent equipment whose purchase costs are lower than 40,000 CZK (tableware, office equipment). Accruals include only start-up costs that will be paid to Simply Office that will ensure all matters connected with a foundation of a limited-liability company.

### 13.2 Initial Costs

Table 5: Initial Costs (own creation)

<b>Initial Costs in CZK</b>	
Foundation of limited-liability company	13,000
Promotion and marketing	8,000
Kitchen equipment	148,000
Café and shop equipment	600,000
Office equipment	17,000
Outdoor seating	32,000
Tableware	50,000
Accounting software	16,000
Clothes for employees	7,000
Training course for baristas	9,000

Inventory	50,000
<b>Amount</b>	<b>950,000</b>

### 13.3 Wage Costs

Table 6: Monthly Wage Costs (own creation)

Wage Costs in CZK per Month			
	Gross Wage	33,8 %	Total wage costs/1 person
<b>Owner/boss</b>	25,000	8,450	33,450
<b>Shop Assistant</b>	14,500	4,901	19,401
<b>Holiday worker 1</b>	9,900	0	9,900
<b>Holiday worker 2</b>	9,900	0	9,900
<b>Holiday worker 3</b>	9,900	0	9,900
<b>Wage costs in peak season</b>	Wages of the owner, shop assistant and 2 holiday workers		<b>72,651</b>
<b>Wage costs in dead season</b>	Wages of the owner and the shop assistant		<b>52,851</b>

### 13.4 Monthly Costs

Table 7: Monthly Costs in Peak Season (own creation)

Summer Monthly Costs in CZK	
Rent	15,000
Utilities	9,500
Mobile bills	1,000
Insurance	500
Promotion	500
Detergents	500
Wages	72,651
<b>Amount</b>	<b>99,651</b>

Table 8: Monthly Costs in Dead Season (own creation)

Winter Monthly Costs in CZK	
Rent	15,000
Utilities	9,500
Mobile bills	1,000
Insurance	500



Promotion	500
Detergents	500
Wages	52,851
<b>Amount</b>	<b>79,851</b>

### 13.5 Estimated Revenues

In order to carry out a simulation, I had to estimate the number of customers and an amount of the contribution margin per customer. The contribution margins were determined from the average prices of goods that can be seen in *Appendix P VII and P VIII* and every version has a different average contribution margin. Then, I estimated the number of potential guests of Kristián according to the number of visitors of the chateau in 2019.

The greatest potential of guests will undoubtedly be during the International Folk Festival (IFF) which takes place every year in June in the area of the park. In 2019, the festival had over 30,000 visitors so it is reflected in June's revenues. Since the highest visit rate of the park is in two days when the IFF takes place there, Kristián will be open for 12 hours during the IFF and it is supposed all seating places will be occupied for whole working hours. Visitors of the IFF are lovers of folklore culture and they are supposed they will show a huge interest in Kristián's fashion goods. Since the opening hours in the dead season are shorter than in the peak season, the number of customers must be lower.

#### 13.5.1 Realistic Version

It is assumed that 200 customers will visit Kristián every day and the average café's contribution margin will be 35 CZK per one customer. I counted the real number of cyclists, visitors of the chateau, people staying in the nearby Caravan Site, and regular bus tours of German seniors to our town in 2019. It is supposed a customer will buy one portion of ice cream and a cup of coffee in summer and pancakes with hot chocolate in winter months. It is only the average, so some customers may buy also two portions of ice cream with home-made lemonade and some of them just a glass of juice. The contribution margin is supposed to increase to 38 CZK/customer and the number of café's guests during the IFF will be 420 since Kristián will be open for 12 hours and people are expected to spend more money.

The shop will not have the visit rate as high as the café. It is supposed that one children's and two women's T-shirts, one skirt, and one pair of women's sneakers will be sold per month in the peak season because not all guests of the café will be lovers of folklore culture. June is the exception because during the IFF, the park will be full of folklore enthusiasts. During a month in the dead season, the shop will only sell two T-shirts on average because of short working hours.

The dead season is assumed to be weak because the chateau is closed during winter months and there is always a noticeable decline in tourism since people do not spend time in the Caravan site, the swimming pool is out of order and the working hours of Kristián are shorter than in the peak season (5 hours a day). For these reasons, the café's and shop's contribution margins were counted to be three times lower than in the peak season. The revenues in winter will be generated from the cakes and coffee in the shop and events organized by Kristián.

Table 9: Realistic Version of Income Statement (own creation)

Realistic Version of Income Statement in CZK			
	Peak Season	June	Dead Season
Café's contribution margin	182,000	168,000	60,700
Shop's contribution margin	1,500	30,000	500
Café's contribution margin thanks to the IFF (2 days)	X	31,920	x
Monthly costs	99,651	99,651	79,851
<b>Monthly gross profit or loss</b>	<b>83,849</b>	<b>130,269</b>	<b>-18,651</b>
Number of months	4	1	7
Total gross profit/loss per a season	<b>335,396</b>	<b>130,269</b>	<b>-130,557</b>
<b>Gross profit/loss per year</b>	<b>+335,108</b>		
Depreciation	59,950		
<b>EBIT</b>	<b>275,158</b>		
Tax 19 %	52,250		
<b>Net profit/loss</b>	<b>+222,908</b>		

### 13.5.2 Optimistic Version

It is believed that 250 guests will be served per day in the peak season and the average contribution margin will be 39 CZK per guest. The average contribution margin increased because I assume that customers will not buy only ice cream but they will stay in the café for a long time thanks to its nice and comfortable design. They will be able to look at the picture with film stars of the era of the First Republic, listen to live music or read period newspapers. An average customer will order a cake and a glass of home-made lemonade in

summer, and a cup of tea with pancakes in winter. The café's IFF contribution margin is a bit specific because it is expected to be 42 CZK per customer and thanks to the long working hours during the IFF (12 hours), we expect to serve 450 customers per day. The shop will earn more money than in the realistic version and it is supposed we will sell not only the T-shirts, skirts and sneakers but also dresses and big and small dolls in the folklore costume.

The dead season is assumed to be weak although we are in the optimistic version because of the same reasons that are mentioned in the realistic version. The revenues of the company will come mainly from the goods sold in the café and events that will be held in Kristián. The dead season in the optimistic version has a better result than the realistic version because I suppose more people will be interested in the events. The average contribution margin is 35 CZK/customer and daily visit rate would be 85 people.

*Table 10: Optimistic Version of Income Statement (own creation)*

Optimistic Version of Income Statement in CZK			
	Peak Season	June	Dead Season
Café's contribution margin	253,500	234,000	77,350
Shop's contribution margin	3,700	34,500	1,000
Café's contribution margin thanks to the IFF (2 days)	x	37,800	x
Monthly costs	99,651	99,651	79,851
<b>Monthly gross profit or loss</b>	<b>157,549</b>	<b>206,649</b>	<b>-1,501</b>
Number of months	4	1	7
Total gross profit/loss per a season	<b>630,196</b>	<b>206,649</b>	<b>-10,507</b>
<b>Gross profit/loss per year</b>	<b>+826,338</b>		
Depreciation	59,950		
<b>EBIT</b>	<b>766,388</b>		
Tax 19 %	145,540		
<b>Net profit/loss</b>	<b>+620,848</b>		

### 13.5.3 Pessimistic Version

In the pessimistic version, it is assumed that the number of tourists and visitors of the chateau will be much lower than in 2019 or there will be a small interest in the goods offered

by Roland s. r. o. It is supposed we will serve 150 guests per day and the average contribution margin per one guest will be 30 CZK. An average customer may buy a glass of wine with salted nuts or only a glass of mineral water. The IFF will increase the average contribution margin to 34 CZK and a daily visit rate will be 350 customers, but this is supposed to last for two days. The shops will sell on average two T-shirts or one pair of shoes per month.

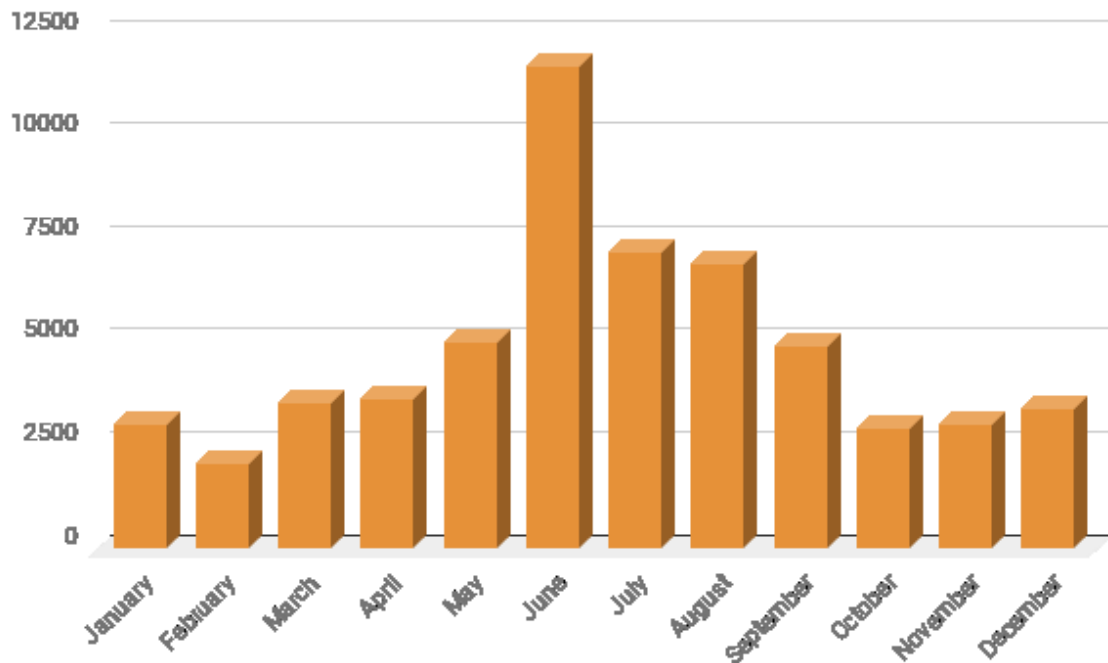
The dead season in the pessimistic variant has three times lower total contribution margin in comparison with the café's contribution margin in the peak season. The dead season is unequivocally in the red and the loss is so large that the whole business is loss-making. It is believed that the dead season can have so poor process. If autumn will be too rainy and winter very mild without snow, families will not go to the park very often and there will be nearly no tourists.

*Table 11: Pessimistic Version of Income Statement (own creation)*

Pessimistic Version of Income Statement in CZK			
	Peak Season	June	Dead Season
Café's contribution margin	117,000	108,000	39,000
Shop's contribution margin	500	20,000	100
Café's contribution margin thanks to the IFF (2 days)	x	23,800	x
Monthly costs	99,651	99,651	79,851
<b>Monthly gross profit or loss</b>	<b>17,849</b>	<b>52,149</b>	<b>-40,751</b>
Number of months	4	1	7
Total gross profit/loss per a season	<b>71,396</b>	<b>52,149</b>	<b>-285,257</b>
<b>Gross profit/loss per year</b>	<b>-161,712</b>		
Depreciation	59,950		
<b>EBIT</b>	<b>-221,662</b>		
Tax 19 %	0		
<b>Net profit/loss</b>	<b>-221,662</b>		

### 13.6 Estimated Number of Customers

Figure 2: Expected Number of Customers in Different Months (own creation)



**January** – Kristián will organize a scenic reading with Lukáš Hejlík

**February** – short month, dance lectures, and a lecture about traditional Moravian carnival

**March** – Easter, tasting of Easter meals

**April** – a concert of Melody Gentlemen, a lecture about “Slovácká brigáda”

**May** – the chateau is open, tourism increases

**June** – the International Folklore Festival

**July** – the tourism in full swing, many people in the Caravan Site and the swimming pool area

**August** – nearly the same as in July, a lecture about a funfair with tasting of traditional dishes

**September** – tourism starts to decrease

**October** – the commemoration of the 28th October 2018, lecture with the Czechoslovak legionnaires

**November** – a swing lesson, the lecture about the folk feast of Saint Martin, tasting of traditional dishes, a concert of Moravian folk music

**December** – tasting of Christmas meals from the era of the First Republic, people are expected to buy Christmas presents in the shop Kristián

## CONCLUSION

The result of this bachelor's thesis is that the café together with the shop Kristián will be profit-making if the chateau and town Strážnice will be frequently visited by tourists. The café has a unique concept and design which can force people to stay there for long time and spend more money there. The chateau has increasing visit rate that should supply Kristián with customers. The business can also make a profit thank to the International Folklore Festival that takes place in the chateau park every June. It is supposed that a money-spinner of Kristián will be ice cream which should be sold in huge volume, especially in summer.

Although, Kristián has a huge disadvantage and it is its seasonality and dependency on tourism because the dead season is always loss-making. The owners of such cafés have to take into consideration that they must keep an adequate amount of cash or money in a bank account which they earned in a peak season to meet liabilities to suppliers and employees. The owner of these cafés must not forget that they need to have some money in reserve because it is very probable that the first months will not be as profitable as they were planned. The dead season (winter) is very endangering Kristián because people who will only want to have a cup of coffee will rather go to Kristián's direct competitors that are in the centre of the town. Due to this fact, the café will attract people to events organized by Roland s. r. o. in the café's area.

The bachelor's thesis consists of three estimated income statements. The realistic version supposes there will be 200 customers per day and each of them will produce the contribution margin of 35 CZK. The business would earn about 222,000 CZK per year. This money would go on higher wages of permanent employees (I would have a monthly gross wage of 45,000 CZK) and the café would arrange cultural events more often. The optimistic variant calculated the net profit at roughly 620,000 CZK. In this case, the wages would be raised again, but the money would be invested in the expansion of the services offered by Kristián. The customers would get an opportunity to pose in borrowed period clothes for a photo. The pessimistic version may also become true. If Kristián is loss-making in the first year and the loss is not too high, the business would not go into bankruptcy but I would invest more money in the company.

I could open the café in spring 2021 but only under standard political-economic conditions which means the conditions compared to those in 2019, because consider 2020 to be a non-standard due to coronavirus pandemic. Since we are in danger of pandemic returning, it might be best to wait until spring 2022 and then to start the business. For the

same reason, my current realistic variant is not actual because restaurants and borders are closed and tourism has ceased. During these restrictions, it is not possible nor profitable to open a new café and shop. I would monitor the process of governmental measures and development of economics for 2020. However, if tourism remains limited, I am sure I would certainly not open Kristián because my realistic version would become the pessimistic one.

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**LIST OF ABBREVIATIONS**

a. s.	Akciová společnost
CZK	Czech crown
Et al.	Et alia (and others)
e. g.	Exempli gratia
etc.	Et cetera
EUR	Euro
IFF	International Folklore Festival
k. s.	Komanditní společnost
s. r. o.	Společnost s ručením omezeným
v. o. s.	Veřejná obchodní společnost

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## THE APPENDICES

### Appendix P I – Logo of Kristián

*Figure 3: Logo of Kristián (own creation)*



### Appendix P II – Chocolate with Strážnice print

*Figure 4: Chocolate with the Print of Strážnice (own creation)*



Appendix P III – Dress with ornaments

*Figure 5: Folklore Dress 1 (own creation)*



*Figure 6: Folklore Dress 2 (own creation)*





**Appendix P IV – Shoes with ornaments**

*Figure 7: Folklore Shoes (own creation)*



**Appendix P V – Sneakers with ornaments**

*Figure 8: Folklore Sneakers (own creation)*



Appendix P VI – T-shirt with ornaments

*Figure 9: Folklore T-Shirt 2 (own creation)*



*Figure 10: Folklore T-shirt 2 (own creation)*



## Appendix P VII – List of the Offered Goods in the Café

Table 12: List of Items from the Café and Their Prices in CZK (own creation)

Item	Buying Price	Selling Price	Contribution Margin
Kremrole	8	13	5
Indiánek	9	14	5
Kokosová roláda	7	11	4
Ořechová roláda	7	11	4
Kornoutek	9	13	4
Štafetka	8	12	4
Laskonka	4	7	3
Větrník velký	17	26	9
Dort Oldřicha Nového	27	48	21
Dort Emy Destinnové	26	48	21
Ananasový krém	15	45	30
Meruňkový krém	12	41	29
Jahodový krém	13	43	30
Puding	12	39	27
Sušenky dle T. G. Masaryka	2	6	4
Malinový desert T. G. Masaryka	24	48	24
Masarykovy řezy	19	44	25
Crêpes La Bouche Fine	61	79	18
Lívanečky Vlasty Buriana	57	70	13
Palačinky à la Karel Čapek	25	39	14
Lotrinský quiche	38	51	13
Čaj	15	48	33
Horká čokoláda	43	61	18
Espresso	20	37	17
Espresso Macchiato	23	42	19
Lungo	20	35	15

Cappucino	25	46	21
Latte	27	45	18
Latte Macchiato	28	48	20
Irská káva	46	78	32
Vídeňská káva	25	44	19
Alžírská káva	30	53	23
Ledová káva	48	66	18
Cikorka	14	34	20
Špaldová káva	18	38	20
Domácí limonáda	26	47	21
Mošt	23	46	23
Mattoni	15	27	12
Korunní	15	25	10
Magnesia	17	28	11
Džus s vodou	21	38	17
Džbán vody s citronem a mátou	13	20	7
Víno 2 del	42	54	12
Oříšky k vínu	27	43	16
Buráky k vínu	24	40	16
Pivo ve skle	23	32	9
Grant's	30	74	34
Božkov Republica	26	46	20
Dynybyl gin	11	44	33
Ararat	59	100	41
Pampero	27	57	30
Plantation	31	78	47
Zmrzlina	25	40	15
Zmrzlinový pohár	65	79	14

**Appendix P VIII - List of the Offered Goods in the Shop***Table 13: List of Items from the Shop and their Prices in CZK (own creation)*

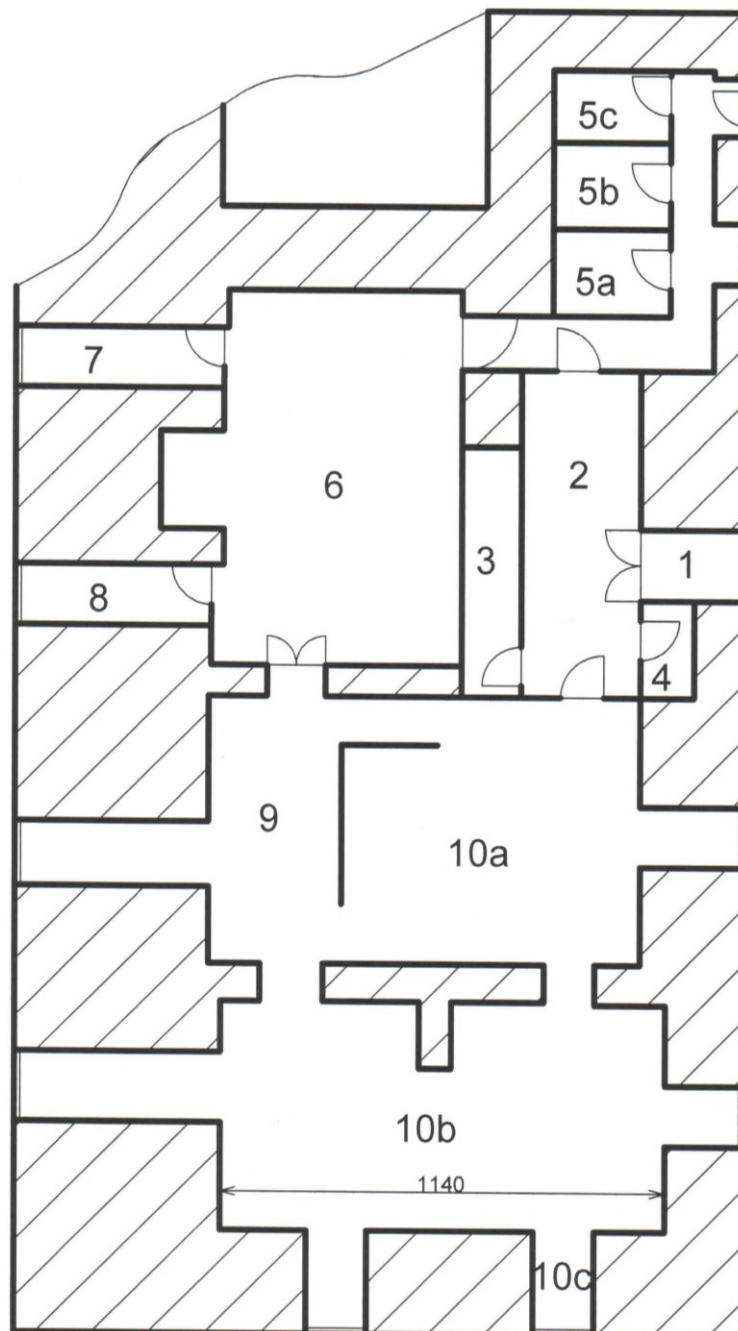
Item	Buying Price	Selling Price	Contribution Margin
Krojovaná panenka velká	579	992	413
Krojovaná panenka malá	413	702	289
Dětské body	83	120	37
Tričko dámské	48	248	200
Tričko pánské	45	235	190
Tričko dětské	40	206	166
Šaty	330	785	455
Sukně	165	330	165
Tenisky dámské	200	553	347
Tenisky dětské	185	372	187
Čelenka	20	99	79
Mašle do vlasů	17	50	33
Čokoláda	30	50	20

**Appendix P IX – Depreciation of Tangible Assets***Table 14: Depreciation of Tangible Assets (own creation)*

Asset	Buying price	Depreciation in the first year	Depreciation in other years
Ice cream maker	330,000	36,300	73,425
Coffeemaker	64,500	4,983	10,080
Bar	45,300	7,095	14,352
Lockable fridge	47,000	5,170	10,458
Glass freezer	58,200	6,402	12,950
<b>Amount</b>	X	<b>59,950</b>	<b>121,265</b>

## Appendix P X – Floor Plan of Kristián of the Chateau

Figure 11: Floor plan of Kristián of the Chateau (own creation)



1 – main entrance

2 – shop

3 – room for prams

4 – cleaning room

5a – WC disabled people

5b – WC men

5c – WC women

6 – warehouse

7 – office

8 – cloakroom for employees

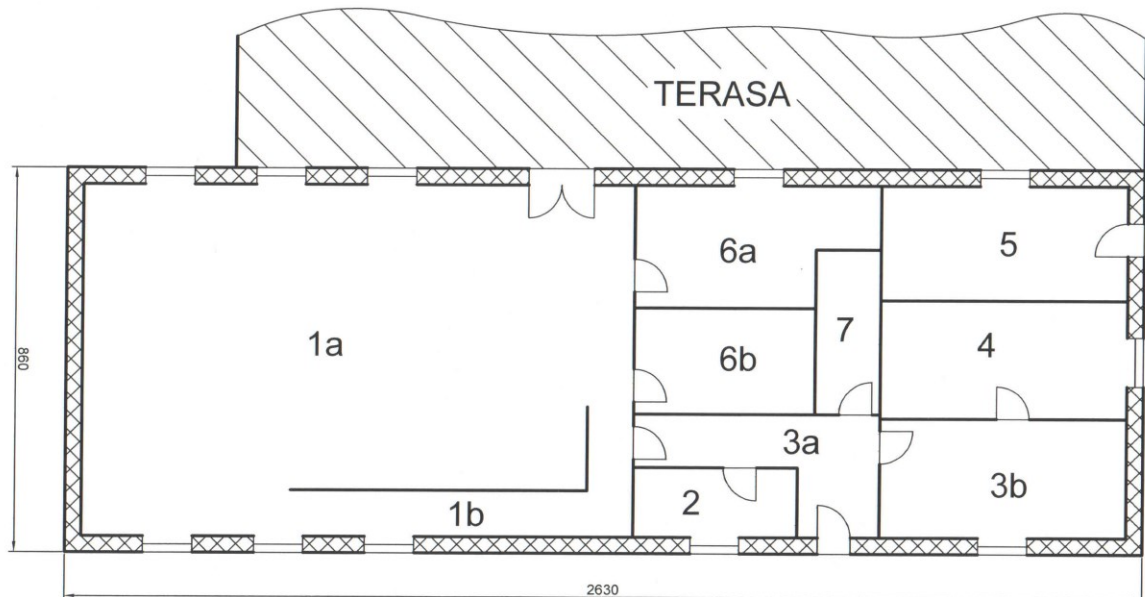
9 – servicing space

10a, 10b – café

10c – children's corner

### Appendix P XI – Floor Plan of the Joinery

Figure 12: Floor plan of Kristián of the Joinery (own creation)



- |                             |                   |
|-----------------------------|-------------------|
| 1a – café                   | 5 – boiler-room   |
| 1b – servicing space        | 6a – WC men       |
| 2 – office                  | 6b – WC women     |
| 3a, 3b – warehouse          | 7 – cleaning room |
| 4 – cloakroom for employees |                   |

### Appendix P XII – Costs on Reconstruction of the Joinery

Table 15: Costs on Reconstruction (own creation)

Costs on Reconstruction in CZK	
Insulation of ceiling	65,000
Windows	170,000
Floor	340,000
Insulation of the building	150,000
Wiring	200,000
Chimney	100,000
Drive way	364,500
Sanitary facilities	550,000
Construction work	118,000
<b>Amount</b>	<b>2,057,500</b>