

A Business Plan for a Selected Company

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ABSTRAKT

Tato bakalářská práce je zaměřena na sestavení podnikatelského plánu pro vybranou společnost. Konkrétně se jedná o obchod Thriftík, věnující se prodeji oblečení z druhé ruky, s působností v Uherském Brodě. Práce je rozdělena na teoretickou a praktickou část. Teoretická část bakalářské práce se zabývá definováním základních pojmů, které se vztahují k podnikání a právním formám podnikání v České republice a následně popisuje jednotlivé části podnikatelského plánu. Praktická část obsahuje samotnou tvorbu podnikatelského plánu pro obchod Thriftík a vyhodnocení jeho proveditelnosti. Na základě provedených analýz bylo zhodnoceno, že lze koncept aplikovat v optimistickém a realistickém scénáři.

Klíčová slova: podnikatelský plán, podnikání, podnikatel, obchod, second hand

ABSTRACT

This bachelor thesis focuses on developing a business plan for a selected company, specifically, a second-hand shop Thriftík, located in Uherský Brod. The thesis is divided into theoretical and practical parts. The theoretical part of the bachelor thesis deals with the definition of basic concepts associated with entrepreneurship and legal forms of entrepreneurship in the Czech Republic and describes the individual parts of the business plan. The practical part involves creating a business plan for a second-hand shop Thriftík and evaluating its feasibility. Based on the analyses performed, it was determined that the concept is feasible in both an optimistic and realistic scenario.

Keywords: business plan, entrepreneurship, entrepreneur, shop, second hand

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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.

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INTRODUCTION

This bachelor's thesis aim is to create a business plan for a selected company, precisely a second-hand store called Thriftík, and determine its possible profitability and feasibility. The author chose this topic due to the rising importance of sustainability in both the present and possibly the future. As the author herself is captivated by the slow-fashion industry, this topic was of great interest to her. Moreover, the author hopes that by starting her own business that sells second-hand items, she will both encourage people's already growing interest in second-hand fashion and minimize any possible prejudices society holds.

This bachelor's thesis consists of a theoretical and practical part. The theoretical part introduces the basic definitions of entrepreneurship and entrepreneur and presents the types of businesses that can be established in the Czech Republic. Another significant section of the theory deals with a business plan and its structure and goals.

In the practical part, all the theoretical knowledge is applied in developing the business plan. The first chapter provides an overview of the business idea, including the logo and basic information. The thesis then continues with the creation of market analysis, where Porter's five forces and PEST analysis are presented. To complete the overall concept of the business idea, the marketing plan, organizational structure, financial plan, Lean Canvas, and risk assessment are presented. The marketing plan, being one of the most essential parts of the business plan consists of the SWOT analysis and its evaluation by the TOWS matrix and the creation of marketing mix.

To provide a clear picture of the potential business's financial status, the financial plan includes the opening balance sheet. Moreover, details about the initial costs, estimated revenues for two years of operation including three possible scenarios, profit evaluation, a cash flow statement, and the return on investment calculations are determined as well.

I. THEORY

1 BUSINESS

An entity that transforms its inputs into outputs is called a business. Nevertheless, there are even some other and more detailed definitions. One of them, for instance, states that the business is a structured entity that produces, trades, or sells products and services (Pavláková Dočekalová 2017, 8).

When creating a business, some questions must be answered before starting it. The first question is whether there is an acceptable amount of potential customers who will be willing to pay for a particular service or product. The second one is whether the amount of potential customers is large enough for the entrepreneur to gain a profit. Lastly, the final question is about whether the market is sufficiently concentrated so that the entrepreneur can sell enough products to cover his costs and, at the same time, gain a profit (Tracy 2019).

What else has to be considered when setting up a business is its environment. The environment in which the company operates has a measurable impact on it, both as a limiting feature and a potential source of future growth. When making decisions, it is crucial for a company's management to consider the business environment.

According to Martinovičová, Konečný and Vavřina (2019, 17) these are the key elements of the business environment:

- **geographical environment** – connected with the company's location and the logistics of its purchasing and sales,
- **technological environment** – connected with the company's technological development and its implications,
- **social environment** – connected with the social interests of employees, environment, and social effects of the company's actions,
- **political and legal environment** – connected with the political party interests – rules that regulate the conditions, options, and restrictions of business behavior,
- **economic environment** – connected with the competitive environment or institutions of finance and the government,
- **ecological environment** – connected with the financial responsibilities, restrictions, and also an opportunity for a business development,

- **ethical environment** – connected to ethics in business,
- **cultural-historical environment** – connected with the conditions for economic growth, including the population's general level of education and culture.

Nevertheless, the government has a total control over at least 4 of these elements listed above.

Moreover, the business as a whole performs certain functions for the economy. Those are (Kozubíková 2017, 15):

- **entrepreneurial function** – performance of company's activities in accordance with the business plan,
- **manufacturing function** – the company manufactures the products and services that sells on the market,
- **supply function** – the company purchases inputs on the factor market in order to carry out its business plan,
- **staff function** – the company employs staff, manages their training, examines their performance, and pays them,
- **financial function** – the company must regularly optimize the flow of money,
- **scientific and technical function** – large and medium-sized companies, in particular are active in the company's efforts to solve scientific and technology related difficulties,
- **sales function** – in order to achieve its goals, the company must sell their products on the market,
- **foreign function** – companies establish trade links with other nations,
- **social function** – businesses have also an impact on society as a whole (meeting the social needs of individuals – e.g. self-fulfillment, career growth, sponsorship...).

1.1 Entrepreneurship

Entrepreneurship can be defined in multiple ways. However, based on The Civil Code, “entrepreneurship is a systematic activity carried out independently, in one's own name

and on his responsibility for the goal of producing a profit.” The individual has to conduct the activity frequently and regularly (Martinovičová, Konečný and Vavřina 2019, 12).

An action done sporadically or occasionally is not considered entrepreneurship. The entrepreneur who performs the activity is an independent person who has the freedom to choose the activity’s place, timing, and organizational structure. Additionally, the entrepreneur is responsible for obtaining the funds necessary for the business’s daily operations and deciding how to distribute the earnings. If the entrepreneur operates as a natural person, all his assets are at risk for any debts his enterprise owes. The main goal of a business is to generate profit, and even a temporary loss suffered by a company is not considered a barrier to conducting business (Kozubíková 2017, 16).

1.2 Entrepreneur

The definitions of an entrepreneur may differ. However, the main definition in the Czech Republic is provided in the Civil Code similar to the one listed in Chapter 1.1. about entrepreneurship (Martinovičová, Konečný and Vavřina 2019, 12).

An entrepreneur is someone who tries to create a new business related to self – employment or a company. What is crucial for an entrepreneur is to bring his ideas to life and to recognize certain situations as opportunities (Wetherly and Otter 2008, 390).

Furthermore, according to Paul Wetherly and Doron Otter (2008, 393), these are the common features that define an entrepreneur:

- able to search for an opportunity and take advantage of it,
- able to deal with problems,
- able to make improvements,
- able to undergo risks,
- able to make a change,
- able to come up with a creative solution.

However, a range of factors combines to generate company’s success. Above everything else, these are the qualities of purpose, patience, and decision-making. Additionally, the ability to make decisions immediately and under pressure is essential, even though some decisions may not be the best ones (Šafrová Drážilová 2019, 16-17).

2 TYPES OF BUSINESSES

If someone wants to run a business, they must choose the specific kind of legal form of business they want to establish. The person must consider various factors, such as the area in which the individual wishes to set up the enterprise. Afterward, deciding whether the business owner intends to run a business by himself or with other people and with or without employees is essential. It also depends on the particular level of education, as many business activities need a different one or prior experience (Ondřej et al. 2022, 9-10).

However, the selection of a legal form is flexible and can be subject to change in the future. Nevertheless, the person establishing the business must consider additional complications and costs that the change would have (Srpková et al. 2020, 164).

2.1 Business of a Natural Person

The business of a natural person is an independent business activity. That refers to activity determined solely by the entrepreneur and carried out on the entrepreneur's account. Entrepreneurs make all the decisions and are not subject to anybody else's instructions when doing this activity. Nevertheless, there are general conditions that sole proprietors must meet, and some trades even require special conditions (Srpková et al. 2020, 165).

According to Srpková et al. (2020, 168) the person who wants to obtain the trade license has to be in terms with general conditions:

- at least 18 years old,
- capable of carrying out legal actions,
- irreproachable.

According to Švarcová et al. (2022, 59), trades are divided into following categories:

- **Notifiable trades**
 - Craft trade
 - Professional trade
 - Free trade
- **Permitted trades**

Notifiable trades are certified by an excerpt from the Trade Register as well as permitted trades. However, each group of trades has its own set of conditions.

One of the notifiable trades is the craft trade. The person seeking to establish this form of business has to study high school in a related field or have six years of experience (e.g., butchers, plumbers, etc.).

Furthermore, the notifiable trades also include professional trades. This form of trade requires professions that need evidence of professional competence in order to be performed. (e.g., school of driving, accountants, etc.)

Lastly, the notifiable trades contain the option of free trade. A person establishing this form of trade is not required to show evidence of professional competence for this type of trade. The only thing that is necessary is to fulfill the general requirements (e.g., wholesale, accommodation, etc.)

Opposite the notifiable trades, there are permitted trades. The government wants to have control over these certain businesses because there is an increased risk to public safety, health, property, or other interests. Not only do they have to fulfill general conditions and have certain education. It is also necessary to have an agreement from the relevant government authority (e.g., production of weapons, alcohol etc.) (Srpková et al. 2020, 165 - 166).

2.2 Business of a Legal Entity

Legal entities, unlike natural persons, are controlled by their statutory bodies. The statutory body may consist of one or more people but must meet the requirements set out by law (Šafrová Drážilová 2019, 194).

A Memorandum of Association between the shareholders creates a new legal organization, which gets rights and duties upon registration in the public register. Furthermore, companies are legal entities formed with the intention to do business (Martinovičová, Konečný and Vavřina 2019, 21).

Martinovičová, Konečný, and Vavřina (2019, 21) derive legal entities into:

- **Commercial Companies**
 - Capital Companies – Limited Liability Company and Joint-Stock Company
 - Partnerships – General Commercial Partnership and Limited Partnership

- **Cooperatives**
- **European Legal Forms**
 - European Company, The European Economic Interest Grouping, European Cooperative Society

2.2.1 Capital Companies

Limited Liability Company

The fundamental benefit of this legal structure is that the company's partners are only accountable for liabilities up to the value of unpaid deposits instead of for all of their assets. Nevertheless, if members break the law and cause the company's bankruptcy, they cannot be freed of responsibility. Furthermore, to establish this type of company, those who wish to create one need to: create a Memorandum of Association, deposit a certain amount of registered capital, obtain appropriate permission to even begin with the activity, and lastly, register in the Commercial Register (Srpková et al. 2020, 176-177).

However, at least 30% of each cash deposit must be paid before the request for the company's registration in the Commercial Register may be submitted. Nevertheless, the contribution of a shareholder may also be in the form of real estate, car, machine, etc. In this case, it must be evaluated by an expert, and the financial value must be established. The non-financial contribution, however, cannot consist of labour or services. When it comes to the value of the registered capital and the value of the contribution to the company, both must be at least 1 CZK. The company is composed of the supreme, statutory, and controlling body, where the supreme body is the general meeting. The statutory body is composed of the managing directors, and the controlling body is a supervisory board which is non-obligatory (Švarcová et al. 2022, 68).

Joint-Stock Company

A company whose registered capital is divided into a specific number of shares is known as a joint-stock company. A joint-stock company must have a minimum registered capital of 2,000,000 CZK or 80,000 EUR. The company is established by the approval of the Articles of Association at the constituent meeting and is officially created by registration in the Commercial Register. The company's issued securities are a requirement for having the right to become a shareholder in the business. These securities might include voting rights or a share in the company's capital. Furthermore, a shareholder is not responsible for the

company's debts, although the court may make an exception in case of insolvency (Moravec and Andreisová 2021, 79).

Moreover, Švarcová et al. (2022, 69) defines that joint-stock company shareholder's rights also include:

- receiving a share of the profits (payment of dividends),
- taking part in the company's management,
- taking part in the company's liquidation balance.

2.2.2 Partnerships

General Commercial Partnership

This type of partnership has at least two shareholders who are jointly and severally accountable for all of the company's debts and actively engage in its activities or management of assets. Moreover, a person whose property was declared bankrupt during the previous three years or dissolved because of insufficient assets cannot be a shareholder. Even if the company is established, the person does not become a partner if this restriction is violated. On the other hand, if the shareholder is a legal entity, the company's rights and responsibilities must be carried out by an authorized representative, who can only be a natural person. In conclusion, the primary characteristics of a general commercial partnership are listed below (Moravec and Andreisová 2021, 44):

- the business must have at least two members,
- the shareholder may be both a natural and a legal person,
- the partners are jointly and severally liable for the debts of the company,
- the partners are involved in activities of the company or asset management.

Limited Partnership

This partnership has one or more partners referred to as limited partners since their liability is restricted to the amount of their contribution. In addition, there are one or more general partners, but the fundamental distinction between the two is that the general partners are entirely accountable. Therefore, a minimum of one general partner and one limited partner are required to create a limited partnership. The limited partner must contribute to the

registered capital of the business in the amount specified by the Memorandum of Association, but the general partner is not required to contribute.

Additionally, profits are split into two parts. The first part is attributed to the company, and the second part is attributed to the general partners. The ratio specified in the Memorandum of Association determines the percentage for the general partners. Otherwise, the profit is divided equally between them. If not stated differently in the Memorandum of Association, the limited partners will receive the post-tax portion of the earnings in proportion to their paid contributions. In addition, the limited partners must share the loss proportional to their deposits, while the general partners will face the loss equally (Švarcová et al. 2022, 68).

2.2.3 Cooperatives

Cooperatives are established with the main goals of promoting member self-help and mutual support. Unlike other types of businesses, cooperatives can have multiple aims, making them more than just a regular company. Additionally, a cooperative does not need to change its Memorandum of Association to accept a new member (Šafrová Dráčilová 2019, 196).

At a minimum, three natural or legal entities are necessary when creating such a business. The cooperative manages a membership register, and if more members submit an application and the Board of Directors accepts it, they may join. A membership meeting, which is the supreme body of the cooperative, is held at least once a year. The Board of Directors is the statutory body, and the control commission is the final controlling body. It is essential to mention that the registered capital of a cooperative is not predetermined (Švarcová et al. 2022, 71).

2.2.4 European Legal Forms

According to Pavláková Dočekalová (2017, 26), there are three types of these legal forms:

European Company

The European Company is a type of limited liability company which location has to be within the EU in the same country as the main office. For the establishment, at least 120,000 EUR must be subscribed.

The European Economic Interest Grouping

The main goal of this legal body is to support and develop the economic activities of its members. Nevertheless, the intention is not to generate profit for itself, and it is not necessary to establish it with any capital. Furthermore, it can be formed by two members, but each has to be a member of a different EU country.

European Cooperative Society

SCE's primary goal is the fulfillment of the wants of its members and the development of their social and economic activities. Additionally, establishing SCE is possible by at least five natural persons or two companies from various EU countries.

3 BUSINESS PLAN AND BUSINESS MODEL

A business plan is a written concept outlining the details of a new business or a part of it. It is a document that helps the enterprise at the beginning and in setting up the conditions for the launch of business operations, including the management of already established company operations. Furthermore, the business plan also includes a list of future goals that may be used to track the progress and evaluate the company's performance. In particular, it helps to compare what was intended with what was achieved (Červený et al. 2014, 1).

A business plan can be created for:

- investor,
- a bank,
- a provider of subsidies,
- an individual.

It is essential to develop a strategy for an entrepreneur even if there is no necessity to create a business plan for a bank, investor, or provider of subsidies since the entrepreneur can have enough money to launch a company on its own. Writing the business plan gives the business owner a comprehensive view of his business from various angles, including human resources, finances, market behavior, and its place within it. Consequently, it provides insight into the sequence of steps necessary to achieve the set goal (Svobodová and Andera 2017, 70).

However, before creating a business plan for any organization, careful consideration should be given to the following (Červený et al. 2014, 3):

- what the company's activity involves,
- what is the meaning of value to its customers,
- what the company's strengths are for the business area, and whether they are sufficient,
- whether the identified strengths are applied where the outcomes will be produced,
- what is the specific market for the business area both now and in the near future.

Additionally, the entrepreneur should remember that when developing a company's concept, it is vital to create something new or better, or find an unexplored market.

Moreover, the company may also consider a new delivery or distribution and better integration. The company should take at least one of these factors into consideration, and ideally even more of them. The ideal solution would be to provide a brand new or improved good or service to a known but overlooked market, perhaps by adopting a more effective distribution method. A company's concept has to be strong in at least one of these categories in order for it to be really competitive (Abrams 2019, 4).

3.1 Chapters of a Business Plan

According to Zuzáňák (2022, 80-82), a business plan should consist of these parts:

- Title Page,
- Executive Summary,
- Company Description,
- Description of a Product or Service,
- Market Analysis,
- Marketing Plan,
- Organizational Structure,
- Financial Plan,
- Risk Assessment,
- Attachments.

3.1.1 Title Page

The main purpose of a title page is to provide all the personal data of an entrepreneur. There has to be his name, address, and date as well (McKeever 2018, 212). Furthermore, the company's name, identification number, and contacts are also essential data that this page should not lack (Zuzáňák 2022, 80).

3.1.2 Executive Summary

The purpose of an executive summary is to catch the reader's attention before he begins reading a particular business plan. This part should excite his mind and encourage him to learn more details about the concept. As a result, the summary should provide the most relevant data in the fewest pages possible. Giving a persuasive overview of the company's

goals, the methods for achieving them, the quantity of money needed, and the rate of appreciation are necessary for this section of the business plan (Veber, Srpová et al. 2012, 99).

According to Abrams (2019, 54-55), it is the executive summary that should make the best impression on the reader, and therefore it should ensure him about these factors:

- meaningful business concept,
- carefully planned out company as a whole,
- competency of a management,
- existence of a target market,
- existence of the competitive advantage of a given product/service,
- reasonable financial projections,
- great opportunity to profit for investors and lenders.

Furthermore, according to Rickman (2021, 104), it is essential to use an “elevator pitch” as the beginning of an Executive Summary. The concept of a business would be then briefly and effectively summarized, which would lead to an overwhelming result.

3.1.3 Company Description

When creating a chapter about the company description, it is common to include a brief history of the company’s past activities at the beginning. In addition to the company’s owners and a description of the leading products, this part of the business plan should also contain the reason for its establishment (Veber, Srpová et al. 2012, 99).

Consequently, the part of a company description should show pictures that represent the product or service that the company produces, and the primary focus should be on the difference that the product/service has compared to the competition. The description of the goods that the business intends to sell should be detailed (Rickman 2021, 104).

Identifying the vision, mission, and long-term goals, as well as the business strategy, is also crucial. The mission statement represents company’s purpose which is addressed to the company’s broader surroundings. The company’s goals and desired position in the future are reflected in the vision. While setting the goals it can help to use the SMART method, which defines goals as being specific, measurable, ambitious, realistic, and time

bound. Lastly, strategy decides how to accomplish the long-term goals established (Veber, Srpová et al. 2012, 99).

3.1.4 Description of a Product or Service

The description length of a specific product or service depends on its complexity, uniqueness, and technology. Nevertheless, this section should consist of the characteristics of those goods and services with the list of what is intended to be produced and sold in the future and it should be specific. However, it is not necessary to describe every product in a detailed manner if there are provided categories (Abrams 2019, 76).

According to Zuzáňák (2022, 81), crucial points that should be described in terms of products and services are:

- features of a product / service,
- technical parameters,
- materials,
- production requirements.

Additionally, the outline of a product or service should provide information about advantages that they have compared to the competition. It is also essential to mention the current state of development (Barrow, Brown, and Barrow 2018, 99).

3.1.5 Market Analysis

Entrepreneurs can decide on strategies depending on whether they reach the specific target market when deciding which market tools to employ (Abrams 2019, 106).

The market analysis should describe the market's basic features and specifics. The specifics of the market typically include the existence of huge organizations, franchises, intense competition, and quick technological progress. The market analysis should also take into account the demand conditions. Typically, there are two categories of these conditions. Either the customer purchases the product frequently and repeatedly from the same company, or they only buy it once or twice. Nevertheless, observing market trends that might influence the business environment and consequently affect how all market participants behave is also crucial (Svobodová and Andera 2017, 82).

PORTER Analysis

To analyze the microenvironment Porter's Five Forces model can be used. The model's forces may bring a variety of opportunities as well as threats to the company. According to Srpová (2020, 215 - 216), these are the following five forces:

- Competitive Rivalry,
- Threat of Substitution,
- Threat of New Entry,
- Supplier Power,
- Buyer Power.

Even if it may not seem like this at first glance, almost every business has competitors and must make its presence known on the market. When it comes to competitor analysis, the competitors that stand in the company's way should be analyzed first and foremost. Nevertheless, what matters more is how customers perceive the competition (Srpová 2020, 216).

PEST Analysis

PEST analysis is most commonly used for macro-environmental analysis. It is the most straightforward and, for the majority of businesses most effective type of analysis. According to Šafrová Drážilová (2019, 69 - 70) PEST analysis includes:

- Political-Legal Factors,
- Economic Factors,
- Social-Cultural Factors,
- Technological Factors.

Furthermore, in order for the PEST analysis to fulfill its purpose, it is necessary to select areas that affect or have the potential to affect the operation of the business (Šafrová Drážilová 2019, 70).

3.1.6 Marketing Plan

The process of ensuring that the appropriate goods and services reach the relevant markets at a specific time and at the ideal prices is referred to as marketing. Nevertheless, if the

consumer is not interested in the product that the entrepreneur offers, success will most likely not appear. The product or service has to have a certain value and satisfaction. If not, consumers will either choose to buy it from the entrepreneur's stronger competitor or, if they do choose the entrepreneur's business and are unsatisfied, they won't return (Barrow, Brown, and Barrow 2018, 97).

Moreover, a detailed analysis of the situation and the company's position in the market should be part of the marketing plan. Establishing marketing goals, creating a plan, and deciding which marketing techniques should be employed to achieve those goals are all essential. Additionally, marketing research is a crucial source of data. It aims to understand the market and identify its issues and opportunities. There are also fundamental marketing techniques like SWOT analysis and the 4P, 5P, and 7P marketing mix that help to analyze the situation (Zuzáňák 2022, 54).

SWOT Analysis

A marketing tool that can be considered truly helpful is a SWOT analysis. Mainly because it examines both internal and external elements that could have an impact on the overall success of the company (Rickman 2021, 155). SWOT analysis consists of:

- Strengths (S),
- Weaknesses (W),
- Opportunities (O),
- Threats (T).

It is crucial to ensure that the factors included in the SWOT analysis are accurate and reliable and verify them. Performing the analysis for a specific goal and ensuring that the study's results are relevant to that purpose is essential. Nevertheless, applying it to another problem is not suitable. Additionally, SWOT analysis should be unbiased and not just reflect the preparer's perspective (Červený et al. 2014, 136).

The SWOT analysis should be evaluated afterwards. Strengths and opportunities are ranked on a scale of 1 to 5, where 1 indicates the item's least importance and 5 is its highest. Threats and weaknesses are evaluated on a range of -1 to -5, with -1 being the lowest level of dissatisfaction and -5 denoting the highest level of dissatisfaction. Moreover, a weight between 0 and 1 is applied to each item. At the same time, these numbers can be considered a percentage since the number 1 is 100 % and the number 0 is

meaningless, so it is unnecessary to include it in the analysis. However, it is significant to mention that the sum in the weight category must equal 1. Furthermore, a calculation of the weights for the internal and external factors is given by multiplying the individual weights and scores (Zuzaňák 2022, 70).

TOWS Matrix

The TOWS matrix aims to analyze the strategic situation by considering the mutual influence of external and internal factors in the context of the particular strategy. According to Fotr, Souček, Špaček, and Hájek (2020, 76-77), the TOWS matrix results in four strategies:

- **SO strategy** – where strengths (S) can be applied in the strategic plan by taking advantage of opportunities (O),
- **WO strategy** – this strategy involves first addressing weaknesses (W) to maximize opportunities (O),
- **ST strategy** – this strategy involves utilizing strengths (S) to avoid or reduce the impact of potential threats (T),
- **WT strategy** – this strategy is defensive and aims to reduce weaknesses (W) and avoid threats (T).

Marketing Mix

The usual marketing mix is, according to Rickman (2021, 64-65), made up of the “4Ps”:

- **Product** should be attractive to customers by its appearance, packaging, features, colors, or size. It should also be comparable to its competitor items and provide special features.
- **Price** should be stated based on the entrepreneurs’ focus on what the typical pricing range is for such goods. Furthermore, the entrepreneur should care about the price that the consumer is prepared to pay considering their evaluation of the value of the goods. Another thing to focus on is how might sales and profit volume be impacted by small pricing changes.

Moreover, according to Altounian and Cronin (2023), there are various ways to price products. However, the three most important pricing strategies are “*cost-*

based pricing”, “*competitive-pricing strategy*” and last but not least, “*value-based pricing*”.

“*Cost-based pricing*” is a common but not so sufficient strategy as it ignores competitor pricing. It sets the price based on the direct cost of producing the good or service (Altounian and Cronin 2023). However, according to Svobodová and Andera (2017, 94), the purpose of the final price is to reflect all costs, including the margin.

“*Competitive-pricing strategy*” is a common way used to position an entrepreneur’s business in the market, especially when competing with a well-known brand. On the other hand, while implementing this strategy the individual has to be careful as setting prices too low can increase customers but result in the loss of the money.

“*Value-based pricing*” requires an awareness of how much the customer values the product or service, as well as their familiarity with the market. One advantage is that compared to other pricing techniques, it can result in a higher profit. To be successfully implemented; this method requires a strong focus on customer needs and ongoing observation of the market (Altounian and Cronin 2023).

- **Place** is a component of the marketing mix where the entrepreneur should focus on where consumers want to purchase products like his own ones. He should also analyze the most effective distribution channel because it depends on whether customers favor shopping online, offline, or through catalogues.
- **Promotion** should be done after the entrepreneur determines which mix of marketing channels and materials would be most successful and what kinds of promotions customers typically appreciate (Rickman 2021, 64-65).

A cost-effective way of promoting a business is “Word of mouth” which requires a lot of effort at the same time. It involves customers spreading the word about a business to others. However, it is important to remember that even a dissatisfied customer can have a greater influence than a happy one. In the end companies that focus on customer satisfaction can save money that would otherwise be spent on other forms of marketing (Jakubíková and Janeček 2023, 364).

Nowadays, there are many media that companies can use to engage with their customers. These include company websites that serve mainly as a place where buyers seek information, entertainment, and mutual communication with a company. Blogs are great for attracting visitors, and e-mails are for strengthening relationships with consumers and encouraging a prompt response. Lastly, social networks or text messaging also works well as a communication and bonding tool with customers (Frost, Fox, and Daugherty 2024, 315).

Nevertheless, the modern version consists of “7Ps” where those new “3Ps” according to Zeithaml, Bitner, and Gremler (2018, 26-27), stand for:

- **People** involved in the process of providing the product with the potential to affect the buyer’s impressions which includes mainly employees.
- **Process** which focuses on the steps necessary to take for the customers to get the product.
- **Physical environment** which focuses on the appropriateness of the environment in which the product is provided and where the business and client engage.

Finally, there is even another modern combination which is called “4C” which combines commodities, cost, communication, and convenience, and this combination is used by many organizations today. This strategy shows the growing significance of concentrating on consumers and their experiences, as well as seeking for specialized markets as opposed to mass markets (Rickman 2021, 65).

3.1.7 Organizational Structure

Describing the team members and employees is vital in this business plan section. If the entrepreneur starts a business with a group of people, the team should be introduced as a whole. The team’s responsibilities, knowledge, social skills, experience, skills, and company shares should be emphasized the most. Most investors believe that having a well-balanced team is crucial for success (Svobodová, Andera 2017, 91). According to Svobodová and Andera (2017, 92), the organizational structure should consist of:

- description of the various employment roles,
- the number of employees per position,
- salary costs,

- total staff costs.

Moreover, it is essential to keep in mind that a company's founder is often its most significant individual. Primarily, because they frequently manage daily procedures and serve as senior managers (Abrams 2019, 237-240).

3.1.8 Financial Plan

The financial plan needs to be detailed yet concise. It must provide an immediate, clear representation of the situation in numerical form. In general, the financial plan should clarify how much money will the company need and how much profit it will generate (Finch 2019).

According to Svobodová and Andera (2017, 96-101), the financial plan should consist of:

- founder's budget
- income statement,
- balance sheet,
- cash flow,
- break-even point analysis.

The cash flow statement is the most important financial statement for a new business. Depending on the company's legal form, different financial statements need to be produced. For example, for a natural person maintaining tax records, it is essential to produce a cash flow statement as well as an asset and liability summary (Srpková et al. 2020, 140).

Founder's Budget

This section provides information about the financial resources an entrepreneur needs to start a new business. These resources primarily consist of start-up expenses such as payment for a business license, criminal record statement, or notary and bank fees. Entrepreneurs should also include costs related to investments in the business, such as purchasing a car, renting real estate, or buying machinery. Finally, the founder's budget gives an overview of the initial operating expenses necessary for the first period of the business existence. This period can last for a month or longer, depending on when the business generates a stable income (Svobodová and Andera 2017, 96).

Income Statement

The best way to maintain control of a business's financial position is through bookkeeping. This element of accounting is particularly important since a profit and loss statement reveals whether or not the company was profitable and in what amounts over a certain period of time. Primarily because this section is dedicated to the comparison of revenues and costs (Rickman 2021, 88-89).

It is not necessary for the profit and loss statement to be as comprehensive as the cash flow because it is created at the end of the financial year. According to Svobodová and Andera (2017, 98), included in the income statement should be:

- revenues,
- cost of goods sold,
- salaries,
- utilities,
- depreciation,
- total expenses,
- profit,
- taxes,
- earnings after tax.

Nevertheless, the profit and loss statement doesn't present what is the overall value of a business. Even though some businesses may seem profitable, they can still have cash flow issues. On the other hand, the business may be incurring losses but still have significant value thanks to its valuable ownership of real estate (Abrams 2019, 310).

Balance Sheet

The balance sheet is a financial statement that displays a business's assets and liabilities. The asset side provides information on the number and type of assets a company has, while the liabilities side indicates the sources of funding for those assets. The side where assets are evaluated consists of fixed and current assets. Whereas the side of liabilities represents equity and payables. In addition, both sides should be equal to each other, creating a balance (Hinke and Bárková 2017, 10-11).

Knowing the number of earnings and losses is crucial. Therefore, the balance sheet should be created after the income statement. However, it is possible to form it as an overview of assets and liabilities as part of the founder's plan (Svobodová and Andera 2017, 98).

Assets are resources that a business possesses due to past events and are expected to bring financial rewards in the future. Assets are divided into two categories: fixed assets and current assets. Fixed assets have a useful life of more than 1 year, whereas current assets have a holding period of less than 1 year.

Liabilities are the second section of the balance sheet and are used to finance assets. Equity capital, which includes registered capital, profit and loss, and profit funds, is the first part of liabilities. The external resources, such as debts, liabilities, and reserves, form the second category of liabilities (Švarcová 2022, 133).

Cash Flow

A cash flow document displays a company's income and expenses. It is recommended to create the cash flow every month during the first year to track the gradual increase in income and any seasonal decrease in income while maintaining overhead expenses at the same level. Moreover, it is essential to create the cash flow towards the end of the period, such as the end of the year, in the following periods (Svobodová and Andera 2017, 96).

Break-Even Point Analysis

The amount of production or sales from operating activities at which the business achieves a zero operating result is known as the operating break-even point. As a result, it represents the point in which company is not in profit nor in loss (Srpová et al. 2020, 156).

3.1.9 Risk Assessment

An important part of a business is risk management. Identifying risks in a company involves an ongoing, constantly monitored process. The risks must then be understood and evaluated after becoming the subject of analysis (Zuzáňák 2022, 85).

The risk analysis is crucial for reducing risks. The process involves identifying risks, estimating the chance of their realization, and the impact on assets. According to Smejkal and Rais (2013, 95-96), the process for risk identification should consist of:

- identification of assets,

- determining the value of assets,
- enterprise vulnerability identification,
- determining the severity of threats.

Furthermore, it is equally important for entrepreneurs to perform a risk assessment by evaluating the potential impact of the threats on specific assets and on the activities of the organization as such. Businesses should determine the level of risk and decide whether it is acceptable or not based on the identified levels.

3.1.10 Attachments

Although the material in this section is less important, it still helps to better illustrate the facts that have been provided. The entrepreneur may add here both his CV as well as that of the whole team, technical drawings, explanations of the individual analysis and questionnaire surveys, calculations or input data for the analysis, and the financial plan (Svobodová and Andera 2017, 104).

3.2 Business Model

The reason behind how an organization generates, delivers, and retains value is defined by its business model. Everyone must be able to comprehend the idea of a business model in order for it to be understood. The difficulty is that the concept must be clear, relevant, and simple to understand without oversimplifying the complexity of how business works (Osterwalder and Pigneur 2013).

Lean Canvas

A Lean Canvas is a diagram that an entrepreneur continuously fills in. The issues of potential customers are projected at the top of the figure. The Lean Canvas contains this section mainly to comprehend what customers lack or are concerned about. This particular issue is then fixed by the entrepreneur's offered product or service. Furthermore, the risk of a business failing decreases since the entrepreneur fully understands the value provided to the customers. In conclusion, Lean Canvas is a wonderful tool for presenting a company idea and is prevalent among international start-ups (Svobodová and Andera 2017, 65).

The Lean Canvas is according to Srpová et al. (2020, 78) best described by these key terms:

- problems and existing alternatives,

- customer segments and ideal customers,
- solution,
- unique value proposition,
- revenue streams,
- channels,
- key metrics,
- cost structure,
- unfair advantage.

Problems and Existing Alternatives

If an entrepreneur has a product or service that can solve an issue, there should be a desire for that product or service, which creates a demand. Every customer segment faces an issue, and it is up to the entrepreneur and his company to provide a solution. As the other sections of the Lean Canvas build on this one, this section should have at least three major problems (Pereira 2022).

When it comes to existing alternatives, there should be written ways of how these problems were solved until now. Even people ignoring the issues may be a solution itself (Svobodová and Andera 2017, 65).

Customer Segments and Ideal Customers

The entrepreneur should specify which customers he will sell his products to. Understanding the difference between user and customer is crucial to target the product appropriately. Furthermore, ideal customers are those for whom the problem is fundamental, and they are actively searching for any solution. Moreover, they are ready to provide feedback or to overlook minor mistakes (Šafrová Drážilová 2019, 51).

Solution

A quick summary of the entrepreneur's product or service serves as the content for this part of a Lean Canvas. Since the entrepreneur is aware of who the customer is and the nature of their problems, the Lean Canvas should already be effective. Consequently, all that is required in this section is to outline the proposed solution and its key features (Srpková et al. 2020, 79).

Unique Value Proposition

The entrepreneur is supposed to provide details about the better and different offer that the business has contrary to competitors. It is significant to show what additional value the customer will get from purchasing the entrepreneur's product instead of buying it from competitive companies. In conclusion, this section should answer the question of why the client wants to buy this product and not just buy it from the competition (Pereira 2022).

Revenue Streams

In this section, it is crucial to concentrate on the primary revenue streams. This should be a detailed explanation of how and what exactly customers will pay for. Furthermore, there could be an analysis of how the business will establish the price and on what basis. The entrepreneur may choose a value-based approach or a cost-based one. The cost-based approach simply involves the entrepreneur calculating all the costs before deciding on a price. Whereas the value-based approach bases the pricing on the product's value to the customer (Srpková et al. 2020, 79).

Channels

This part of the Lean Canvas diagram focuses on the outline of several strategies that the entrepreneur uses to reach the customers, inform them about the product, and how to encourage them to buy it. Moreover, the number of clients that the entrepreneur wants to reach, the size of the target market, and the costs needed to acquire new customers all play a significant role in the choice of customer channels (Šafrová Drážilová 2019, 53).

Key Metrics

The key metrics rely on the overall company vision. The entrepreneur selects the indicators based on the direction he plans on taking with the company. The focus can be on several indicators such as revenues, customer satisfaction, and the number of regular customers. The emphasis of this section is consequently on the data that will allow the entrepreneur to make wiser choices (Svobodová and Andera 2017, 67-68).

Cost Structure

Assembling all the expenses that the business will encounter is crucial information for selling the product/service. All costs, including those for research and development, monthly fees, and wages should be listed in this section (Pereira 2022).

Unfair Advantage

Lastly, describing how the company will stay ahead of the competition is crucial for this section. Intellectual property, which generally includes things that cannot be easily purchased or copied, can be a key factor. Patents and know-how are just a few examples, but team knowledge can also be considered an advantage. Nevertheless, it is vital to recognize that a company can develop a competitive advantage as it grows (Šafrová Drážilová 2019, 54).

II. ANALYSIS

4 OUTLINE OF THE BUSINESS IDEA



Figure 1 — Logo Design (own creation via Canva.com)

- **Name of the company:** Thriftík
- **Legal form:** Sole proprietorship
- **Location:** Bří Lužů 121
Uherský Brod 688 01
Czech Republic
- **Establishment date:** 1.1. 2025
- **Founder:** Vendula Pastyříková
- **Phone:** +420 123 456 789
- **E-mail:** thriftik@seznam.cz
- **Website:** www.thriftik.cz
- **Registered capital:** 600,000 CZK

5 MARKET ANALYSIS

Market analysis is used to examine the surroundings of a business. It is crucial to correctly analyze it through the PEST analysis since the organization cannot control its external environment. Therefore, it is in its greatest interest to be aware of the opportunities and risks that it faces.

5.1 PEST Analysis

Letters representing PEST analysis stand for – political-legal factors, economic factors, social-cultural factors, and technological factors.

5.1.1 Political – Legal Factors

The owner's choice to establish a business as a natural person comes with the necessity to be aware of the political-legal factors connected to this type of legal form. Firstly, it is necessary to obtain a trade license, as it is a mandatory requirement to start a business. To do so, it is crucial to bring an ID card to the office and fill out the form for setting up a trade. This document will guarantee that the entrepreneur is registered wherever that is required. Nevertheless, the person must be at least 18 and have a clean criminal record to meet the basic requirements. If the person is under 18, their parents must appoint a responsible guardian, subject to court approval, to gain total legal capacity. If an entrepreneur decides to pursue a craft or a professional trade, other requirements, such as proof of competence must also be fulfilled. Lastly, it is crucial to note that the CZK 1,000 establishment business fee has to be paid in any case (Money.cz 2023).

For the entrepreneur, it is crucial to meet the taxation laws. Nowadays, there are two rates used to calculate personal income tax. The first tax rate is 15%, and the second is 23%. A natural person whose annual income does not exceed 48 times the average wage is subject to the 15% tax rate. Nevertheless, annual income greater than 48 times the average wage is subject to a 23% tax rate (Morávek 2023).

Furthermore, there are other obligatory payments for entrepreneurs to be able to run a business, such as insurance. Major adjustments have been made to minimum monthly social and health insurance rates. Starting from 2024, the minimum monthly social insurance contributions will increase from CZK 2,944 to CZK 3,852. The result is that small entrepreneurs whose gross profit is at most the average wage will have to pay an additional amount of CZK 908 every month compared to the previous year. On the other

hand, the minimum monthly contribution for health insurance has increased less. Entrepreneurs will have to pay CZK 246 more monthly than last year, which amounts to CZK 2,968 (Procházka 2024).

Also, an innovation concerning the electronic registration of sales happened in January of 2023. From the January 1st, it is no longer required. The outcome is that there are no longer any requirements resulting from the Act's recording of sales (etrzby.cz 2022).

However, conducting business also requires following all the rules set by the government. As it is stated by Pruvodcepodnikanim.cz (2021), the activities of the entrepreneur can be examined by several organizations:

- Tax Office
- Czech Trade Inspection
- Trade Licensing Office
- State Labor Inspection Authority
- Czech Social Security Administration
- State Agricultural and Food Inspection
- Hygiene Station

In conclusion, if the entrepreneur meets all the basic conditions (such as maintaining hygienic conditions or proper tax reporting, etc.) and is also able to pay the monthly insurance and taxes – such as the income tax, and all the requirements set by the government, the business can be established. A benefit of abolishing the EET is that a cash register with the ability of electronic evidence doesn't have to be purchased.

5.1.2 Economic Factors

In analyzing the economic situation, it is essential to consider key indicators such as GDP projections, inflation rates, and average wage rates in the region. The GDP projections indicated a potential decline of 0.3% in 2023. Nevertheless, based on predictions by the Ministry of Finance of the Czech Republic (2024) this year the GDP may increase by 1.4% and by 2.6% next year. At the beginning of 2024, annual inflation had reached the Czech National Bank's inflation target for the first time in three years. It should remain below 3% throughout the whole year except for the last quarter. Therefore, the average inflation rate could fall to 2.7% this year and 2.4% in 2025.

Additionally, there are imbalances in the labour market that are causing labour shortages. As a result, the unemployment rate is expected to remain relatively high in 2024. It may increase from 2.6% in 2023 to 2.8% this year before a slight decrease in 2025 (Ministry of Finance 2024).

Within the section of economic factors, it is equally important to point out the average wage rate in the region where the enterprise is located – in this case, the Zlín Region. Compared to the same period last year, the average gross monthly nominal wage of employees in the Zlín Region increased by CZK 2,482 to CZK 38,596. This was an increase of 6.9% in percentage terms, which was less than the 7.1% growth for the country. However, after six months, wages in the Zlín Region have returned from the fourth-lowest position to the third-lowest among all regions of the Czech Republic (Czech Statistical Office 2023).

Considering the current economic situation, establishing a new business may be relatively safe. The inflation rate is within the target of the Czech National Bank. However, wage growth had not kept pace with inflation, so real wages were still low even in the Zlín Region. As a result, the lower household purchasing power can lead to broader opportunities for second-hand shops. Households may tend to save. Therefore, more customers can purchase clothes in such stores to save money.

5.1.3 Social – Cultural Factors

Since the business sells pre-owned clothes, the target group may be anyone who wants to save some money such as students or someone who simply does not want to support fast fashion through their frequent purchases of new clothes. The leading age group then is adults from ages 18 to 29. Nevertheless, in a store of this kind, there is usually a wide range of clothes suitable for every age group (Šnajdrová 2022).

According to the STEM survey (2022), another factor that drives customers to buy second-hand items is price. This was confirmed by 52% of survey respondents who purchase second-hand clothes. The survey found that 45% of respondents were willing to spend a maximum of CZK 200 on buying a product from this type of shop. Another amount that people usually spend there per item is CZK 100. Furthermore, second-hand shops offer a large number of products, that is why the survey also focused on which goods are in the highest demand. A total of 78% of respondents said that they primarily purchase clothes suitable for everyday wear. In addition, 31% of people participating in this survey

responded that they shop here for clothes for children and sports activities. When shopping, around 27% of people look for branded clothing, and a total of 22% of people want to buy elegant pieces to wear at work. The smallest demand is for extravagant pieces – only 15% answered this way.

Many people seek to shop there, even for their children, since they have to shop new clothes quite often, which results in a higher demand for people over 30 (STEM 2022).

As a result, the target audience is primarily the younger generation interested in sustainability. Another motivation to purchase is the low price of the clothing, which should be at most CZK 200, as it is also the maximum price point for many customers. Last but not least, the research indicates that it is crucial to focus primarily on categories of goods such as everyday clothes, children's clothes, and sportswear – as these are the most desired by customers.

5.1.4 Technological Factors

As the business will be a second-hand shop, the most critical technical equipment an entrepreneur should purchase is a computer and a cash register. The computer will help the entrepreneur process possible orders and communicate with clients or suppliers. For a potential future e-shop, the device should be capable of managing the store's inventory. Therefore, it is essential to purchase appropriate software for this purpose. Additionally, a barcode scanner could be also helpful for handling inventory management.

Moreover, if the store has a computer, it could potentially benefit by becoming a parcel pickup/drop-off location. In this case, a shipping company would pay the store a commission for each shipment received and delivered. This could attract new customers and help with promotion.

To stay up to date the entrepreneur may consider purchasing a device that will accept credit cards and mobile phone payments, even though it is no longer obligatory. Nevertheless, it could be done for the convenience of a customer. In that case, a POS system would have to be bought too.

In order to make those opportunities possible, it is necessary to have access to a Wi-Fi connection. It is crucial to note that the shop needs both water and energy supply to run effectively.

Lastly, investing in a high-quality camera to take pictures of the products for the e-shop as accurately as possible would be essential. Nevertheless, purchasing a camera is not that necessary now since a mobile phone can also do the job effectively.

Based on these factors listed above, the technological equipment required depends mainly on the direction in which the entrepreneur chooses to start the business. When establishing a physical store, the most necessary equipment includes a computer, cash register, and Wi-Fi. With the constant advancements in technology, it may be essential for the entrepreneur to invest in a device that can accept mobile and credit card payments – as it is nowadays a more and more common way for people to pay.

5.2 PORTER Analysis

Competitive Rivalry

To understand the competition in an industry, it is essential to categorize other businesses that operate in the same field as either direct or indirect competition.

Direct Competition

- **Genesis**

Genesis is a second-hand company operating not only in the Czech Republic but also in Slovakia, Ukraine, Germany, and the United Kingdom. It can be considered the biggest competitor to this type of business as it has a store in Uherský Brod. Moreover, people there can buy not only clothing but even accessories and household equipment either directly in the store or order it via the e-shop and then pick it up at their chosen branch shop or have the goods delivered via a selected carrier.

Indirect Competition

- **Second-hand Elegant**

Second-hand Elegant is a store that has branch shops in Zlín, Olomouc, Kroměříž as well as in Uherský Brod and other Czech cities. These second-hand shops focus mainly on selling clothes without using an e-shop. Nevertheless, their competitive advantage could be the range of the percentage discount on their products because it increases progressively before the arrival of new products. The discounts this store offers usually begin at 20% and then increase usually until they reach 80%. In the same manner operates each store that belongs to this brand.

- **Anglický Výběrový Second Hand**

This second-hand store offers clothing only from imports – specifically from the United Kingdom. The shop specializes in women's, men's, and children's clothing, providing occasional discounts. These goods are often branded and of appropriate quality, but prices are frequently at the higher end of the range.

Supplier Power

Entrepreneurs specializing in pre-owned clothing retail outlets primarily order goods from foreign suppliers as they usually offer lower prices and more unique items. However, the Czech Republic also offers a wide range of suppliers. Some even provide already carefully inspected and sorted goods so second-hand stores can deal with fewer defective pieces. Nevertheless, entrepreneurs who choose not to sell goods from such suppliers have other options. Purchasing locally from citizens in the Czech Republic and then reselling those goods with a markup can be one of them. Additionally, they can reach out to some charitable organizations as well.

As a result, the supplier power is relatively weak since there is a higher number of suppliers - indicating lower entry barriers to the industry. Therefore, the entrepreneur can choose from various options and diversify the supplier base depending on the quality, price, and conditions offered.

Buyer Power

There is a wide range of customers for this type of business. Nowadays, many people try to focus on a sustainable lifestyle, which, for sure, involves supporting slow fashion, i.e., buying clothes that were not made according to current trends that will pass away over time. At the same time, people who are trying to save money and can buy clothes cheaper than at well-known fashion chains will also find their way here. In conclusion, the client base of Thriftik has the potential to grow as the demand for these goods increases.

As there are already three shops in the town specializing in selling second-hand clothes, the buyer power is quite strong. Customers can choose to buy from any of the stores. According to this fact, it is vital to consider the range of products offered, customer service, price, and quality, which will make customers choose Thriftik as their first purchase choice.

Threat of Substitution

Shopping center located in Staré Město can be a threat of substitution for this second-hand because such stores are still a taboo for many people, thus they prefer shopping in shops that focus on fast fashion. Similarly, any other shop that sells clothes at a lower price can be a threat, as the price is usually the critical factor for the purchase of many customers.

Threat of New Entry

Anyone who sees the same potential in the second-hand opening in Uherský Brod can be a threat. After all, this is the city in which this store would operate. Nevertheless, demand here can be high due to the advantageous location. At the same time, new shops can be created on a similar principle in the surrounding towns. There is a possibility that the number of second-hand shops may increase due to the higher demand of people interested in buying slow-fashion clothes.

6 BUSINESS PLAN

This Chapter focuses on creating the business plan for a second-hand store Thriftík, using the knowledge gained through the theoretical part. The Chapter will cover the description of the business and its products, the development of a marketing plan, the plan for staffing and finance, and the profitability evaluation. However, it is essential to note that this section does not cover market analysis and risk assessment. Detailed information on market analysis can be found in Chapter 5 and on risk assessment in Chapter 8.

6.1 Executive Summary

A shop dedicated to the sale of second-hand clothing will be established by the entrepreneur Vendula Pastyříková. The primary motive for establishing such a business would be to support the already growing interest in sustainable fashion.

According to the study conducted by Domingos, Vale, and Faria (2022), a growing number of customers prioritize slow fashion and sustainability, especially among young generations. The growing number of customers interested in sustainable shopping is mainly because of their increasing concerns over the environment, corporate accountability, and desire to support local communities. Therefore, businesses should act quickly to address this opportunity.

The concept of second-hand Thriftík will offer branded goods, focusing mainly on items intended for everyday wear. These could be jeans, t-shirts, dresses, or shorts and skirts. To meet customer demand, the entrepreneur will also offer a wide range of goods for children. Last but not least, the store's offer will include an option to buy a mystery package containing discounted items, as it could be a great way to attract even more customers.

In the future, the business may expand its range to include decorative items, books, toys, or accessories.

The entrepreneur will cover the costs of setting up the business with the registered capital. In total, the entrepreneur invested 600,000 CZK, mainly using savings, as well as contributions from her friends and family.

6.2 Company Description

Thriftík is a second-hand shop that aims to sell high-quality clothing at reasonable prices. The emphasis of this shop will also be on the visual merchandise of those products as well

as on educating people and potential customers about why sustainability is essential. With the increasing demand for second-hand clothing, it is necessary to upgrade the traditional thrift stores to a more modern level. Thriftik is a shop that will aim to achieve this goal – improving customers' overall shopping experience.

6.2.1 Mission Statement

The main aim of Thriftik is to provide affordable, high-quality second-hand clothes while promoting sustainability and reducing waste. Striving to create a positive impact, Thriftik wants to educate people about sustainability and inform customers of how they can contribute to environmental improvement.

Overall, the mission is to change the way people shop and showcase that even second-hand items can have value. However, building a strong community of customers and contributing to their satisfaction is just as important as the mission itself.

6.2.2 Vision

The entrepreneur's vision is to establish a business that will become the first choice of customers when purchasing second-hand items in the future. Thriftik aims to ensure that the brand is strongly linked to carefully selected clothing pieces and is known as a place where one discovers unique goods.

The brand's future should include a warm and welcoming environment where customers feel the need to return and explore more items in this shop. In the long run, the goal is to create a sustainable business with an e-shop by prioritizing customer satisfaction and strengthening long-term relationships to maximize the lifetime value of each customer.

6.2.3 Expand or Exit Plan

The business's way of increasing customers' convenience with shopping will be based on launching an e-shop. With today's technological advancements, the e-shop can be enhanced with Virtual Try-on, allowing customers to see if the piece of clothing fits them or not. This feature could bring relief to consumers who dislike trying on clothes in dressing rooms.

Among other things, this technology can benefit the store by lowering returns or making the purchase more enjoyable for the customer. Therefore, it could potentially boost sales via the Internet (Stepaniuk 2023).

6.2.4 Business Strategy

Now that the shop has a long-term goal and a vision, it is crucial to figure out how these milestones will be achieved – i.e., the strategy.

To launch an e-shop, it is necessary to create a website, which can be quite expensive, especially when including the software that could provide the function of trying the clothes online. It would also be helpful to hire temporary workers who can pack orders for customers who order from the e-shop. Additionally, the actual packing of the packages and the purchase of materials related to this activity must not be forgotten.

To enhance customer satisfaction and minimize waste, it would be beneficial to collaborate with a designer who can help with upcycling. This involves repairing defective items and transforming them into unique pieces that can be sold at a higher price.

6.2.5 Opening Hours

Thriftík will be open from Monday to Friday from 9 a.m. to 6 p.m., which is perfect for students and those who want to shop for clothes after work or school. Additionally, the store will also be open on Saturday from 9 a.m. to 1 p.m. On the other hand, the shop will be closed on Sundays to provide a balance between serving customers and the well-being of the workers.

Table 1 — Opening Hours (own creation)

OPENING HOURS	
Monday	9:00 – 18:00
Tuesday	9:00 – 18:00
Wednesday	9:00 – 18:00
Thursday	9:00 – 18:00
Friday	9:00 – 18:00
Saturday	9:00 – 13:00
Sunday	Closed

6.3 Description of a Product or Service

As indicated in the PEST analysis (5.1.), customers of second-hand shops focus specifically on certain categories of products. Therefore, Thriftík will aim to satisfy those needs and wants and will focus on the most desirable product categories, and these will appear in the store. Those categories are:

- **Clothes for everyday wear.** This most desirable category consists of everyday clothing such as T-shirts, tops, trousers, jeans, sweaters, and dresses. As a result, this shop will sell a mix of these goods that are suitable for running errands or simply going for a walk. These items should be comfortable and mainly attract customers who are interested both in price and sustainability.
- **Clothes for children.** Children's clothes are products that are frequently purchased. As children grow quickly, parents often have to buy new clothes for them. Therefore, second-hand shops are a popular option for those who want to save money on such clothing. For that reason, Thriftík will offer children's clothing for children of all ages.
- **Sports clothing.** Another category of clothing that will appear in this thrift shop is sportswear. When selling sportswear, it is crucial to carefully examine the quality, as it may have been worn frequently and could be in quite bad condition. Examples of these products include leggings, shorts, sports bras, tops, and sweat-absorbing T-shirts.
- **Brand clothing.** Various people visit second-hand stores to buy items from several brands that would typically be expensive if bought new. Therefore, Thriftík will appeal to people who enjoy buying branded clothes at a lower price with the aim of purchasing a unique piece of clothing.
- **Mystery package.** The second-hand store Thriftík will be offering a surprise package that will consist of various pieces of clothing. Customers will only be able to select their preferred size, as the package content will be a surprise. Occasionally, the package may also include even a piece of branded clothes. If the range of products expands, it may contain even toys or some decorative items. This product will be limited, which may encourage customers to visit the store more frequently.

6.4 Marketing Plan

This part of the business plan will focus on evaluating the external and internal factors that could impact the business using the SWOT analysis evaluated by the TOWS matrix. Afterward, it is also necessary to define customer segmentation and examine the marketing mix to gain insight into the position of the business in the market.

6.4.1 SWOT Analysis

The SWOT analysis of the shop includes weights and scores to evaluate the importance of each factor and determine which ones require the most attention. Therefore, it can help to make more informed decisions. To maintain objectivity, the SWOT analysis was evaluated with the collaboration of the supervisor, the author, and a strategic analyst.

Table 2 — SWOT Analysis (own creation)

	Category	Factor	Score	Weight	Score x Weight	Final Weight
INTERNAL FACTORS	STRENGTHS	Range of products	3	0.1	0.3	4.1
		Affordable prices	5	0.3	1.5	
		Environmental impact	5	0.3	1.5	
		Low-cost inventory	3	0.2	0.6	
		Unique items	2	0.1	0.2	
	WEAKNESSES	Lack of experience	-5	0.3	-1.5	-3.9
		Lengthy process of clothing inspection	-2	0.1	-0.2	
		Limited availability of specific sizes	-4	0.2	-0.8	
		Lower item donation	-2	0.1	-0.2	
		Absence of an e-shop	-4	0.3	-1.2	
EXTERNAL FACTORS	OPPORTUNITIES	Growing demand	5	0.4	2	3.5
		Upcycling	3	0.2	0.6	
		Establishing an e-shop	2	0.1	0.2	
		Spreading awareness about sustainability	3	0.2	0.6	
		Partnerships with charities	1	0.1	0.1	

	THREATS	Economic downturn	-4	0.2	-0.8	-3.5
		Rising costs	-4	0.4	-1.6	
		Change of trends	-3	0.1	-0.3	
		Negative stigma about thrift shops	-2	0.1	-0.2	
		Low barriers to entry	-3	0.2	-0.6	

TOWS Matrix

When analyzing the mutual influence of external and internal factors, the TOWS matrix is used to evaluate the SWOT analysis, helping to identify possible strategies.

Table 3 — TOWS Matrix of Thriftik (own creation)

	S	W
O	<p>S-O</p> <ul style="list-style-type: none"> - Offering a wide range of products that would satisfy the growing demand - Collaboration with local designers to upcycle and keep creating unique items 	<p>W-O</p> <ul style="list-style-type: none"> - Establishing an e-shop to address the weakness of limited online presence and to create a wider customer base - Having partnerships with local charities and organizations to increase the donation of items
T	<p>S-T</p> <ul style="list-style-type: none"> - Offering unique items to cope with the change in market trends - Taking advantage of the low-cost inventory to increase profit margin and cope with rising operating costs 	<p>W-T</p> <ul style="list-style-type: none"> - Overcoming the lengthy process of clothing inspection to provide high-quality clothes and minimize the negative stigma about second-hand items - Increase the donation of items to generate additional revenues and minimize the impact of a potential economic downturn

6.4.2 Customer Segmentation

Although a second-hand shop can be generally suitable for any customer group, it is recommended to identify specific groups of customers for whom a tailored marketing mix can be created. Therefore, potential customers could be sorted into these groups:

- **High school/ university students** who would mainly look for affordable and stylish clothing,

- **Sustainable buyers** who prioritize sustainability and are aware of their environmental impact,
- **Parents of small children** who would look for affordable clothes since children tend to outgrow their clothes quickly.

The number of inhabitants living in the town of Uherský Brod is 15,897. Of the 15,897, approximately 2,091 are children. The population of the city in the age group over 15 years of age makes up 13,806 inhabitants in total (Mistopisy.cz 2024).

6.4.3 Marketing Mix

Product

Thriftík will focus mainly on selling second-hand clothing. Therefore, the material of the items available depends on what is currently in stock from the supplier. Nevertheless, clothing is often made from materials such as cotton, viscose, or polyester, and sometimes the products may have a brand tag.

The clothes will be displayed on hangers, so there is no need for any special packaging. However, packaging would be relevant in case of starting an e-shop. To provide a convenient shopping experience for customers who will shop in Thriftík there will be the option of purchasing a paper bag.

Each customer segment can then find different value in the products provided by this store. For example, students may appreciate the affordability of clothing. Similarly, parents of children may find the cost-effective options appealing. On the other hand, sustainable buyers will appreciate that their purchases help to reduce waste and support an environmentally friendly life. Thus, product price, origin, and quality should be the most significant concern.

The second-hand shop Thriftík intends to offer additional services like upcycling that sustainable buyers could most appreciate. Moreover, it will likely increase the interest of people who don't enjoy shopping at second-hand stores as people will no longer buy previously worn items, but unique pieces made from them.

In the long run, another service that the shop will provide will be the possibility of various repairs on clothes brought in by people. This way, people could still wear some pieces without throwing them away. Parents with children could especially appreciate this service.

The store offers different categories of goods, which are described in more detail in Chapter 6.3, focusing mainly on the description of a product.

Price

The primary pricing factor for Thriftik will be the competition with consideration of variable costs. After carefully examining the standard-quality prices of items offered by the competition, prices were set accordingly. Then, research on suppliers determined what range of prices certain qualities stay on, and the final selling price was created.

Typically, second-hand shops offer various discounts. Therefore, this store will offer discounts that will be mainly seasonal, where the spring and summer clothes will be sold at a lower price before the autumn and winter season and vice versa.

The price list contains variable costs per piece according to supplier offers and the gross margin calculation for each piece of clothing. Additionally, the prices presented in Table 4 reflect goods of standard quality and without any discounts. In case of lower or even higher quality, prices may vary.

Table 4 — Product Prices (own creation)

Category	Product	Variable Costs (in CZK)	Selling Price (in CZK)	Gross Margin (in CZK)
Everyday Clothes	T-shirt	25	170	145
	Trousers/Jeans	45	190	145
	Skirt	25	145	120
	Summer dress	25	150	125
	Winter jacket	55	200	145
	Summer jacket	40	195	155
	Cotton hoodie	30	175	145
	Sweater	35	190	155
	Hat	15	90	75
	Gloves	10	50	40
Children Clothing	T-shirt	20	50	30
	Trousers/Jeans	35	70	35
	Skirt	10	30	20
	Summer dress	15	40	25
	Winter jacket	40	90	50
	Summer jacket	25	65	40
	Baby bodysuit	15	45	30
	Sweater	30	70	40

	Hat	15	45	30
	Gloves	10	30	20
Sportswear	Functional T-shirt	35	190	155
	Leggings/Sweatpants	25	160	135
	Hoodie	25	155	130
	Jacket	30	180	150

The customer segment of parents of small children has a predisposition for greater purchasing power. Therefore, the gross margin for children’s clothing is significantly lower than that for adult clothing. For this segment, the price of clothing is the most crucial factor to consider when pricing.

Place

The store will be situated in Uherský Brod, a city of 15,897 inhabitants, at an incredibly appealing location due to its proximity to the bus station and the square – both of these are less than 5 minutes away.

Furthermore, the second-hand store Thriftík will be located quite close to a gymnasium and two high schools, which may attract at least part of the target group to visit the shop. Plus, both a kindergarten and an elementary school are nearby, which may draw the attention of parents whose children attend these schools.

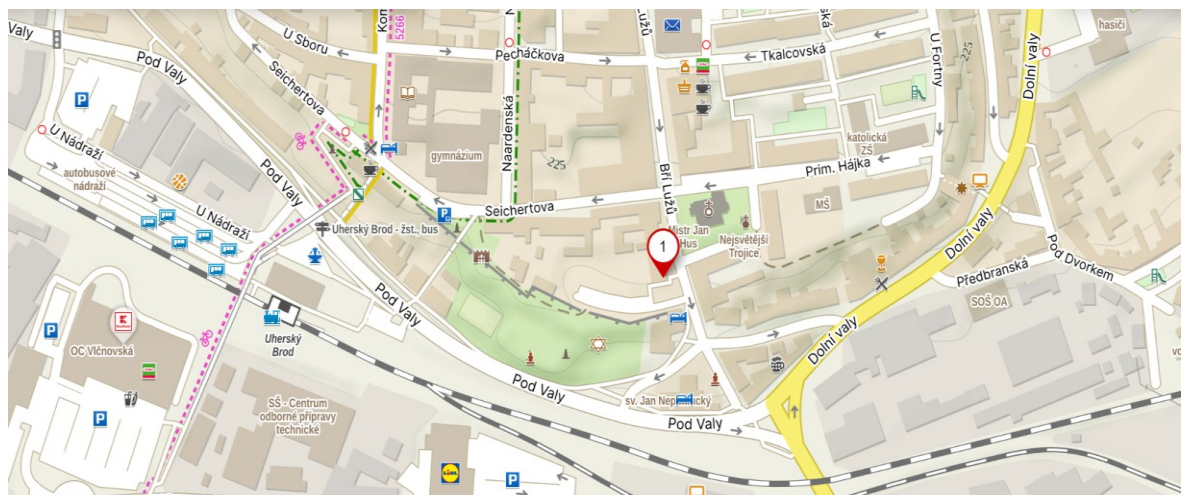


Figure 2 — Location of the Store (accessed from Mapy.cz)

What is crucial to mention is the availability of a parking area near the shop, but it requires payment as well as the parking spots located in front of the store. According to the official websites of Uherský Brod (ub.cz 2023), the store is situated in parking zone 1,

which only charges 1 CZK for 30 minutes of parking during weekdays. If customers want to park there for an additional hour, there is a fee of CZK 40.

Parking on Saturdays costs CZK 1 for 30 minutes. Each additional hour costs CZK 10 and it is necessary to pay it only between 8 am and 11 am. On Sundays and public holidays, parking is free of charge regardless of the time.

However, customers can save money on parking during the weekdays by paying through SMS. In this case, the first 30 minutes of parking are free, and each additional hour costs only CZK 20. On weekdays, paid parking is only in effect from 8 a.m. until 5 p.m., while Thriftík will be open until 6 p.m. This means that customers will not need to pay during the particular shopping hour.

Promotion

The promotion of the store will target all 3 customer segments through both online and offline channels. Moreover, to maximize its effect, it should start before the opening date to reach potential customers. The entrepreneur will use several communication tools to catch the customer’s attention.

Table 5 — Communication Strategies (own creation)

COMMUNICATION STRATEGIES	
Customer segments	Communication tools
Students	Social media (especially TikTok)
	Sales promotion
	E-mails/SMS
	Loyalty program
	Posters
Parents of small children	Social media (especially Instagram)
	Sales promotion
	Loyalty program
	Website
	Posters
Sustainable buyers	Loyalty program
	Website
	Posters

- **The website** of Thriftík will primarily serve as a platform to showcase the current discounts available, provide information about the store's location, and feature a price list of its products. In the coming years, an e-shop will also be launched on this website. The price of the website without the e-shop is around 15,000 CZK. Therefore, Thriftík's budget will be 20,000 CZK.
- **Posters** will be placed around the city or even at schools nearby, as students are one of the target groups. There are 14 posting areas throughout the city of Uherský Brod, and such posters must be ordered at least two weeks before being placed. However, first, it is essential to print the posters. If the company decides to print A3 posters in a glossy version – the total price, including postage, will be for 14 posters 1,824 CZK. The price of displaying one A3 poster is 25 CZK/week. Therefore, if there is one poster in each posting area and the promotion will last at least one month, the amount spent will be 1,400 CZK. The total charge for printing and displaying the posters will be 3,224 CZK

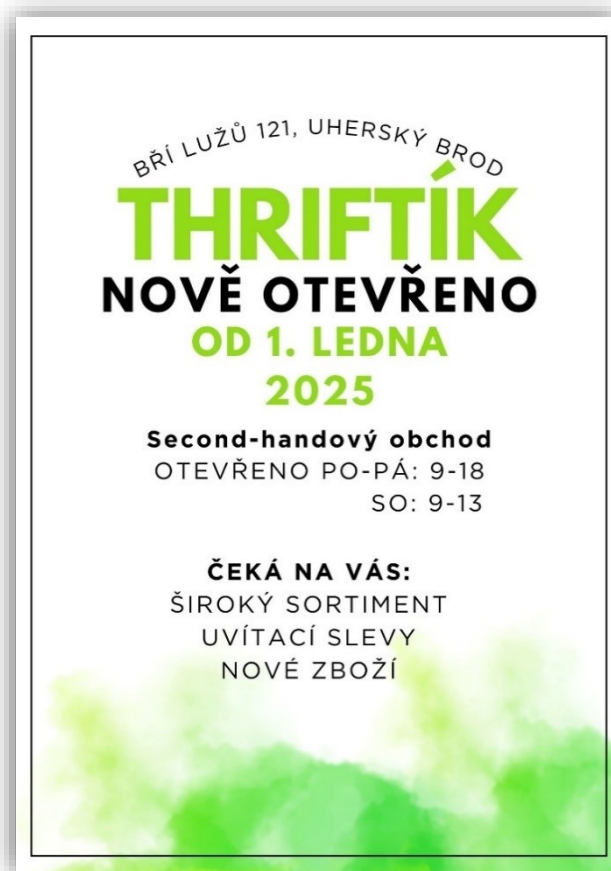


Figure 3 — Poster Prototype (own creation via Canva.com)

- **Social media** have a significant influence nowadays, especially on the younger generation. Instagram and TikTok, for example, are popular networks for promoting products.

However, according to the NCISA (2023), TikTok is considered unsafe and is not recommended for use even by the general public due to the high-security threat level. Nevertheless, it is up to each individual to evaluate this application's potential benefits and risks of use.

The promotion could be done by collaborating with influencers passionate about sustainability or slow fashion, and they could promote the store on social media platforms.

Another way to use the power of social media is to post photos or videos regularly to target the segments accordingly. It is also possible to purchase video promotions on TikTok or Instagram. The price for promoting the post on TikTok could be paid for only one day, about CZK 45 if the cheapest option is chosen. The higher the amount is, the more views it should bring. In addition, it is possible to set a daily budget for the video, starting from about 118 CZK/day. Such promotion could be occasional when there are special offers or new items in stock. Nevertheless, this type of campaign could have the most significant effect when no one knows about the store yet. After gaining a fan base, even videos without this paid feature may have more views. If the shop pays the price of 118 CZK/ day and the advertisement will be in effect, e.g., for two weeks – the total price will be 1,652 CZK.

On the other hand, Instagram, for example, has a different range of costs of promotion. The minimum value of an Instagram ad is CZK 30, and the maximum value is up to CZK 10,000. As for the number of days, the maximum amount of days on which the campaign is on is 30. Nevertheless, the shop's promotion on Instagram will run for a month with a budget of 50 CZK until the shop opens. Therefore, the amount of money spent on Instagram advertising will be CZK 1,500.

In conclusion, the total amount of money invested in promotion through social media will be 3,152 CZK. The total price of a promotion during the following months could be around CZK 1,000.

- **Banners and a logo** will be placed in front of the shop to catch the attention of passers-by. This type of product with a size of 3,500 x 1,000 mm will cost approximately CZK 978. The price of the smaller banner with a size of 1,500 x 1,000 mm is CZK 508. Lastly, the logo will cost 1,110 CZK making the total price 2,596 CZK.



Figure 4 — Banner and Logo Design on Building (own creation through Canva.com)

- **Sales promotions** may include additional discounts or sometimes even getting 2+1 for free. Discounts may vary based on specific occasions, such as pre-Christmas sales, Black Friday, and other themed events.
- **E-mails / SMS** are an effective way to keep customers informed about new sales. These e-mails and SMS notifications can primarily contain information about discounts, contain coupons or sometimes promote sustainability.
- **Loyalty program** that Thriftík will offer to its regular customers is a way of an offline promotion, where consumers will be eligible for a higher discount after making a certain number of purchases. Customers will receive a card and collect stamps – where for every 200 CZK spent there will be one stamp. Once the card is filled, they get 15% off their purchase. The estimated cost for printing a double-sided color card is around 3.40 CZK per piece. Thriftík will have 400 cards initially, with more to be printed as needed. Therefore, the total cost for loyalty cards will be 1,360 CZK.



Figure 6 — Loyalty Card Front Design
(own creation via Canva.com)

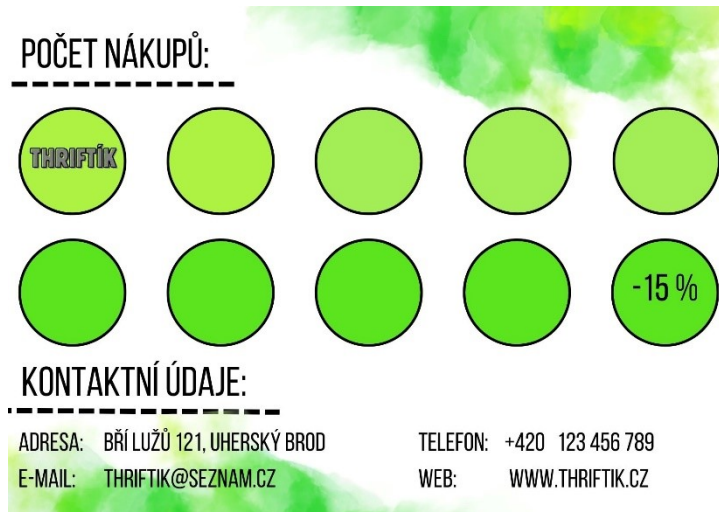


Figure 5 — Loyalty Card Back Design
(own creation via Canva.com)

The communication channels mentioned in this chapter should cover all 3 customer segments. For example, social media tends to be popular among mothers with children, as they share tips and tricks. They might be interested in an advertisement focused on children's clothing they could purchase at this second-hand store. In addition, the website could also contain, for example, entertaining content for children (e.g., a printable Pexeso with a store logo and a clothing theme or similar content that could appeal to this target group). On the other hand, students might like the store's creation of social media content about new stuff in the store and emails about various student discounts. Sustainable buyers might be interested in emails or articles on websites related to sustainability. Posters placed around town will promote awareness of the store among all these customer segments.

Another effective advertisement is “word of mouth,” when a satisfied customer informs friends or family about the store. The advertising is free, but it should be noted that if the customer is dissatisfied, such a promotion can do as much harm as good. Therefore, it is essential to ensure customer satisfaction as much as it is possible.

Nowadays, “user-generated content” is becoming increasingly popular. This type of content falls under the category of “word of mouth” marketing and can be very helpful in building a brand. UGC is much more diverse than just positive consumer feedback, even though it is the most popular form of this content. Brand-related content from online platforms and unpaid social network posts are included, such as discussions, articles, images, videos, and more (Leonard 2024).

As a result, the founder of Thriftík could create an Instagram campaign with a unique hashtag to encourage customers to share photos of the clothes purchased from the store. This entire campaign could then be supported by, for example, a discount on the next purchase for the most popular post or any other reward.

Table 6 shows all promotion costs. If all the costs spent on promotion are added up, the amount will be 34,197 CZK.

Table 6 — Costs of Promotion (own creation)

Type of Promotion	Costs of Promotion (in CZK)
Website	20,000
Posters (+ postage)	3,224
Social media	3,152
TikTok	1,652
Instagram	1,500
Banners and Logo (+ postage)	2,596
Loyalty Cards (+ postage)	1,450
Stamps (2pcs + postage)	623
TOTAL	34,197

6.5 Organizational Structure

The organizational structure of the store Thriftik will primarily consist of the owner of the business – since it will be a sole proprietorship, with often temporary workers' help. The role of the shop owner should include taking care of the store's day-to-day operations and ensuring that everything is running smoothly. Another vital aspect is supplying the business, claiming goods from suppliers, checking the quality of each piece, and then pricing it.

Moreover, the daily activities of the business owner consist of time dedicated to marketing and promotion, which would include creating social media content, writing articles for the store's website, and, for example, displaying the goods in a way that will engage the customer. To make sure that the business is thriving, it is also necessary to monitor the financial side of the business.

As there will be three temporary workers helping out in the shop, they will need to be trained, and their shifts will need to be balanced so they do not clash – which would also be the owner's responsibility. Once they are trained, the workers should be able to help with at least some of the daily activities of the entrepreneur.

The entrepreneur will work an 8-hour shift from 8:30 a.m. to 4:30 p.m. from Monday to Tuesday, and then she alternates with a temporary worker from 4:30 p.m. to 6:30 p.m. From Wednesday to Friday, the entrepreneur will work only for 7 hours from 8:30 a.m. to 3:30 p.m., after which a temporary worker will replace her for the remaining 3 hours. In addition, temporary workers will fill in for the business owner on Saturdays from 8:30 a.m. to 1:30 p.m. They will be paid 130 CZK/hour; however, the wage may increase once they have worked for the shop for a longer time.

Since these temporary workers will work on Saturdays (Act No. 262/2006 Coll.) specifies that the employer must provide workers with a DPP contract with a bonus for work of 10% of average hourly earnings.

Opening hours are from 9 a.m., but it is crucial to check the condition of the shop and the cash register every day. Therefore, it will be necessary to come at 8:30 a.m. Similarly, half an hour will be needed in the afternoon to clean the store and close the cash register on that day. The worker will need to be over 18 years of age as he will be in contact with money and thus have material responsibility. No other special requirements will be necessary.

Labour Costs

Labour costs consist of the wages for the business owner and the three temporary workers. The contract for the temporary workers will be DPP (“dohoda o provedení práce”). As a result, the employer is not obligated to pay social and health insurance. However, it is crucial to note that the business owner’s wage is not subject to taxation and is considered an economic cost. The entrepreneur anticipates earning a minimum monthly profit of 23,000 CZK for her work.

Table 7 — Employee Expenses (own creation)

Type of Employee	Gross Wage per Month	Health Insurance	Social Insurance	Total Expenses per Month	Annual Expenses
Owner	23,000	2,968	3,852	29,820	357,840
Temporary worker (n.1)	3,380	-	-	3,380	40,560
Temporary worker (n.2)	3,055	-	-	3,055	36,660
Temporary worker (n.3)	3,185	-	-	3,185	38,220
TOTAL EXPENSES				39,440	473,280

The total time the temporary workers will spend at the shop is 18 hours/week, which is 72 working hours per month in total. The temporary workers’ wages are determined by the number of hours they work, including the bonus of 10% for Saturdays. For instance, a temporary worker (n.1) worked a total of 25 hours per month, 10 of which were on Saturdays. Temporary worker (n.2) worked 23 hours, with only 5 hours working on a Saturday. The temporary worker (n.3) worked 24 hours, including 5 hours on a Saturday. In order to ensure fairness, the workers will rotate shifts every month, as needed.

If the entrepreneur is present in the shop from Monday to Friday, the number of hours worked per week will be 37. The total monthly hours will be 148, and her gross wage should reach the minimum amount of CZK 23,000. However, unlike temporary workers’ wages, this cost is only economic.

6.6 Financial Plan

This section of the business plan outlines the amount of funding required to establish and run the business properly. The financial plan, for instance, enables the entrepreneur to consider whether the entire business plan is realistic and profitable. It also conveys significant information for possible investors, who will determine whether the business has the potential to value their investment.

This part consists mainly of the opening balance sheet, founder's initial costs, labour costs, fixed and variable costs, expected revenues and profit, cash flow statement, and return on investment. It is also worth mentioning that in sections dealing with variable costs, cash flow statement, estimated revenues and profit, three scenarios will be presented – optimistic, realistic, and pessimistic.

6.6.1 Initial Costs

The costs associated with setting up a second-hand store, Thriftik, are outlined in Table 8.

Table 8 — Initial Costs (own creation)

INITIAL COSTS	
Establishment Costs	Price (in CZK)
Trade License	1,000
Promotion	34,197
TOTAL	35,197
Equipment	Price (in CZK)
Furniture	62,356
Clothing Racks (2pcs)	13,387
Clothing Display Stands (6pcs)	13,289
Wooden Retail Shelves (2pcs)	8,300
Wooden Cube Shelf	8,150
Wooden Desk	7,050
Fitting Rooms	12,180
Accessories	21,322
Storage Boxes (20 pcs)	4,000
Hangers (2000pcs)	5,040
Pricing Tags (2000pcs)	712
Paper Bags (500pcs)	2,000
Decorations	7,500
Employee Uniforms	2,070

Technical Equipment	32,884
PC	11,349
Speakers	4,589
Wi-Fi	299
Mobile Phone	5,540
Cash Register	11,107
Other Equipment	4,749
Cleaning Supplies	3,500
Stationery	1,249
Inventory	52,050
TOTAL	173,361
INITIAL COSTS	
Establishment	35,197
Equipment	173,361
TOTAL INITIAL COSTS	208,558

The total sum of the initial costs amounted to CZK 208,558. After furniture, the second most crucial initial cost item is the purchase of inventory.

A more detailed description of the costs associated with inventory is given in Table 9. The most significant items are the purchase of trousers and t-shirts, suitable for everyday wear. Other clothing related to a particular season, such as summer or winter, is on a smaller scale and will be reordered according to customer demand.

Table 9 — Initial Inventory Costs (own creation)

INITIAL INVENTORY COSTS			
Type of clothing	Volume (in pcs)	Price per piece (in CZK)	Price (in CZK)
Everyday clothing			23,850
T-shirt	180	25	4,500
Trousers/Jeans	180	45	8,100
Skirt	60	25	1,500
Summer dress	60	25	1,500
Winter jacket	30	55	1,650
Summer jacket	30	40	1,200
Cotton hoodie	60	30	1,800
Sweater	60	35	2,100
Hat	60	15	900
Gloves	60	10	600

Children clothing			21,300
T-shirt	180	20	3,600
Trousers/Jeans	180	35	6,300
Skirt	60	10	600
Summer dress	60	15	900
Winter jacket	60	40	2,400
Summer jacket	60	25	1,500
Baby bodysuit	180	15	2,700
Sweater	60	30	1,800
Hat	60	15	900
Gloves	60	10	600
Sportswear			6,900
Functional T-shirt	60	35	2,100
Leggings/Sweatpants	60	25	1,500
Hoodie	60	25	1,500
Jacket	60	30	1,800
TOTAL			52,050

6.6.2 Opening Balance Sheet

The opening balance sheet presented in Table 10 includes the enterprise's assets on the left side and its financing coverage on the right.

The assets are divided into long-term assets and current assets. As far as non-current assets are concerned, none of those purchased by the founder of Thriftik met the criterion of being more expensive than CZK 80,000. Therefore, all assets fall under current assets. In conclusion, current assets thus include small-tangible assets, inventory, cleaning supplies, stationery, and a bank account.

Equity consists of a registered capital of 600,000 CZK. The purchase of all the equipment was covered, so the entrepreneur decided not to apply for a loan.

Table 10 — Opening Balance Sheet (own creation)

OPENING BALANCE SHEET (in CZK)			
Assets		Liabilities	
Long-term Assets	-	Equity	600,000
x	-	Registered capital	600,000
Current Assets	599,000	Current Liabilities	-
Small Tangible Assets	116,562		
Inventory	52,050		
Cleaning Supplies	3,500		
Stationery	1,249		

Cash	5,000		
Bank Account	420,639		
Other Assets	1,000	Other Liabilities	-
Accruals	1,000		
TOTAL	600,000	TOTAL	600,000

6.6.3 Labour Costs

Table 7 already illustrates the total cost per each employee, and only the abbreviated part indicating the total monthly and annual expenses of temporary workers is included in this section to specify the amount subject to taxation. The owner's salary is not considered in Table 11 as it is not a tax-deductible expense.

Table 11 — Total Amount of Labour Costs of Temporary Workers (own creation)

Type of Expenses	Price (in CZK)
Total Monthly Expenses	9,620
Total Annual Expenses	115,440

6.6.4 Fixed and Variable Costs

Fixed costs, unlike variable costs, do not change with the level of production or sales. They remain constant from month to month. In the first part of Table 12, which is dedicated to fixed costs, are energies, wages, and rent the items with the highest value. However, the rental agreement specifies a rent of 16,000 CZK, which will remain the same for at least two years.

The variable costs indicate the cost of purchasing clothes in three scenarios. Since it is difficult to predict the amount of variable costs with certainty, as they vary with sales volume, the data presented in Table 12 serve as an estimate. In the optimistic scenario, the price of clothes supplies was set as the larger half of the initial inventory costs provided in Table 9. In other scenarios, the price is lower to reflect the decrease in demand.

In the second year, there is an increase in clothing supplies, as there may be a higher number of customers due to an already built reputation.

Table 12 — Fixed and Variable Costs (own creation)

FIXED COSTS (in CZK)				
Type of Costs	Monthly		Annually	
	1st year	2nd year	1st year	2nd year
Rent	16,000	16,000	192,000	192,000
Energies	7,000	7,000	84,000	84,000
Internet and Mobile Services	1,000	800	12,000	9,600
Wages of Temporary Workers	9,620	9,620	115,440	115,440
Insurance	990	990	11,880	11,880
Web Hosting and Web Domain	130	130	1,560	1,560
OSA License	690	690	8,280	8,280
TOTAL	35,430	35,230	425,160	422,760
VARIABLE COSTS (in CZK)				
Type of Costs	Monthly		Annually	
	1st year	2nd year	1st year	2nd year
Supplies of Clothes (optimistic)	31,200	34,320	374,400	411,840
Supplies of Clothes (realistic)	21,840	24,960	262,080	299,520
Supplies of Clothes (pessimistic)	12,480	15,600	149,760	187,200
TOTAL COSTS (in CZK)				
	Monthly		Annually	
	1st year	2nd year	1st year	2nd year
Optimistic Scenario	66,630	69,550	799,560	834,600
Realistic Scenario	57,270	60,190	687,240	722,280
Pessimistic Scenario	47,910	50,830	574,920	609,960
Initial Costs			208,558	-

6.6.5 Estimated Revenues

The estimated revenues of this enterprise were based primarily on an educated guess as no survey was conducted. Overall, three scenarios were created: pessimistic, optimistic, and realistic for two years of operation.

Table 13 — Estimated Revenues for the 1st and 2nd year (own creation)

ESTIMATED REVENUES (1st year — in CZK)					
Scenario	Number of customers	Average selling price	Daily	Monthly	Annually

	(per day)	per product			
Optimistic	55	116	6,380	153,120	1,837,440
Realistic	40	116	4,640	111,360	1,336,320
Pessimistic	25	116	2,900	69,600	835,200
ESTIMATED REVENUES (2 nd year — in CZK)					
Scenario	Number of customers (per day)	Average selling price per product	Daily	Monthly	Annually
Optimistic	60	120	7,200	172,800	2,073,600
Realistic	45	120	5,400	129,600	1,555,200
Pessimistic	30	120	3,600	86,400	1,036,800

As provided in section 6.4.2 dealing with customer segmentation, the number of inhabitants of Uherský Brod is 15,897, and the number of children is 2,098. Considering the number of approximately 16,000 inhabitants and 2100 children, while one of the customer segments being parents of small children, an ideal situation would be that one family consists of 1 child below 15 years and two parents. This situation would result in a number of 4,200 parents ($2,100 \times 2 = 4,200$). For example, only approximately 30% of these may be interested in second-hand clothing ($4,200 \times 0.30 = 1,260$). Therefore, the number would be 1,260; ideally, half of them would be interested in shopping in Thriftík, which would result in roughly 630 customers/month ($1,260 : 2 = 630$). As a result, this target segment's customers could be approximately 27 per day ($630 : 24 = 26.25$).

Students aged between 15-26 years belong to the next customer segment. Since there is no precise number to determine how many people of this age live in this particular city, the estimate could be around 3,000. Assuming that 30% of them are interested in sustainable fashion ($3,000 \times 0.30 = 900$) and half would be interested in buying clothes from Thriftík, the number is 450 customers per month ($900 : 2 = 450$), resulting in roughly 19 customers per day ($450 : 24 = 18.75$).

Of the remaining 6,700 residents, at least 5% might show interest in slow fashion, being the third customer segment – sustainable buyers ($6,700 \times 0.05 = 335$). Consequently, half of these people may be interested in shopping at Thriftík ($335 : 2 = 167.5$) making approximately 7 customers daily ($168 : 24 = 7$). The final number of customers is 53 ($27 + 19 + 7$). However, for an easier understanding of the presented data, the estimated revenues consist of the number of customers being 55.

The gross profit from the products will be generated by combining the products of initial inventory in Table 9 and the monthly delivery of new products. Supposing the selling price of all products offered in Table 4 is averaged, the price in the first year would be rounded to 116 CZK/product ($2775: 24 = 115.62$).

In the second year, the entrepreneur anticipates a 3.5% increase in average selling price per product compared to the first year since there may be slight changes in pricing. Therefore, the estimated price will be rounded to 120 CZK/ product.

In all scenarios, the entrepreneur anticipates that each customer buys one product. In each scenario of estimated revenues, a decrease of 15 customers is projected. Plus, there is an increase of 5 customers in the second year of operation, compared to each previous year's situation. Additionally, monthly revenues were calculated by multiplying daily revenues by 24 days since that is how many days will Thriftík be open per month.

6.6.6 Profit

The estimated profit is presented in Table 14, including calculation of three possible scenarios and for two years of operation. It is crucial to note that the total annual costs for the first year of operation include the initial costs of CZK 208,558.

Table 14 — Estimated Profit (own creation)

OPTIMISTIC ESTIMATED PROFIT (in CZK)				
	1st year		2nd year	
	Monthly	Annually	Monthly	Annually
Revenues	153,120	1,837,440	172,800	2,073,600
Total costs	66,630	1,008,118	69,550	834,600
EBT	86,490	829,322	103,250	1,239,000
Tax (15%)	12,974	124,398	15,488	185,850
EAT	73,516	704,924	87,763	1,053,150
REALISTIC ESTIMATED PROFIT (in CZK)				
	1st year		2nd year	
	Monthly	Annually	Monthly	Annually
Revenues	111,360	1,336,320	129,600	1,555,200
Total costs	57,270	895,798	60,190	722,280
EBT	54,090	440,522	69,410	832,920
Tax (15%)	8,114	66,078	10,412	124,938

EAT	45,976	374,444	58,998	707,982
PESSIMISTIC ESTIMATED PROFIT (in CZK)				
	1 st year		2 nd year	
	Monthly	Annually	Monthly	Annually
Revenues	69,600	835,200	86,400	1,036,800
Total costs	47,910	783,478	50,830	609,960
EBT	21,690	51,722	35,570	426,840
Tax (15%)	3,254	7,758	5,336	64,026
EAT	18,436	43,964	30,234	362,814

The earnings after taxes came out positive in each of the three scenarios. However, the profit will be utilized as the entrepreneur's wage, among other investments. In Chapter 6.5, dealing with the organizational structure and labour costs, the owner's wage was calculated at 357,840 CZK per year. As this item is not subject to taxation, its impact on profit is reflected in Table 15 on economic costs.

Table 15 — Economic Costs (own creation)

ECONOMIC COSTS (in CZK)						
	Optimistic		Realistic		Pessimistic	
	1 st year	2 nd year	1 st year	2 nd year	1 st year	2 nd year
EAT	704,924	1,053,150	374,444	707,982	43,964	362,814
Business owner's wage	357,840	357,840	357,840	357,840	357,840	357,840
Economic profit	347,084	695,310	16,604	350,142	-313,876	4,974

Considering the entrepreneur's wage, the economic profit is only positive in the first year's optimistic and realistic scenario. In the second year, the profit came out positive in all scenarios. However, in a pessimistic scenario, the annual economic profit reaches only 4,974 CZK. Therefore, this may not be sufficient for the entrepreneur as the previous year would result in a loss, and no reserve could be created. With such a low profit prediction for the second year, the entrepreneur may be unable to cope with any unexpected expenses.

6.6.7 Cash Flow Statement

The cash flow statement is an essential part of the financial plan. Even though it is not obligatory to create one when operating as a natural person, it helps to tell more about the overall economic health of the business. The cash flow projects the difference between a business's expenses and income.

Table 16 presents the cash flow of Thriftík for three scenarios in the first year and second year. The bank account is net of all initial costs, plus, economic costs are included only to provide a clearer picture of the enterprise's financial situation. Furthermore, the cash flow statement contains operation income, i.e., income net of variable and fixed costs.

Table 16 — Estimated Cash-Flow Statement for the 1st and 2nd year (own creation)

CASH-FLOW STATEMENT (1st year — in CZK)			
	Optimistic scenario	Realistic scenario	Pessimistic scenario
Bank account	386,442	386,442	386,442
Operating income	1,037,880	649,080	260,280
Tax (15%)	155,682	97,362	39,042
Economic costs	357,840	357,840	357,840
NET CASH-FLOW	910,800	580,320	249,840
CASH-FLOW STATEMENT (2nd year — in CZK)			
	Optimistic scenario	Realistic scenario	Pessimistic scenario
Bank account	910,800	580,320	249,840
Operating income	1,239,000	832,920	426,840
Tax (15%)	185,850	124,938	64,026
Economic costs	357,840	357,840	357,840
NET CASH-FLOW	1,606,110	930,462	254,814

In all cases, the cash flow came out positive. However, in the first year of the pessimistic scenario, the entrepreneur had to use funds from the bank account to cover the loss. On the other hand, all other scenarios generated a profit.

6.6.8 ROI Calculation

The return on investment is expressed as a percentage. Deciding whether an investment is profitable is subjective, as various investors may consider different return rates sufficient.

Therefore, at the end of the ROI calculation, it is important to state whether the investment is attractive for the entrepreneur (Svobodová and Andera 2017, 104).

$$\text{ROI} = \frac{\text{Net Profit}}{\text{Initial Investment}} \times 100$$

Calculation of ROI for the first year of operation:

$$\text{ROI (optimistic scenario)} = \frac{347,084}{600,000} \times 100 = 57.85\%$$

$$\text{ROI (realistic scenario)} = \frac{16,604}{600,000} \times 100 = 2.77\%$$

The return on investment in the optimistic scenario is 57.85%. As a result, the investment would entirely return within two years.

However, in the realistic scenario, the return on investment is 2.77%. It is crucial to note that the ROI is positive in both cases, which means that the investment generates a profit. For this reason, both ROI scenarios may be attractive to the entrepreneur. The pessimistic scenario is not included as the net profit is already in a loss. Therefore, the investment itself is a loss either way.

7 LEAN CANVAS

Thriftík’s Lean Canvas is presented in this Chapter. It includes identifying the fundamental problems that may occur within the customer segments and then includes possible solutions. Equally important are all sections emphasized in this tool, providing a comprehensive picture of company’s visualization.

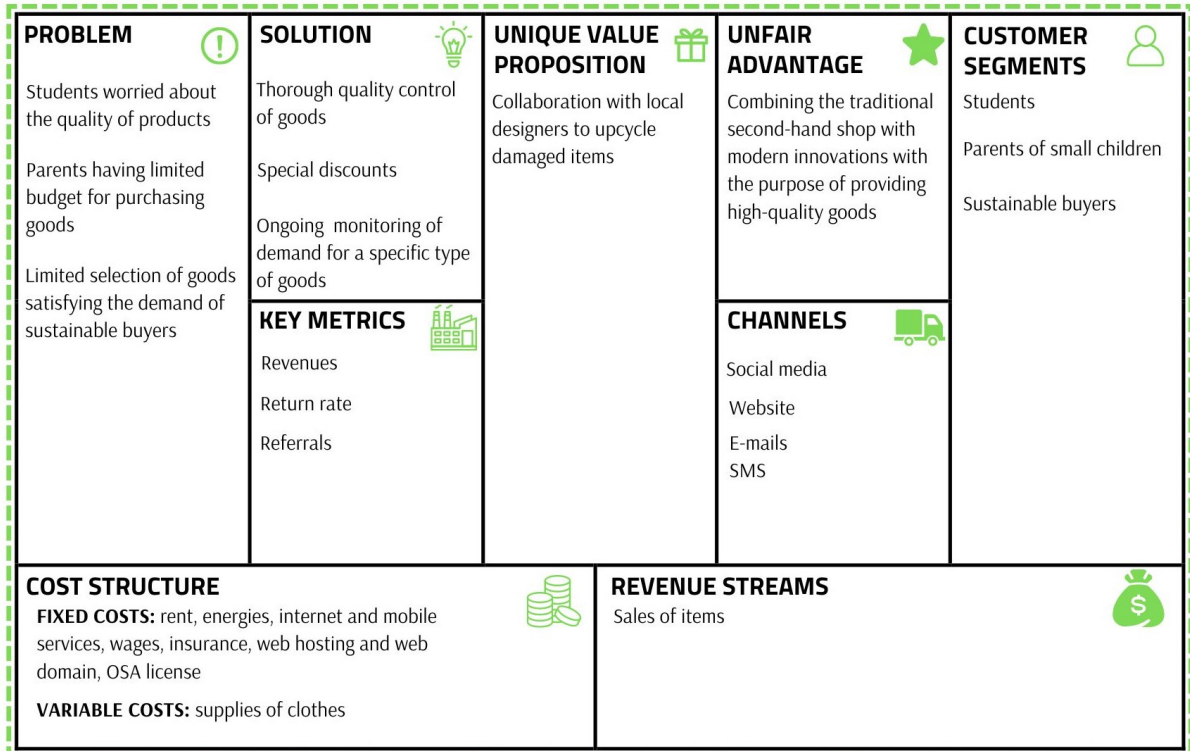


Figure 7 — Lean Canvas (own creation via Canva.com)

In conclusion, creating a Lean Canvas for a Thriftík store projects an overall summary and a definition of the business’s values. Plus, it gives potential investors a clearer picture of the different aspects of the business.

8 RISK ASSESSMENT

The aim of this section is to draw attention to the potential risks that come with starting a new business. By being aware of these risks, the entrepreneur can take steps to prepare for and potentially eliminate them more effectively. First, individual risks will be identified and then evaluated in order to come up with preventive measures.

To maintain objectivity, the risk analysis was evaluated with the collaboration of the supervisor, the author, and a strategic analyst.

Damage of Products

Product damage is one of the potential risks associated with any shop that sells products. This situation can arise due to various reasons, such as improper handling of clothes by untrained employees, damage during transport, or inappropriate storage. Additionally, natural disasters like floods can also cause damage to clothes.

Lack of Employee Skills

As the entrepreneur will be employing temporary workers, there is a risk that they will not be trained sufficiently. This type of worker commonly switches between part-time jobs, which would result in the employer having to train new employees continuously. However, the longer they work in the shop, the more their skills improve, and the associated risks decrease.

Bad Relationships with Suppliers

Suppliers are crucial to second-hand shops. Disrupted relationships with suppliers could result in delays in the delivery of goods and causing potential financial loss.

Challenges Due to Changes in DPP Contracts

DPP contracts now come with a more significant financial and administrative burden. They offer better working conditions to contract workers and put them almost on the same level as employees, mainly regarding working hours, rest periods, statutory allowances, and work-related obstacles. Since January, such workers have been eligible even for paid leave (Procházka 2024).

Therefore, the entrepreneur should consider whether offering these contracts to temporary workers is still advantageous.

Table 17 presents various types of risks and their probability of occurrence. The probability is rated on a scale of 1 to 5, with 1 indicating the lowest probability and 5 indicating the highest. Even though the risk may occur, its impact may not be severe. To prevent these risks, the team of evaluators offers preventive measures.

Table 17 — Risk Analysis (own creation)

Type of risks	Probability of occurrence	Severity	Preventive measures
Damage of products	1	High	Regular quality control
Lack of employee skills	4	High	Training employees
Bad relationships with suppliers	2	Low	Diversifying supplier base
Challenges due to changes in DPP contracts	5	Medium	Familiarizing with evolving conditions

CONCLUSION

The main goal of this bachelor thesis was to create a business plan for a second-hand shop, Thriftík, and to determine its possible feasibility and profitability.

The thesis was divided into two parts: theoretical and practical. The theoretical part was devoted to describing the concepts of entrepreneurship, defining the various legal forms of businesses in the Czech Republic, and outlining different parts of the business plan.

In the practical part, the knowledge gained from the theoretical part was used to develop a business plan for the Thriftík store. The author decided to set up a business as a natural person in Uherský Brod and carried out its evaluation and financial projection. After outlining the basic information about the store, PEST analysis and Porter's model of five forces were created to analyze the market. The findings in the market analysis served as a base for developing the business plan, which consisted of an executive summary, company description, product and service description, organizational structure, marketing plan, financial plan, and risk assessment.

The crucial components of this thesis are the marketing and financial plans. The marketing plan included developing the SWOT analysis using points and weights and providing its evaluation by the TOWS matrix. Next, the focus was on describing the customer segments that were later reflected in the marketing mix, where the author presented the description of products, product prices, and different forms of promotion. The financial plan projected the initial costs, and the starting balance sheet was created with the initial investment of CZK 600,000. The author then created three scenarios for the estimated revenues, profit predictions, and the cash flow statement for two years of operation. Despite the initial costs, the calculations demonstrated a profit in both optimistic and realistic scenarios, and the initial investment was evaluated by calculating the ROI.

Additionally, the Lean Canvas model was created to represent the overall concept of the store Thriftík. The last section of this bachelor thesis then identified individual risks and projected them in the table with the possible preventive measures to presented risks.

Limiting factors of this bachelor thesis could be the author's lack of experience in developing business plans and the accuracy of a financial plan. The prices may not reflect the reality accurately since the author had sources only from the internet and secondary sources of information. On the other hand, the author's efforts focused on minimizing the limiting factors as much as possible.

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LIST OF ABBREVIATIONS

Coll.	Collection of Laws
CV	Curriculum Vitae
CZK	Czech Koruna
DPP	dohoda o provedení práce
EAT	Earnings After Taxes
EBT	Earnings Before Taxes
EET	Elektronická evidence tržeb
EU	European Union
EUR	euro
GDP	Gross domestic product
NCISA	National Cyber and Information Security Agency
No.	number
OSA	Ochranný svaz autorský
pcs	pieces
POS	point of sale
ROI	Return on Investment
SCE	European Cooperative Society
STEM	Středisko empirických výzkumů
UGC	User Generated Content

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