

# **A Business Plan for a Sustainable Café**

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## **ABSTRAKT**

Bakalářská práce se zabývá sestavením podnikatelského plánu pro společensky odpovědný podnik, který se svým přístupem k podnikání snaží skloubit provoz kavárny a udržitelnost. Práce je rozdělena na dvě části, a to teoretickou a praktickou. Teoretická část obsahuje základní informace týkající se podnikání v České republice a rozbořem dílčích částí podnikatelského plánu. Praktická část je poté zaměřena na sestavení podnikatelského plánu pro udržitelnou kavárnu.

Klíčová slova: podnikatel, podnikání, podnikatelský plán, kavárna, udržitelnost

## **ABSTRACT**

This bachelor's thesis is focused on the creation of a business plan for a socially responsible business whose aim is to combine the operation of a café with a sustainable approach. The bachelor's thesis is divided into two parts, namely theoretical and practical. The theoretical part contains basic information concerning the operation of a business in the Czech Republic and the structure of a business plan. The practical part is then focused on the development of a business plan for a sustainable café.

Keywords: entrepreneur, entrepreneurship, business plan, café, sustainability

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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

Coffee has several characteristics. Not only does it have its specific smell, taste, and color, but it also carries many associations, brings people together, and can be linked to the carbon footprint and waste-producing cafés. The purpose of this bachelor's thesis is to create a business plan for a café whose aim is to preserve the positive qualities of coffee, a place where people can come to relax, work, or meet other people while trying to minimize the negative impacts of running such a business.

The author decided to choose the creation of a business plan for a café because she has working experience in gastronomy, where the work became her hobby. The idea for creating a sustainable café came after realizing how much waste gets thrown away daily and what an environmental impact the running of a single café has. The author also chose the topic of sustainability in gastronomy because she thinks this should not be a unique matter but a standard up to a point. Generally, this work proposes several changes in how to do things better and more environmentally friendly.

This bachelor's thesis is divided into two main parts – theoretical and practical. The purpose of the theoretical part is to give the readers basic information about the matter of setting up a business, and it is also a guideline for the practical part. The first section of the theoretical part provides readers with basic information about entrepreneurship in the Czech Republic, such as types of entrepreneurship, characteristics of legal entities, trade licensing, and what is generally needed for the establishment of a business. The following section then focuses on individual parts of a business plan. The practical part is then dedicated to the development of a business plan for a sustainable café in Zlín called KAFF. The purpose of this part is to determine whether the concept is feasible or not. It can also be split into 5 major areas, namely the general introduction of the company and its products, market analysis, marketing analysis, team & key partners, and financial analysis. The beginning is composed of general information about the café, such as legal entity, name, location, opening hours, and key objectives, as well as a detailed description of products and services in the café. The practical part continues with market analysis, which includes analyses of customers a café wants to target, direct competitors of the café, and the business environment. Further on, marketing analysis includes a detailed SWOT analysis and marketing mix with a focus on the promotion of the café. Team and key partners are another inseparable part of the business plan that describes the importance of

personnel and suppliers. And lastly, the financial plan should determine whether the operation of the café is feasible from a financial point of view.

## **I. THEORY**

## 1 ENTREPRENEURSHIP

The Business Corporation Act does not provide a clear definition of *entrepreneurship*, however, literature gives us many interpretations of the terms. For example, Synek and Kislingerová (2015, 3) state that entrepreneurship is characterized by several underlying features. Firstly, every business requires a capital deposit at the beginning of its activity. The main objective of a business activity is to carry interests and generate profit. This can be ensured by satisfying customers' wants and needs by providing them with products or services they require. Lastly, entrepreneurship goes hand in hand with potential risks that entrepreneurs try to minimize.

Srpová (2020, 17) states that entrepreneurship can characterize two different approaches. For example, entrepreneurship can be a startup exploiting new market opportunities providing people with something unique and innovative, or it can be associated with anyone who owns a business or works as a freelancer without the need to come up with something new and original.

Lastly, Majdůchová (2020, 11) defines entrepreneurship as an activity that utilizes the knowledge and skills of all workers as it tries to answer basic entrepreneur questions about products, resources, and customers. She claims that *entrepreneurship* is a term used not only by profit-seeking businesses but also by nonprofit organizations for which business activity is a complementary matter.

### 1.1 Entrepreneur

The Civil Code Act 89/2012 Coll., §420 defines an entrepreneur as a person who individually and constantly practices a profitable activity on his account and responsibility in order to make a profit. (Lavický, 2022, 1317) The Civil Code Act 89/2012 Coll., §421 further states that an entrepreneur can be a legal person or a natural person, who must be registered in the Business Register. An entrepreneur can run a business on the basis of a trade license or other types of business licensing. (Lavický, 2022, 1321) Besides the legal definition of an entrepreneur, Srpová (2020, 29) claims that the behavior of an entrepreneur is driven by his abilities, skills, and knowledge in combination with his personality and motivation. Entrepreneurial mindfulness, social and emotional intelligence, creativity, management skills, and knowledge in combination with other interpersonal attributes such as open-mindedness, emotional stability, self-confidence, relentless, patience, etc. can ensure the successful establishment of a long-term prosperous business.

## 1.2 Types of entrepreneurship

In the Czech Republic, there are two legal forms of business: a legal person and a natural person. The choice of the legal form depends on an individual who should consider the following factors:

- Manner and extent of liability,
- Corporate governance authority,
- Number of founders,
- Amount of registered capital,
- Administrative demandingness for establishing a new business,
- Loss and profit participation,
- Financial difficulty,
- Tax burden. (Zemánek and Lacina, 2011, 29-30)

### 1.2.1 Entrepreneurship of a natural person

A natural person, also known as a sole proprietor, is a type of business entity represented by a physical person who can run a business as:

- A sole proprietor registered in the Business Register,
- A sole proprietor who operates on the basis of a trade license,
- A sole proprietor who operates on the basis of specific regulations,
- A sole proprietor who does agricultural production. (Zemánek and Lacina, 2011, 30)

Everyone who wants to conduct business on the basis of trade licensing must follow the general conditions of the Trade Licensing Act, which states that the person must be of legal age and legal capacity and must have a clean criminal record. (Solomonová, 2023, 163)

Apart from the general conditions, there are also special conditions that vary according to the type of trade and professional competence. The Trade Licensing Act defines two basic types of trades and the associated conditions for obtaining them:

**A notifiable trade** that is valid after notifying it and is subcategorized into three more types:

- **Vocational trade** – A person must submit a certificate of apprenticeship, or he must have 6 years long practice in the field;
- **Professional trade** – A person must be a professional with education and practice in the field he wants to operate;
- **Unqualified trade** - This trade does not require any type of specialization, special education, degree, or certification. (Zemánek and Lacina 2011, 30-31)

**A permitted trade** requires a state to grant a license for conducting a business in a particular industry. This type of licensing is required from businesses that are in most cases considered to be harmful to human health or somehow sensitive as, for example, the production of alcohol and alcoholic beverages, activities related to manipulation with weapons and ammunition, funeral services, etc. (Šafrová Drážilová, 2019, 193)

### 1.2.2 Entrepreneurship of a legal person

As opposed to a natural person, a legal person is an artificially created entity. (Zemánek and Lacina, 2011, 32) When an entrepreneur decides to establish entrepreneurship as a legal person, the person should know that from an administrative point of view, the establishment of a legal person is more challenging than it is for a natural person. Every legal entity must be registered in the Business Register and must provide a registered capital. (Srpová, 2020, 176) According to the Business Corporations and Cooperatives Act the following figure represents the division of commercial corporations in the Czech Republic. (Zákony pro lidi, 2023)

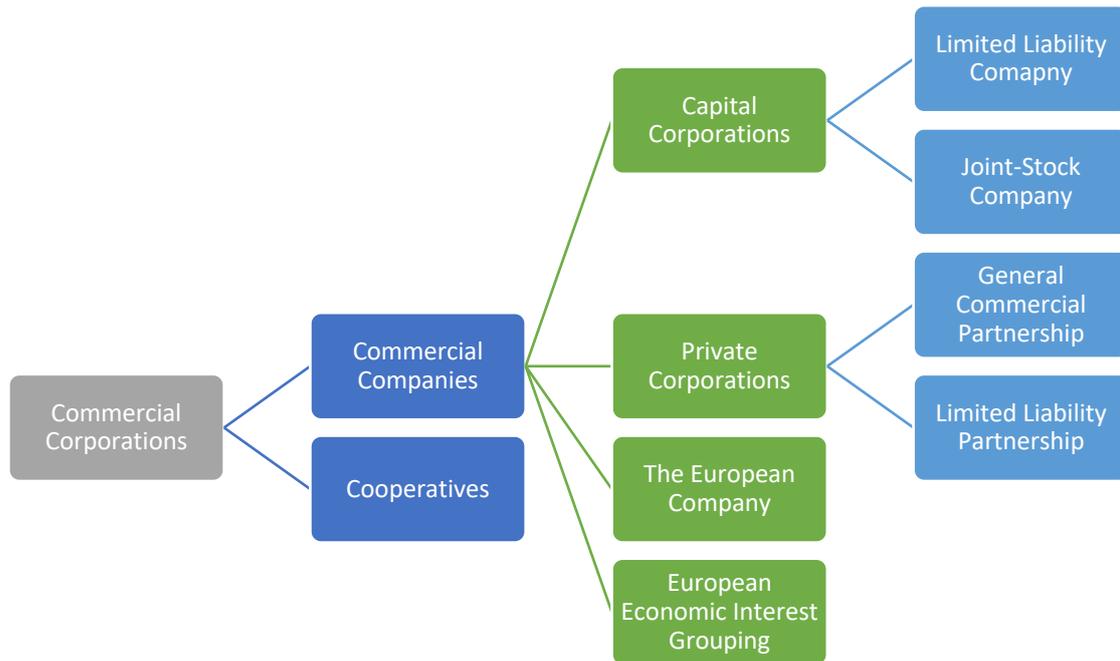


Figure 1 - Commercial Corporations (own creation)

### ***Limited Liability Company***

Limited liability company is in the Czech Republic known as “společnost s ručením omezeným” with abbreviation “spol. s.r.o.” or “s.r.o.”. (Synek and Kislingerová 2015, 82) It is the most widespread type of commercial company in the Czech Republic. A limited liability company is classified as a capital corporation that requires a registered capital of 1 CZK, however, it is recommended to choose a deposit that meets the needs of a particular business. (Srpová, 2020, 176-177) This type of company can be established by one or more associates. (Zemánek and Lacina 2011, 33) An advantage of a limited liability company is that associates are not liable for their whole asset but only up to the amount of outstanding deposits. For the establishment of an LLC associates must follow these steps:

- Writing up a memorandum of association,
- Deposition of a registered capital,
- Establishment of a trade license or another type of licensing,
- Registration into the Business Register. (Srpová, 2020, 177)

### ***Joint-Stock Company***

Joint-Stock Company is another type of capital corporation in the Czech Republic known as “akciová společnost” with the abbreviation “akc. spol.” or “a.s.”. (Zemánek and Lacina 2011, 34) This type of corporation requires a registered capital of at least 2,000,000 CZK

or 80,000 EUR. (Zákony pro lidi, 2023) A joint-stock company can be set up by one person in case the subject is a legal entity, otherwise, it can be established by 2 or more natural persons. The company is liable for its debts with all their assets, shareholders are not liable at all, they only risk losing the value of the shares. (Synek and Kislingerová 2015, 82)

### ***General Commercial Partnership***

Czech equivalent for general commercial partnership is “veřejná obchodní společnost” with an abbreviation “veř. obch. spol.” or “v.o.s.”. This type of corporation must be established by at least two people (natural or legal entities) who operate under a common name. Members of the general commercial partnership are jointly reliable for their liabilities and guarantee them with their whole assets. There is no requirement for a registered capital for the establishment of this partnership. (Zemánek and Lacina 2011, 32)

### ***Limited Liability Partnership***

Limited liability partnership is known as “komanditní společnost” and is labeled as “kom. spol.” or “k.s.”. There are two types of partners required to set up this partnership – at least one limited partner and at least one general partner. General partners, in Czech “komplemenáři” manage and make fundamental decisions in a company. They are not required to provide deposits and they are fully liable for a company’s debts. On the other hand, limited partners known as “komanditisté” create a registered capital from their deposits and have limited liability for a company’s debts up to outstanding deposits. (Zemánek and Lacina 2011, 35)

## **2 BUSINESS PLAN**

Apart from legal obligations that must be met, every entrepreneur should create a business plan before starting a business venture. It is a written document consisting of many parts that describe the intentions of an entrepreneur, the business opportunity he wants to build on, a product or service that will be offered, marketing strategy and marketing analysis, financial planning, and other essentials about which should be theoretically thought of before putting them into practice. (Harvard Business Review, 2018, 25 and 81) Business plan development is a never-ending story since it changes as an entrepreneur and enterprise grows. The time for altering one's business plan is not strictly set. Generally, it should be worked on regularly, reflecting changes in business goals. (Shelton, 2017, 25)

### **2.1 Purpose and Importance of a Business Plan**

The development of a business plan has two main purposes. Firstly, it serves an entrepreneur as a theoretical part of the intended business activity. Shelton (2017, 23) compares a business plan to a road map, which should help an entrepreneur to implement his ideas and visions into practice. A business plan leads an entrepreneur step by step through everything he should think about before the start of a business venture. Besides that, it helps to identify weaknesses, missed opportunities, and downsides of the plan, which might be fixed theoretically and later applied correctly. (Harvard Business Review, 2018, 78-79) In summary, the business plan should critically determine whether the idea has potential, is financially appealing, and is worthy of development. (Shelton, 2017, 23)

Secondly, many projects require initial financial support from the outside. A business plan is a required document by most investors who want to have enough information about the project they would potentially invest their money into. (Harvard Business Review, 2018, 78)

### **2.2 Structure of a Business Plan**

There is no strict structure of a business plan that everyone should follow. The business plan should be designed on the basis of individual needs and interests in order to provide the necessary information to its readers. The major and the most important sections, for example, an executive summary, marketing plan, or financial plan should always be included. (Harvard Business Review, 2018, 80-81)

### **2.2.1 Executive Summary**

The executive summary is the very first part of the business plan that gives readers the first impression of the business plan as a whole. This part catches the readers' attention and determines whether they will keep reading or not. An executive summary is the summarization of the main points, visions, and planning which are described in depth throughout the whole document. It should be written clearly and concisely, enhancing the interest of the audience to keep reading. (Abrams, 2019, 54) The importance of this section may be even more clear from the fact that Shelton (2017, 70) stresses that: "You can tell the quality of a business plan from its executive summary." Nowadays, entrepreneurs might prefer to provide investors with a short audiovisual elevator pitch to appeal to investors' emotions. (Harvard Business Review, 2018, 82)

### **2.2.2 The opportunity**

This section describes an opportunity that was spotted by an entrepreneur. In this section, an entrepreneur should outline the identified opportunity, a problem connected to the opportunity, and a proposal of a solution to the problem. The steps an entrepreneur is going to apply to solve a problem should be highlighted and presented. Furthermore, summarizations of collected objective data that would support one's claims might be included in this section. Even though an entrepreneur might be tempted to include as much information as possible, this section should still be concise and compelling. Some additional information and data that are not as important might be later incorporated in an appendix of the document. (Harvard Business Review, 2018, 82-83) The following two sections – the company description and the product or service description – will contribute to and further develop a solution proposed in this section.

### **2.2.3 Company Description**

Company description outlines basic and necessary information about the business. In this section, readers might be, for example, informed about the name of a company, its legal form, company's mission, key objectives, location, and opening hours. For newer entrepreneurs, this might be a challenging task because it requires a lot of creativity and thinking. (Abrams, 2019, 68) In addition, a growth plan for the company might be included in this section as well, because investors might be interested in what are the company's present, near future, and long-term goals. (Harvard Business Review, 2018, 85)

### **2.2.4 The product and service description**

This section includes a clear description of a product and service that is intended to be offered. The content of the section is dependent on the product or service itself. If the product or service is sophisticated or innovative, this section might be several pages long because the description is comprehensive. On the other hand, highly technical details or proprietary know-how should not be discussed in depth in this document. (Abrams, 2019, 76) This section gives an entrepreneur the space to describe and highlight the product and service and its unique elements that distinguish a company from its competitors. Besides the description of a product and service, delivery channels should also be included in this part. (Shelton, 2017, 83-84)

### **2.2.5 Market Analysis**

Every business is part of an environment where other parties, such as customers, competitors, suppliers, etc., actively participate and influence happenings in the trade environment. Apart from the involved parties, other forces and factors, such as technical development or climate changes, influence the market. (Abrams, 2019, 88)

#### ***2.2.5.1 Customer Analysis***

Successful entrepreneurs know and understand their customers. They listen to the wants and needs of the customers, and based on that, they are trying to fulfill their desires. (Abrams 2019, 76) Out of an immense number of customers, a company divides the market into distinct customer segments based on their similar wants, needs, behaviors, and personal characteristics. This process is called segmentation and helps companies group customers whose problems might be fulfilled by the same product or service. (Chernev, 2017, 89) Segmentation is followed by targeting, which is a process of identifying customers, groups of customers, or market segments a company wants to target. The main purpose of this process is to create a value proposition for the target customers who would, in return, generate value for the company. Targeting can be divided into strategic, which is particularly focused on the identification of customers and their wants and needs needed to be fulfilled, and tactical, which is about classifying the most suitable ways how to reach the target customers. (Chernev 2017, 81)

To make the targeting even more effective, companies might create so-called customer personas. A customer persona is a semi-fictional representative of a company's ideal customer. Companies create a customer persona to better visualize and understand

their target customer along with the problems they want to solve with their offerings. A customer persona is very specific, therefore, companies usually create more than one persona to account for differences within their target market. (Chernev, 2017, 84-85)

#### **2.2.5.2 Competition Analysis**

In the business environment, companies must be aware of the competition they are facing, not only to define their competitive position and competitive advantage but also because the analysis of competition contributes to a better understanding of the target customers' needs as well as the company's product or service. A thorough understanding of a product or service helps an entrepreneur to identify what is unique about their offerings and why potential buyers should be interested. Analysis of competition should aim at its direct competitors who target the same customers. (Abrams 2019,124-125) To be able to develop a competitive advantage for a company's product or service, a marketing team must trace the alternatives available on the market. Based on this research, a company is then able to develop the added value for the product or service it wants to offer. For every business, it is crucial to realize that there is always some competition and alternative products or services in the market. No product or service is that unique, so it does not require a thorough competition analysis. (Chernev 2017, 91)

#### **2.2.5.3 Business Environment**

Businesses are naturally surrounded by several interlinked tangible and non-tangible, constantly changing factors and forces that influence businesses' everyday operations and decision-making processes. (Synek and Kislingerová 2015, 15) These factors might influence businesses positively as well as negatively. It is crucial to explore and understand a company's environment to be able to understand the behaviors and needs of potential customers. (Kotler and Armstrong, 2021, 84)

The business environment can be divided into microenvironment and macroenvironment. The microenvironment consists of the closest entities related to a company, such as single departments of a company, suppliers, marketing intermediaries, competitors, the public, and customers. The microenvironment actors influence value delivery as well as bonding with the target customers. Customers are the main actors in the marketing microenvironment with whom a company is trying to build a strong relationship. To successfully create the relationship and deliver value to the target

customers, the company's microenvironment must cooperate and work in harmony. (Kotler and Armstrong, 2021, 86)

Furthermore, a company's marketing microenvironment operates in the macroenvironment that consists of demographical, economic, natural, technological, political, and cultural forces. These forces influence actors in the microenvironment and create opportunities and threats for companies. Even the largest companies in the world might be appreciably affected by macroenvironmental changes that sometimes cannot be predicted and controlled. (Kotler and Armstrong, 2021, 90)

### **Demographic Environment**

The demographic environment is probably the most pivotal one because the market is dependent on people and transformations in their mindsets. Demography generally examines population and changes in its density, age, location, gender, race, occupation, etc. Businesses should examine the evolution of the population, and based on that, they should adapt and develop their objectives. (Kotler and Armstrong, 2021, 90)

### **Economic Environment**

The behavior of businesses is highly influenced by the economy and overall economic situation of a country. Businesses are reliant on customers and their purchasing power. The economic environment influences customer behavior, their ability, and their willingness to spend their money on the market. (Kotler and Armstrong, 2021, 97)

### **Natural Environment**

The natural environment involves the environment itself, weather changes, and natural disasters that might affect market activities. Some of the natural changes cannot be avoided, however companies can at least predict and prepare for them. Natural resources, especially shortages of raw materials, are another element involved in the natural macroenvironment that is necessary for many of the market practices. (Kotler and Armstrong, 2021, 98-99)

### **Technological Environment**

Innovations that have been invented in recent years are marvelous as well as terrifying. Technologies have opened a new spectrum of possibilities and advancements to companies as well as to their customers. (Kotler and Armstrong, 2021, 100) Technological progress supports businesses in achieving better results in their work and increasing their

competitiveness. (Synek and Kislíngerová 2015, 21) Technologies, clever gadgets, and interactivity have become an inseparable part of people's lives. Businesses should focus on Research and development into which they should invest regularly. Besides that, they should invest in new technologies, methodologies of work, and working practices to be at the cutting edge of technological development. (Altaxo)

### **Political Environment**

Business entities are interrelated with the political environment and up-to-date political governance of a country and its laws that regulate businesses and individuals. Regulations of the market ensure a competitive environment and establish the best environment for both parties. Businesses must keep up with contemporary legislation that is constantly changing and developing. (Kotler and Armstrong, 2021, 102)

The most important legal regulations every Czech entrepreneur should be familiar with are:

- Zákon č. 89/2012 Sb., občanský zákoník
- Zákon č. 90/2012 Sb., o obchodních společnostech a družstvech
- Zákon č. 262/2006 Sb., zákoník práce
- Zákon č. 455/1991 Sb., o živnostenském podnikání (živnostenský zákon)
- Zákon č. 280/2009 Sb., zákon daňový řád

### **Cultural Environment**

The cultural environment affects people's values and beliefs, which determine their decision-making processes. For businesses, it is more difficult to influence the core values rooted in human beings than secondary values that are gained throughout their lifetime. Naturally, people's preferences are changing throughout life, and as a response to that, marketers are trying to predict possible cultural shifts and preferences to keep up with society. (Kotler and Armstrong, 2021, 105-107)

#### **2.2.6 Marketing Plan**

Kotler and Armstrong (2021, 25) define marketing as: "... a process by which companies engage customers, build strong customer relationships, and create customer value in order to capture value from customers in return." Engagement with customers is nowadays as important as ever before. The most successful companies are heavily concerned with

marketing, customer relationships, and the creation of value. The main goal of marketing is to attract new customers, satisfy the current ones, and retain and develop relationships with regulars. (Kotler and Armstrong, 2021, 24)

A marketing plan is an inseparable part of a business plan. It determines the direction of a company, its mission, and its purpose of existence. A marketing plan does not have a fixed structure, however, generally, it incorporates detailed descriptions of strategies, tactics, and marketing tools that should help an organization to achieve its objectives. (Kotler and Armstrong, 2021, 609)

### 2.2.6.1 *SWOT Analysis*

SWOT analysis is composed of 4 quadrants – strengths (S), weaknesses (W), opportunities (O), and threats (T). The quadrants are, moreover, classified as internal, external, and positive, negative. The SWOT analysis reflects the overall company's situation regarding these 4 quadrants. (Kotler and Armstrong, 2021, 74)

The first internal quadrant *strengths* defines the company's upsides that help reach its goals. On the other hand, the second internal quadrant *weaknesses* describes the company's downsides, which limit a company from reaching its goals. Internal factors are generally suggestible. Every business should identify its strengths, take advantage of them, and build on them. Also, weaknesses should be spotted, evaluated, and at the best, eliminated. (Kotler and Keller, 2016, 49) The question is whether a company should be more concerned with its strengths which could be further developed, or if a company's attention should be paid to its weaknesses and their elimination.

The external factors are situations a company is not able to influence, however, that does not mean a company should not be aware of them. A factor known as *opportunities* is an external positive factor a company can profit from. The opportunities are usually determined by buyers, their wants and needs, and the detection of problems associated with their desires. The opportunity occurs when the company is able to identify and solve the problem of the buyers. In contrast to that, threats are external situations that currently negatively influence a company's performance, and they can cause shrinkage in sales and profits. A company should monitor even small threats in order to be prepared for their potential emerging. (Kotler and Keller, 2016, 48-49)

### 2.2.6.2 Marketing Mix

Marketing Mix, also known as the 4Ps, consists of 4 variables – Product, Price, Place, and Promotion. The marketing mix ensures consumers' engagement and delivery of value to them. (Kotler and Armstrong 2021, 70-72) The marketing mix is a set of interrelated marketing tools managed and controlled by a company. The goal of a company is to create the best combination of the 4Ps that would appeal to customers and increase demand. (Išoraitė 2016, 26-27) The main body of the marketing mix can be upgraded by 3 additional Ps – People, Process, and Physical evidence creating the so-called 7Ps marketing complex. (Išoraitė 2016, 27)

**Product** is the main element of the 4Ps mix, defined as a physical product or service a consumer is willing to pay for. Išoraitė (2016, 29) states that products can be generally classified as:

- Consumer products – products purchased with the intention of personal use;
- Necessary products – products that are purchased frequently and without further research;
- Valuable products – products on which a person does research, compares a product with other products, and based on the research makes a purchase depending on its quality, price, sustainability, etc.;
- Exclusive product – a product with special features or a unique product brand.

Every product has its life cycle which usually has 5 stages: product development, the introduction of the product on the market, growth, maturity, and decline. The product life cycle determines sales volumes and profit generation throughout time. (Išoraitė 2016, 28-29)

**Price** is a key element of the marketing mix that ensures the generation of revenue. Price is the easiest to change and the most adaptable factor of the marketing mix.

Nevertheless, the price of a product is very difficult to set right because it is determined by many factors, for example, by the costs associated with the product, its distribution, advertising, marketing strategies, competition, the life cycle of the product, etc. (Išoraitė 2016, 30-31) and (Srpková et al., 2011, 24) Generally there is a negative correlation between a price and demand – the higher is the price, the lower is the demand. (Išoraitė 2016, 30-31) Price strategies can be, for example:

- Customer value-based pricing – pricing based on customers' perception;

- Competition-based pricing – prices set based on competition;
- Break-even pricing – pricing strategy based on costs or predetermined profit.  
(Khan, 2014, 100-101)

**Place** or distribution defines how a product or service is going to reach its customers. (Išoraitė 2016, 32) A company should determine its selling strategies and the ways how a product or service is going to reach the customers. (Srповá et al., 2011, 25) There are different ways of distributing a product or service. A company can choose from its own channels, partner channels, or a mixture of both. When a company decides to involve an intermediary, it should choose the right type of partnership. (Srповá et al., 2011, 25) and (Osterwalder and Pigneur 2010, 58-59) Besides the own and partner type of channels a company can also decide, whether it wants to use direct or indirect ways of reaching customers or a mixture of these two types. (Osterwalder and Pigneur 2010, 58-59)

**Promotion** is the marketing mix element that helps to propagate a company and its products or services. The purpose of promotion is to inform people, enhance their awareness, and support demand for the products or services. Besides that, promotion should speed up the decision-making process of potential buyers. Promotion is a complex element of a marketing mix that contains advertising, sales promotion, personal selling, public relations, and direct marketing. (Išoraitė 2016, 33)

**People** who deliver the service to customers are a very important aspect of service-oriented businesses, which affects customer satisfaction and greatly influences their decision-making. (Saidani and Sudiarditha, 2019, 75) Employees generally represent the company they work at. Their behavior, communication, training, and other skills influence the customers' overall impression. (Khan, 2014, 104) Therefore, employee selection, their training, dress code, etc., must be carefully considered in a business field that is highly dependent on interpersonal communication.

**Process** refers to the delivery of a service that should ensure the satisfaction of customers and the possibility of their return. (Saidani and Sudiarditha, 2019,75) The quality of the process is closely tied to the people who deliver it. (Khan, 2014, 104-105)

**Physical evidence** is generally an environment in which services and goods are delivered. Physical evidence is not only premises but also other sensations such as smell or sound. (Khan, 2014, 105)

### 2.2.7 Team & Key Partners

People are the key scarce resource for every business. Finding, training, and keeping the right personnel in the right place is fundamental for the proper running of a business. Keeping skillful people in a company requires organization of responsibilities and a type of management concept that would motivate and maintain the personnel. (Abrams 2019, 236)

Suppliers and other key business partners are another inseparable part of a business model. Generally, suppliers and key partners ensure the supply of materials and other necessities for a business. Besides that, partnerships and cooperation should reduce risk and uncertainty, which are generally associated with entrepreneurship. Every business should define key partners and key suppliers with whom they want to establish a trusted alliance. (Harvard Business Review, 2018, 81-83)

### 2.2.8 Financial Plan

A financial plan is a summarization of all activities performed by a company converted into numbers. A financial plan should determine whether the business plan has the potential to succeed in the real world in terms of financing the intended business activities or not. A financial plan should include an opening balance sheet, an initial costs plan, an estimated revenue plan, a variable and fixed cost calculation, a cash flow plan, an initial capital plan, etc. (Srpková et al. 2011, 28) Srpková (2020, 220) recommends creating 3 scenarios of a financial plan – pessimistic, realistic and optimistic.

#### 2.2.8.1 Financial Statements

The essential financial statements are the balance sheet, cash flow, and profit and loss statement. It is crucial to realize that every financial statement consists of divergent types of financial records, meaning that every financial document reflects a different sphere of financial vitality of a company. (Srpková et al. 2011, 28)

#### **Balance Sheet**

A balance sheet is an essential financial statement that provides us with information about a company's asset structure (current and non-current) and its type of financing (liabilities and owner's equity) assembled for a specific date. The rule is that an amount of asset must equal the amount of liabilities and owner's equity. (Pavelková et al. 2017, 79)

### **Profit and Loss Statement**

A profit and loss statement is another important financial document consisting of revenues generated from a company's outputs along with its purposely spent expenditures assembled for a specific period. The result is net income calculated by dividing total expenditures from total incomes. The result can be in the black numbers (+) or the red numbers (-). (Pavelková et al. 2017, 144)

### **Cash Flow**

The last basic financial statement is the cash flow, which reflects the inflows and outflows of money and the reasons for the movements. The cash flow evaluates the company's liquidity and ability to pay for its daily activities. (Pavelková et al. 2017, 189)

#### **2.2.8.2 *Initial capital***

A newly set up company needs initial capital, which would finance the initial costs related to starting a new business activity. Besides that, the capital is used for buying fixed and current assets and financing the first operating expenses. (Srpová et al. 2011, 28) An entrepreneur might have enough money to set up a business, however, this usually applies to an experienced businessman. A newer entrepreneur will probably need help from outside sources that might be, for example, 3Fs (Family, Fools, and Friends), banks, equity investors, angel investors, crowdfunding, accelerators, etc. (Srpová et al. 2011, 144) and (Harvard Business Review, 2018, 105-106)

#### **2.2.9 Appendix**

An appendix is the last part of a business plan where an entrepreneur can include detailed additional information supporting a particular chapter included in the business plan. The appendix should be short, to the point, and compelling, and new essential information should not be presented there. (Abrams, 2019, 333)

## **II. ANALYSIS**

### 3 BUSINESS PLAN FOR A SUSTAINABLE CAFÉ

This business plan describes the concept of a newly set up sustainable café called KAFF that will be situated in the center of Zlín.

#### 3.1 Title Page

Name: KAFF, s.r.o.

Location: Divadelní 1333, 760 01 Zlín

Legal form: Limited liability company

Associate: Karolína Kouřilová

Phone Number: +420 608 984 777

E-mail: kaff@seznam.cz

Instagram Profile: KAFF

Website: www.kaff.cz

Logo:



Figure 2 - Logo of the café (own creation)

#### 3.2 Executive Summary

A sustainable café will be a new concept for a gastronomy facility in Zlín whose aim will be to combine the pleasure of eating and drinking with minimizing the negative ecological impact on our planet. The idea was born after a long working experience in a café, where it is a common practice to throw away several kilos of food and other material every day, which is neither ecologically nor economically friendly. It is difficult, perhaps even

impossible, for a business or an individual to be 100% eco-friendly and zero waste, so the owner of the café wants to aim at combining quality ingredients sourced by suitable suppliers, maximal utilization of ingredients, and minimalization of packing materials. The motto of the café is “If you stay, stay sustainable”.

KAFF will be operated as a legal entity managed by Karolína Kouřilová. The concept of the café is unique for its sustainability approach and differentiates itself mainly by the wide range of homemade products that will be made from raw materials of the best quality produced mainly by local suppliers. On the menu, customers will also find plenty of vegan, vegetarian, gluten-free, and lactose-free products. Besides the homemade products, the café will focus on high-quality coffee of the best taste and its proper preparation.

The place in the Zlín city center was carefully chosen for its location and fast and easy accessibility. The selected building has been adapted for running a gastronomic business. The interior of the building accommodates about 30 customers at once, and there will be a possibility for outdoor seating, which will accommodate 30 more. The space will be designed to make the customers feel comfortable and welcoming.

The initial phase of the café will be partially financed from the owner’s resources of 300,000 CZK and partially from a bank loan of 250,000. The sum of 550,000 CZK covers all the costs connected to the equipment of the café. Part of the money must be used to buy initial inventories, and some of the money will serve as a reserve for unexpected expenses and as a base in a cash register.

### **3.3 The opportunity**

Zlín is teeming with cafés of various concepts, visions, and target audiences, however, none primarily caters to groups of people disadvantaged by their food intolerance. Many people in Zlín are daily looking for a nice, warm, calm place where they can sit down and have a cup of great coffee with a piece of homemade cake. There are many places like that, but what if a person cannot drink regular cow milk or cannot eat a cake filled with whipped cream? KAFF is a solution for people who are looking for food alternatives because of their dieting restrictions. Besides that, demand for plant-based products is on the rise, and not only people with dieting restrictions purchase them.

The café will be focused on using locally produced ingredients of the highest quality, which will enable the preparation of dishes, snacks, and desserts of the top-class taste. In addition to homemade cakes, the café will also create its own homemade bread,

bagels, granola, and hummus spread. Among other things, coffee, as a very important aspect of a café, will be purchased from suppliers who are particular about the quality of coffee beans.

Lastly, the sustainable concept will be unique for the Zlín region. Besides the fact that customers can be sure that they will get homemade products made from quality ingredients, they can have a good feeling about visiting a café that is trying to change the normal approach of most cafés by minimizing the ecological impact on nature.

### **3.4 Company Description**

This section provides readers with essential information about the café, such as the mission of the business, the key objectives of the business, its legal form, location, and opening hours.

#### **3.4.1 The mission of the business**

The mission of KAFF is to offer high-quality, fresh, homemade products with an emphasis on plant-based alternatives and a sustainable approach.

#### **3.4.2 Key objectives of the business**

The key objectives of the café are the following:

- to provide customers with high-quality products and services,
- to keep the business environmentally friendly,
- to reduce packaging,
- to sustain the level of quality over time,
- to use products of the highest quality,
- to gain and keep loyal customers and to create a community with them,
- to gain and keep loyal personnel who would follow the mission and culture of the business,
- to share the idea of sustainability among people,
- to expand the business to other cities.

### 3.4.3 The legal form of the business

The owner of the café decided to choose the form of a legal entity, namely a limited liability company because she will be liable only for the company's assets, not for her personal ones. Setting up a limited liability company requires a mandatory registered capital of 1 CZK, however, the actual capital will be 300,000 CZK which was determined by the needs for the establishment of the café and self-funding abilities. The owner decided to set up the company by herself, however, if necessary, another associate can later join the company. Lastly, the café as a limited liability company can potentially be sold or passed on to someone else in the future. The owner of the business is aware of the greater administrative and tax burden connected to this legal form.

The operation of a gastronomy facility requires an arrangement of a vocational trade. The owner fulfills both general and special requirements for obtaining this trade. She has the legal age, legal capacity, and clean criminal record, as well as 6 years long practice in the field.

### 3.4.4 Location of the business

The café will be situated in the Zlín city center at the address Divadelní 1333, 760 01 Zlín. The space was chosen for its location in the city center and easy accessibility. The building is located between university dormitories and the city theatre, near the main building of a bank and the town church. It is also close to 3 busy bus stops (Školní, Dlouhá, Náměstí Míru), which are 3-5 minutes away on foot. This location also allows for outdoor seating around a beautiful grassy area.

### 3.4.5 Opening Hours

Opening hours are set up based on the nature of the café and its products. Breakfasts in KAFF will be available the whole week, therefore, the café will be open from 7 am on the working days, and from 9 am on weekends.

The café will be open until 6 pm from Monday to Thursday and on Sundays. The owner assumes that most of the visitors would not stay in the café until the late hours on working days or when they must wake up the next day. On Fridays and Saturdays, the closing time will be prolonged until 8 pm so that people can stay a little longer.

Table 1 - Opening hours (own creation)

DAY	OPENING TIME
Monday	7:00 – 18:00
Tuesday	7:00 – 18:00
Wednesday	7:00 – 18:00
Thursday	7:00 – 18:00
Friday	7:00 – 20:00
Saturday	9:00 – 20:00
Sunday	9:00 – 18:00

### 3.5 Description of products and service

This section is mainly focused on a detailed description of the products the café will offer.

#### 3.5.1 Service

Service will depend on the training and skills of personnel who must be able to work quickly and effectively, with a focus on essentialities such as proper dish out, clean tables, short wait time, etc. The emphasis will also be put on nice pleasurable behavior and complaisance towards customers. This means that personnel should be able to politely answer all questions related to products, their preparation, and allergen content. They should communicate assertively and with interest, actively offer specialties, and be helpful to customers in making decisions.

#### 3.5.2 Products

As was already stated, KAFF will be a sustainable café whose main coverage is high-quality coffee and delicious homemade cakes and snacks of various types. Besides that, other popular products, such as chai latte, matcha, loose teas, lemonades, etc., will complement the menu.

#### *Coffee*

Ideally, we would like to provide our customers with two types of coffee beans – acidic and bitter so that customers can choose based on their taste preferences. From a wide range

of different types of coffee beans, we have chosen Bohème from La Boheme Café roastery, which is a mixture of 4 regions (Brazil, Ethiopia, Guatemala, and Salvador). The mixture of the beans creates a delicate coffee flavor with a tinge of milk chocolate, almonds, and forest fruit. The representative of the more bitter and distinct cup of coffee will be Columbia from Fair Bio roastery. These coffee beans carry the taste of dark chocolate, caramel, and cane sugar.

Both coffee beans are dedicated to the preparation of espresso, from which all the following types of coffee will be prepared based on one's preferences:

- Ristretto/Espresso/Espresso lungo
- Espresso macchiato
- Americano
- Cappuccino
- Flat white
- Latte macchiato

Filtered coffee, as a popular beverage among coffee lovers, must not be omitted from the menu. Fair Bio roastery offers a wide range of coffee beans intended for the preparation of filtered coffee using a moccamaster. Filtered coffee beans will be regularly changed so that customers can savor different flavors and undertones.

Apart from the coffee classics, we would like to offer some coffee specialties such as:

- Espresso tonic
- Iced coffee
- Cold Brew
- Seasonal coffee specialties

In addition, every coffee that contains milk can be prepared from plant-based milk.

### ***Loose Tea***

For people who prefer a cup of tea over a cup of coffee, a wide selection of high-quality loose teas from the Sonnentor brand will be available. The selection will be the following:

- Green tea – Sencha, Chinese green tea

- Black tea – Earl Grey, Darjeeling
- Herbal tea – chamomile, mate, linden blossom, lavender
- Fruit tea – apple, fruit mix

### *Alternatives*

Lastly, for people who would like to try something different than a cup of coffee or tea, specialties such as chai latte (hot or iced), hot chocolate (white, milk, dark), and matcha will be a part of the menu as well.

Chai latte is a mixture of black tea with oriental spices combined with whipped milk. Chai latte is also great in combination with plant-based milk or in an iced version.

Growing cocoa beans is very demanding for our planet. However, hot chocolate is generally a very popular beverage. In order to reconcile possible customer demands with the café concept, we decided to create hot chocolate by melting pieces of chocolate in hot milk, which creates a delicious drink. A chosen chocolate supplier follows a sustainability approach in many aspects, and chocolate will be transported in reusable packages. To support the maximal usage of milk, it is perfectly fine to use whipped milk leftovers to make this beverage.

Matcha is Japanese green tea from which many drinks of various flavors can be prepared. Matcha tea can be combined with hot or cold water, milk of any kind, or syrups. There will be several versions of matcha beverages on the menu, for example:

- Matcha classic – matcha combined with hot water,
- Matcha iced tea – matcha combined with cold water,
- Matcha cappuccino – matcha combined with milk of any kind,
- Iced matcha latte – iced matcha beverage combined with milk of any kind.

### *Other soft drinks*

Special sweetened soft drinks in flavors such as mandarin, blackcurrant, hibiscus with mint, and lavender would also be part of the menu. Besides that, there will be a choice of matcha lemonades in flavors of pineapple, grapefruit, or lime. These soft drinks are very tasty, refreshing, and packaged in reusable bottles. In addition, other popular soft drinks that are stored in reusable glass bottles, such as Kofola, RC cola, Vinea, tonic, juices, and Rajec water, will also complement the menu.

All the beverages are intended to be directly served without the need for additional liquid or decorations, thus avoiding additional potential packaging material.

### ***Cakes, pastries, and snacks***

Other essential products of the café will be homemade cakes, pastries, and salty snacks. The emphasis will be put on raw cakes that are suitable for everybody, including vegans and people with lactose and glucose intolerance. Besides that, the café will offer classic cakes and other types of gluten-free cakes. The cake offering will, for example, include moss (gluten-free) cake, Miša (gluten-free) cake, vegan apple pie, Parisian cake, New York cheesecake, raw desserts, etc. The daily salty snack menu will include bagels, hummus plates, or homemade bread with spread. Our interest is to satisfy not only peoples' cravings but also hunger, therefore the snack offer will also include salads such as:

- Vegetable salad with pasta, ricotta, and dried tomatoes.
- Vegetable salad with lentils, cheese, beetroot, and nuts.
- Vegetable salad with eggs, ham, dried tomatoes, and honey-mustard dressing.

In winter months, the vegetable salads will be reduced to one type and substituted for soups made from vegetables available at that time (pumpkin, potatoes, root vegetables, etc.).

### ***Breakfast***

We would like to offer sweet and salty breakfasts along with alternatives for vegans, vegetarians, and lactose-free, gluten-free versions. The composition of the offered breakfasts will change based on the season and availability of raw materials.

#### **EGGS**

- Scrambled eggs
- Fried Eggs

Served along with bread, butter, and a small vegetable salad. There will be a possibility to change for a gluten-free homemade pastry or lactose-free spread.

#### **OMELET**

The egg omelet filled with vegetables and cheese will be a delicious filling breakfast that is rich in nutrients. According to one's preferences, cheese does not have to be added to the

omelet and can be compensated with hummus. A small vegetable salad and bread or gluten-free pastry will be served along with the breakfast.

#### HUMMUS PLATE

This salty breakfast will consist of homemade hummus spread served alongside carrot, cucumber sticks and bread. The main ingredients for making the hummus spread are chickpeas, tahini, and spices. All the ingredients are, therefore, lactose-free and vegan. The bread can be changed to a gluten-free version.

#### HOMEMADE BAGEL WITH HAM & CHEESE

A homemade bagel will be filled with cream cheese, ham, and fresh seasonal vegetables, everything sourced by local producers.

#### CARROT BREAD

The ingredients for the bread will be carrots, spelled flour, eggs, nuts, oil, baking powder, sweetener, and spices. The bread will be, therefore, gluten-free and lactose-free. The bread will be served with fresh seasonal fruit. Yogurt can be added depending on one's preferences.

#### YOGURT WITH HOMEMADE GRANOLA

Homemade granola will be made from nuts, seeds, gluten-free oat flakes, coconut oil, and honey. The composition of the granola is, therefore, gluten-free. The yogurt will be supplied by a local farm, and plant-based yogurt will be also available.

#### OATMEAL

Oatmeal is another type of breakfast that will be prepared in vegan, gluten-free, and lactose-free versions. Gluten-free oat flakes and plant-based milk will be the base for every oatmeal. The oatmeal will be enriched with seasonal fresh fruit and homemade granola.

#### SMOOTHIE BOWL

Smoothie bowl will be made from seasonal fruit mixed with plant-based milk. The bowl will be served with homemade granola and fresh fruit. This breakfast will be a great choice for everybody, including vegans and people with lactose or gluten intolerance.

In addition, the purchased oven can fit more items at once to reduce energy consumption. The oven will be switched on no more than twice a day, in the morning to bake fresh bread and bagels, and in the afternoon to bake cakes. Also, any packaging

material from products that cannot be purchased in reusable boxes will be properly recycled. To ensure maximum fruit consumption, unused fresh fruit will be dried and used in the winter months to garnish the sweet dishes. If the freshly baked bread is not fully used, it will be toasted the next day and used for making the bread with spread and hummus plate. Bagels will be limited to 10 pieces per day, and if they are not used, they will be also toasted the next day. Old unused bread, or bagels, will be dried, mixed, and made into flavored breadcrumbs that will be used to flavor and garnish savory dishes. Lastly, hummus spread can be stored in a freezer and preserved there for 2 months.

### ***Hygiene guidelines***

Since there will be a lot of products prepared in the café, it is necessary to be familiar with hygiene guidelines. Legal documents that are essential for running a business in accordance with hygiene guidelines are the following:

- Nařízení č. 178/2002 kterým se stanoví obecné zásady a požadavky potravinového práva – this guideline outlines how to properly store and label food.
- Nařízení č. 852/2004 o hygieně potravin – this guideline describes how to hygienically work with raw materials.
- Nařízení č. 1169/2011 o poskytování informací o potravinách spotřebitelům – this guideline states that for example allergen content information must be visible or traceable.
- Zákon č. 258/2000 Sb. o ochraně veřejného zdraví – this law determines hygiene conditions for running a gastronomy facility.
- Zákon č. 110/1997 Sb. o potravinách a tabákových výrobcích – this law outlines hygiene and quality standards a food or tobacco distributor, retailer, manufacturer etc. must comply with.
- Zákon č. 634/1992 Sb. o ochraně spotřebitele – this law outlines consumer rights.
- Zákon č. 65/2017 Sb. o ochraně zdraví před škodlivými účinky návykových látek – this law defines availability and consumption of addictive substances.
- Vyhláška č. 137/2004 Sb. o hygienických požadavcích na stravovací služby a o zásadách osobní a provozní hygieny při činnostech epidemiologicky závažných –

this regulation includes general requirements for hygienic preparation, labelling, storage etc. of meals. (Lázeňská káva, 2023)

### ***Complementary products***

Firstly, customers will be able to purchase reusable products replacing disposable ones. Available will be bread bags or fruit and vegetable bags, porcelain coffee-to-go cups from Bohemia Crystal, and Goodways boxes made of stainless steel with a bamboo lid.

Secondly, customers will be able to make a pre-order of our homemade bread and bagels as well as our homemade granola. It will also be possible to order a whole cake, or other kinds of dessert offered in the café.

## **3.6 Market Analysis**

This chapter introduces analyses of potential customers, competition of the café, and the business environment.

### **3.6.1 Customer Analysis**

Generally, target customers will be daytime visitors who live in Zlín, are coffee and food lovers, search for a calm place with jazz/blues music playing in the background and are willing to pay for quality. This café will be designed mainly for people who want to spend some time in the café so that takeaway is possible only if a person has a reusable takeaway cup or box.

The first identified persona the café will cater to is someone with dietary restrictions or who favors plant-based diets. Many products, such as raw cakes, gluten and lactose-free options, and vegan and vegetarian alternatives will be specially designed to meet their needs and wishes.

Another persona is someone who supports local producers and is interested in sustainability. The person wants to treat oneself to quality homemade products, rather than semi-finished products and seeks well-prepared specialty coffee.

The last persona is an adult woman with a stable income who would like to meet with her friends, have a small meeting, work, study, read a book, or just relax in the café. The person can appreciate good coffee and homemade cakes and snacks.

### 3.6.2 Competition analysis

The café will be established in the Zlín city center where, many cafés, coffee shops, and espresso bars are already situated, however, none of these businesses is characterized by a sustainability concept, and just a few cafés regularly offer at least one vegetarian, vegan, lactose-free, and gluten-free product. Furthermore, many businesses in the city aim at quantity not quality, and overlook the cornerstone of every café, which is a well-prepared quality coffee. Nevertheless, the competition is high and should be analyzed thoroughly. Subjects of the analysis were modern cafés in the city center within a radius of 500 meters whose location, style, and offer can be attractive to inhabitants of Zlín. Nevertheless, espresso bars, bistros, and cafes, which are primarily focused on takeaways, were not taken into consideration. The analysis was focused on location, indoor and outdoor seating capacity, opening hours, choice of coffee, choice of plant-based kinds of milk, and lastly cake offerings. The competitors are listed by the location from the nearest to the farthest from KAFF.

#### **Kavárna Archa**

Kavárna Archa is a small cozy café and bistro in the center of Zlín, situated on a very busy street called Tomas Bata Avenue. The space of this café is smaller and offers about 10 seats inside and 3 seats outside. Nevertheless, the café does not target larger groups of people, instead, it provides a cozy and quiet space for individuals or smaller groups. The café offers about 5 to 7 homemade desserts, including 2 gluten-free desserts. Their menu is newly enriched with a poke-bowl menu that can please many people who plan to stay here for a longer period of time. The café is open from Monday to Friday from 8 am to 8 pm, on Saturday from 9 am to 7 pm, and is closed on Sundays. On the grinder is specialty coffee from Poppy Beans Coffee roastery. The coffee is rather bitter but still very tasty and also suitable for people who prefer milder types of coffee beans. Lastly, there is a possibility of 3 different plant-based kinds of milk and lactose-free milk.

#### **Mr. Coffee**

Mr. Coffee is another café in the center of Zlín, located on Školní Street near Park Komenského. This café differentiates itself by its own roastery and, therefore, it is primarily focused on quality coffee. Customers can always choose from two types of coffee beans which are regularly rotated. The café has a small indoor seating with 9 tables and outdoor seating with 6 tables. There is also a small children's playing area both inside

and outside. The café offers about 5-8 different homemade cakes and desserts, from which there is usually at least one gluten-free, and they sometimes also include raw deserts. The café is open from Monday to Friday from 8 am to 5 pm, on Saturday from 9 am to 12 pm, and is closed on Sundays. Lastly, oat milk is the only plant-based milk they offer. The customers of this café are mostly students and moms with children who get great coffee at a very reasonable price.

### **Café 204**

The Café 204 is presented as a café, bistro, and wine bar situated in Park Komenského. As the name suggests it should mainly be a café, however, it is more significant for its breakfast, lunch, and dinner menus that are weekly altered. The interior of the café is very spacious, and there is also a possibility to sit on the outdoor terrace where there are plenty of seats overlooking the park. The space of the café enables the organization of many different events such as small concerts, organized wine tastings, fashion shows, etc. The offer of cakes and pastries is usually limited to 3-5 desserts. The café is open from Monday to Thursday from 8 am to 10 pm, on Friday from 8 am to midnight, on Saturday from 9 am to 11 pm, and on Sunday from 9 am to 9 pm. There is always a choice of two coffee beans from the brand Trobica. Lastly, the café offers 2 types of plant-based milk. The customers of the café are probably people who search for a place where they can have a meal and then also a cup of coffee, wine, or a mixed drink. This place is also great for meeting with business partners or for a formal date.

### **Park Café**

Park café is a new modern café located very close to the busy bus stop Náměstí Míru and the local marketplace. The café is highly focused on tasty breakfasts and brunches. The interior space allows for 9 tables, and the terrace can accommodate 10 more. There is a choice of up to 10 cakes a day made by local pastry makers, however, gluten-free or other alternative desserts are not a part of their regular offer. The café is open on Monday and Tuesday from 8 am to 7 pm, on Wednesday and Thursday from 8 am to 9 pm, on Saturday from 8 am to 11 pm, and it is closed on Sundays. The offered coffee is ideal for lovers of strong Italian coffee produced by the brand Enzo Bencini. Lastly, guests have a choice of two plant-based kinds of milk. The café's elegant modern environment might be an ideal place for a business meeting or a friendly meeting for a cup of coffee along with a glass of wine.

### **Merci Café**

Merci Café is a franchise with a Slovak Wallachian theme based in the center of Zlín on Dlouhá Street. The café is quite spacious but offers only a few seats, which ensures that tables are not too close to each other. Due to its location, outdoor seating is only possible on the alcove in front of the café. The café offers 3 types of plant-based milk and up to 10 cakes a day with an irregular offer of gluten-free cakes. The café offers one type of specialty coffee beans from Dot Coffee Roastery. The coffee is very good, especially in milk beverages. The café is open from Monday to Friday from 8 am to 7 pm, on Saturday from 10 am to 6.30 pm, and Sunday from 12:30 pm to 6 pm. The café targets dog owners or mothers with children.

### **Summary of the competition**

In conclusion, each of the cafes mentioned above has its strengths and weaknesses, specific features and qualities, and groups of customers they target. KAFF's goal is to combine the analyzed variables to achieve maximum satisfaction for its potential customers. First of all, the capacity of the café is quite large, especially from April to September, when the café can accommodate up to 60 people at a time. People will have a good chance of getting a seat when they visit the café. The premises of the building also offer great space for outdoor seating which we will focus on and gradually improve so that people feel as comfortable as possible. The opening hours are also slightly different from the competition. The cafés are during the week open from 8 am, however, KAFF will be open from 7 am, so that people can start their day with breakfast or a cup of coffee before they go to work or school. Also, many of them are closed on Sundays, KAFF will stay open for the whole week. Moreover, KAFF will set itself apart with its wide range of homemade classic, gluten-free, and raw cakes. Finally, we come to the coffee offer. Some of the analyzed cafés offer only one type of coffee beans, which are mostly strong and bitter. Moreover, just a few of them offer specialty coffee beans. At KAFF, customers will have a choice of two options, either a strong bitter coffee or a mild acid coffee. In addition, La Boheme Café roastery, which is our supplier of the milder acidic type of coffee, is also a producer of specialty coffee beans. Lastly, all the cafes offer at least one alternative milk, since KAFF will be promoting plant-based kinds of milk, customers will have a choice of 4 alternatives, namely coconut, almond, soya, and oat.

### 3.6.3 Business Environment

This section is focused on the business environment which consists of demographic, political, economic, socio-cultural, technological, and natural spheres.

#### Demographic environment

According to the public database of the Czech Statistical Office, 580 531 people were living in the Zlín region at the beginning of 2023. In the Zlín city lived 74 191 inhabitants, out of whom 38 559 were women and 35 632 were men. There has been an increase in population in Zlín city since 2021, however, in the long term, the population is rather decreasing. As far as the age structure is concerned at the end of 2022, 45 418 people fell into the 15-64 age range with an age average of 44,4 years. (Český statistický úřad, 2023)

#### Political environment

At the beginning of 2024, the so-called Consolidation package was adopted, based on which some rates of the value-added tax were modified. The VAT of soft drinks was increased from 15% to 21%, which caused an increase in the prices of soft beverages in gastronomy facilities. (behounek.eu, 2024) Besides that, the Consolidation package also includes an increase in the income tax of legal entities from 19% to 21%. (ČSOB Průvodce podnikáním, 2024)

#### Economic environment

The inflation rate in the Czech Republic in 2022 dramatically increased reaching up to 18%. In 2023 we could observe a gradual decrease with an average yearly inflation rate of 10,7%. (Český statistický úřad, 2024) Moving on to this year, the Czech National Bank predicts that average inflation in 2024 could hold at 2,6%. (Česká národní banka, 2024)

Another important economic indicator is the GDP rate. In 2023 GDP fell by 0,4% year-on-year. The decline was mainly caused by lower household consumption. On the other hand, a positive impact on the development of GDP had foreign demand. (Kurzycz, 2024) According to Czech National Bank the Czech GDP should slowly but surely resume its growth this year. (Česká národní banka, 2024)

Lastly, the Labor Office of the Zlín region registered 3,15% of unemployed people at the end of January 2024, which puts the Zlín region in the second position with the lowest unemployment rate in the Czech Republic. (Český statistický úřad, 2024)

### **Socio-cultural environment**

Generally, the state's concerns for the well-being of its citizens should positively influence the socio-cultural environment. The Czech Republic adopted the so-called ČR 2030, which is a document composed of 17 objectives that should lead to sustainable development and improved quality of life. These 16 objectives are summarized in 6 key areas with predefined goals. The first area is concerned with the Czech population. The goal is to form a society that has access to job opportunities, education, culture, and social and health care that has a positive attitude towards a healthy lifestyle and exercise. (ČR 2030, n.d.) and (Ministerstvo životního prostředí, n.d.)

Another change in a socio-cultural environment that may influence the café is the demand for alternative kinds of milk and other products. Based on information from a press release published by SOCR ČR, demand for plant-based products in the Czech Republic is on the rise, and not only vegetarians and vegans purchase them. A chairman of SOCR ČR claims that alternative products are currently an increasing trend which brings a business opportunity for food manufacturers. (SOCR ČR, 2023)

### **Technological**

Technological equipment in this field is at a high level and absolutely sufficient for the needs of the café. Coffee equipment such as a coffee machine and coffee grinder are largely automatic and facilitate the work. Also, kitchen appliances and equipment enable us to do the work more efficiently. The owner does not expect revolutionary technological changes that would affect gastronomy.

### **Natural Environment**

Since the café will aim at the usage of seasonal fruit and vegetables to increase sustainability and to lower the costs of raw materials, there might be a threat of environmental changes such as spring frosts or summer droughts that have been afflicting the Czech Republic in recent years.

Another big concern that troubles society are disposable plastic products that litter the planet. Some products have already been banned by the government, however, these plastic products have been just replaced by disposable products made from other materials, causing other problems. This might be an opportunity for the café, which will not allow for takeaway unless customers carry their own keep cups or boxes. (Rosteme pro budoucnost, 2023)

### 3.7 Marketing Plan

A marketing plan is composed of a SWOT analysis which identifies the company's strengths, weaknesses, opportunities, and threats, and a marketing mix which discusses the company's product, price, place, promotion, people, process, and physical evidence.

#### 3.7.1 SWOT Analysis

This section discusses the company's identified strengths, weaknesses, opportunities, and threats.

Table 2 - SWOT analysis (own creation)

<b>STRENGTHS</b>	<b>WEAKNESSES</b>
Menu that is set up for a wider range of people	Higher prices than competition
Raw materials and products of high quality	Newly set up business in a highly competitive environment
Reduction of food waste and maximal utilization of raw materials	No business experience
Experience in gastronomy	Dependence on certain suppliers to maintain the concept of the café
Well-trained personnel	High costs of setting up a café
Location of the café	No alcoholic beverages
<b>OPPORTUNITIES</b>	<b>THREATS</b>
Increasing demand for plant-based products	Increasing prices of rent, utilities, and raw materials
The possibility to create a new community with the customers	Increase in competition
Demand for homemade products	Decrease of population in Zlín
A unique concept of the café	Difficulties in finding workers
	Extreme weather changes affecting the growth of seasonal fruit and vegetables

**Strengths:**

A significant competitive advantage will be the diversity of the menu where not only food and coffee lovers will find what they are looking for, but also vegans, people suffering from celiac disease, and people with lactose intolerance or milk protein allergy will not be neglected. Diversity of the menu and availability of alternative products will ensure that the café will cater to a wider range of people. Besides that, the offered products will be made from high-quality ingredients largely sourced from local suppliers.

The sustainable concept goes hand in hand with the reduction of food waste and waste of other materials. This should reduce the costs of purchased food and materials because everything will be maximally utilized.

The owner of the café is an experienced head barista who knows what is essential for a smooth workflow of the café. This is an upside for the proper running of the café and also for the whole team that will be led by an experienced person in the field. Besides that, the owner is due to her experience able to train personnel to maintain a high level of service.

The last but not least identified advantage of the café will be its location in the city center and its barrier-free accessibility.

**Weaknesses:**

The biggest weakness of the café will be the costs of raw and fresh food and other alternative materials such as local products, gluten-free products, or plant-based milk that are noticeably more expensive than regular ones. The expenses will be reflected in the prices of the offered products which might be higher than the prices of other cafés in Zlín.

Furthermore, Zlín is a small city with many cafés of various concepts. KAFF will be a newly established café with no former personnel and customer base which both will have to be built from the ground up.

Even though the owner of the café has been working in gastronomy for many years she is not experienced in running a business. This might be an obstacle at the beginning, especially in setting up the right prices, building relationships with the right suppliers, managing all the necessities related to running a company, etc.

In order to maintain the café's concept, we need to find the right suppliers to support the sustainable idea. The suppliers will be for example local farmers, suppliers supporting zero waste, or producers that reuse their packaging. Not everyone can be a

supplier for the café with this concept, therefore it may be difficult to find replacements for these suppliers.

Whereas setting up a new café requires completely new equipment and reconstruction of the place, the costs of setting up a café are very high, and external funding in the form of a bank loan is needed.

Lastly, since the owner decided to prioritize specialty coffee and its proper preparation in combination with homemade products, alcoholic beverages are omitted from the menu.

### **Opportunities:**

With the increasing environmental concerns, requirements for the reduction of waste and more ecological-friendly attitudes might be generally expected from businesses. In the following years, people might be more and more in favor of businesses that follow this approach and might prioritize them. In addition, the demand for alternatives such as plant-based kinds of milk, vegan products, or gluten-free pastries has been increasing not only because of intolerances but also because of subjective changes in lifestyle.

### **Threats:**

The major threat to the business might be the increasing prices of raw materials, rent, and utilities which directly affect prices of the products that will be offered in the café.

Another threat is the increase in competition in Zlín which might cause not enough customers will visit the café. What is more, the café's target customers are people in the age range of 20-45 who are likely to move to other cities and countries searching for education, job opportunities, or experiences before settling down. This might cause the loss of café's regular customers.

Finding personnel can be challenging especially because many people still feel uncertain about the gastronomy industry after the Covid-19 pandemic situation. Reimbursement and the impossibility of career advancement might also contribute to disinterest in working in gastronomy. Additionally, a problem may be also in finding long-term workers who would work in harmony with the concept of the café.

Lastly, in recent years, we have observed sudden temperature changes that fundamentally affect our nature. As the café is dependent on natural resources, these changes can negatively influence the café's operations.

### 3.7.2 Marketing Mix

The marketing mix consists of the upgraded 7Ps marketing mix which describes products, price, place, promotion, people, process, and physical evidence.

#### Product

Espresso, as the base for almost every coffee drink, will be the essential product of the café. Espresso might be then combined with milk, syrup, alcohol, hot water, etc. which create different kinds of coffee drinks. Other products such as loose teas, matcha, chai latte, hot chocolates, lemonades, and other soft drinks will also be available for the customers.

Other main products will be sweet and salty snacks and breakfasts. Wide range of fresh homemade desserts and pastries that will also include lactose-free and gluten-free options and desserts suitable for vegans. Salty snacks such as bagels or homemade bread with homemade spreads will complement the menu. These products will be freshly made in the café right after an order is made which ensures freshness, reduces food waste, and makes it possible to prepare the product in a vegan version or from gluten-free bread.

There will not be a possibility for takeaway unless a customer has his box or a keep cup. All the products will be intended for immediate consumption.

Section 3.5. *Description of products and services* describes the products of the café in more depth.

#### Price

First of all, considering a newly established café that will operate in a highly competitive environment, all the offered products in *coffee and its alternatives*, and *soft beverages* cannot significantly exceed the prices of other cafés in Zlín, therefore, prices of these products are set based on the prices of competition. From the category of *coffee and its alternatives*, the cheapest products are espresso and matcha classic, both for 55 CZK. The most expensive items are then hot chocolate and iced chai latte, both for 85 CZK. The most expensive item from the category of *soft beverages* is a lemonade for 80 CZK and the cheapest is water for 40 CZK. Other items in this category are priced at 45 CZK. On the other hand, the prices of the products falling into the categories of *salty snacks*, *desserts*, and *breakfast* are based on the prices of raw materials, and homemade preparation is also taken into consideration. Cakes are the most demanding to prepare in terms of time consumption and variable costs. Therefore, the prices for one piece of cake range from 85

CZK to 105 CZK. Lastly, when pricing, it is also necessary to look at prices from the customer's perspective and determine how much money the customer is willing to pay for a given item. This means that a small piece of cake cannot cost, for example, 150 CZK.

### **Place**

The café will be situated in the Zlín center on address Divadelní 1333, 760 01 Zlín. There is a small house that has already served as a space for other gastro facilities. The priority was to find a place that would allow for a new gastronomic facility with the possibility of outdoor seating. The interior and exterior of the building need to be altered to create a pleasant environment where customers would like to spend as much time as possible. After the reconstruction, the space will be enriched with plants to add vibrancy. The comfort of the guests will be ensured by sofas, armchairs, and other comfortable seating.

In terms of product distribution, the priority is to follow the sustainability concept which means that it will be possible to consume products only in the café unless the customers will bring their boxes or cups for takeaway.

### **Promotion**

**Social media** – The main channel for reaching customers will be through social media platforms such as Instagram and Facebook. We assume that many of our target customers use at least one of the chosen platforms and we would like to profit from the increasing influence of social media to entice people into visiting the café. Facebook and Instagram will be linked which enables us to create and publish the same posts at once.

First of all, the bio section will include basic information about the café such as location, opening hours, keywords (for example quality | freshness | sustainability) that will summarize the concept and priorities of the café, and lastly a reference to a website. The content will include pictures and short videos of the products, the interior and exterior of the café, and all other information and news that might be interesting and essential for the customers. 24-hour stories will be used to highlight some important information or to increase the attention of viewers.

The goal will be consistency and frequency of posts. Content will be planned a month ahead, so that pictures and videos can be taken and edited. For one month will be planned 4 posts that will mainly reflect the café's regular products, seasonal specialties, news, etc. Stories will ideally be made every day. A 24-hour story might be just a reminder to have a coffee in KAFF or it can be some kind of interaction with followers as a quiz, survey, or Q&A section to increase awareness and improve the algorithm.

**Website** – The café will have its own website that will include the menu with prices of the products and other essential information about the café. Firstly, the website is primarily for people who do not have social media and search for information about the café. Secondly, the website will contain small articles about the café, its concept, products, etc. to deepen knowledge about the sustainability approach and to increase interest in visiting KAFF.

**Business Profile on Google** - Google offers an option of setting up a business profile which allows people to easily search for a particular business or a type of business they are looking for. The profile will contain updated opening hours, address, and contact details. Photos of the café and products will be added to the profile to give people an idea of what the café looks like and what is on offer. Setting up and managing a profile is completely free.

**Loyalty cards** – Loyalty cards should help to gain new customers in the early stage of the café and keep relationships with them. People will collect points and they will get a free coffee or a discount on coffee for every tenth point they receive. In this way, we would like to create a community of people who would come back regularly, and at the same time reward them for their loyalty.

**Advertising column in the city center** - Since the café will be located in the city center, an outdoor advertisement will be displayed on an advertising column on Tomas Bata Avenue, where it can attract many passers-by. The advertisement will be displayed there the first 6 months after the opening of the café. The price for 6 posters for 6 months is 12,000 CZK.

**Advertising posters in public vehicles** - Another way how to reach a wider range of people is to place an advertising poster in a public vehicle. 2 posters will be placed in 3 selected vehicles. This method of promotion will last for half a year so that as many people as possible can be addressed.

**Word of Mouth** - Personal recommendation will be a valuable marketing strategy we will focus on. A recommendation from a friend or family member is much stronger than a look on a poster. Positive association with the café will be achieved by the overall impression of the customers which will be ensured by a great team of workers in combination with tasty products.

**Collaboration** - Cooperation will be established with a packaging-free shop in Zlín. Some of their products, such as reusable pastry bags or fruit bags, will be available for purchase

in the café. In return, the shop will display a poster for the café in the shop. This will make the café visible to people sharing the same values who may be interested in visiting the café with this concept.

### **Branding**

The café's logo will be printed on cups and plates and embroidered on aprons of staff. The goal is to associate the logo with tasty products and great service. In case a guest takes a photo and posts one's order on social media, other people may remember the logo and later decide to visit the café. A large logo will also be on the café's building, which may attract many passers-by, passing cars, and public transport passengers.

### **Promotion Board**

This board, which will be placed in front of the café, will primarily serve to attract passers-by who will be able to read there the current offers and specialties of the café. The offer on the board can encourage passers-by to visit the café. Besides that, it makes it easier for people to make decisions. If they see something they like, it will be more likely for them to visit the café with a clear goal.

### **People**

People, both employees and management, as well as customers and suppliers, form a chain that would not work without each other. The main task of the staff will be providing customers with quality service and products as was described in detail in section 3.5 *Description of products and service*. Another task of the workers will be to keep the café clean. The morning and afternoon shifts will have their daily cleaning duties. Additionally, they will oversee the stock of raw materials, they consider the freshness of the materials and the need to utilize them. This will be reported to the management (owner) of the café who will take appropriate steps based on the given information. Besides sourcing raw materials and communicating with suppliers, other tasks of the management will be social media content, training of staff, and financial management. The owner will also oversee the adherence to the sustainability concept and, above all, should set an example for the employees to follow the concept. Other detailed information about the staff and suppliers is included in *section 3.8 Team & Key Partners*.

## Process

The process of delivery of a service will be mainly ensured by skillful staff who will know how to communicate with customers, who will try to help them with the selection of products, and make sure that customers are in a pleasant clean environment. The main process of delivering the value to customers was described in section 3.5.1 *Service*.

Another important process applied by the staff will be active interest towards customers. A waitress's task will be making sure how guests feel during their visit if they have everything, or if they want to make another order. Additionally, when paying, the waitresses will ask if everything was okay during the visit. This process will also provide direct feedback from customers, which might help to improve the service and products.

Customers can also contact the café via the company's mobile phone, or they can send a message on the café's Instagram profile. Another possible interaction is through a Google profile where customers can leave a review.

## Physical evidence

Last but not least, the premises and environment where customers spend time, consuming products, are also very important. The overall space will be painted in a green and blue color scheme, combined with white color and black texts. The interior will be equipped with tables, chairs, armchairs, and a sofa. Free spaces and corners will be filled with plants. In addition, the overall impression will be enriched by jazz/blues music playing in the background. The emphasis will be also put on clean premises all the time. A cake display case will be located at the bar where all guests will be able to see the current offer. Photos of other products will be put on social media and the website. Lastly, employees will follow the black dress code and they will wear aprons with the logo of the café.

In terms of sustainability, the café's motto "If you stay, stay sustainable" will be placed on one of the walls in the café. Moreover, the motto will be also displayed on the toilet doors reminding people to behave sustainably in the toilets. New low-flow dual-flush toilets will be installed in the toilets to save water, and stickers will be placed, next to the flush buttons to inform guests how much water is used after pressing a small button (3l) and a large button (6l). Sinks will be equipped with new low-flow taps designed to reduce the quantity of water, and next to the sinks will be placed stickers reminding the guests to turn off the water. After a long consideration of the options, the owner decided on recycled, non-chlorinated paper towels, primarily for hygiene reasons. Next to the paper towel dispenser will be a printed recommendation on how to use these napkins and also a

QR code leading to a video that funnily educates people on how to use the napkins (TEDx Talks, How to use one paper towel). As far as lighting is concerned, smart and economical LED bulbs, which can be changed in intensity, will be used to lower energy consumption.

### **3.8 Team & Key Partners**

The first part of this section describes what is expected from personnel, the employer's attitude towards recruiting new personnel, and the remuneration of employees and part-time workers. The second part introduces suppliers of KAFF.

#### **3.8.1 Personnel**

Personnel is an inseparable part of every gastro business that completes a customer's overall impression. It is one of the main factors why people return and choose one café over another.

The owner of the café will aim to recruit capable people for this job. The right person for the café should be hard-working, responsible, polite, and willing to learn new things. Experience in gastronomy is an advantage for an employee and a benefit for an employer, however, all the necessary skills and information an employee needs to know will be passed on and trained.

A sustainable approach will be also applied to personnel. The owner believes that keeping permanent personnel contributes to the satisfaction of customers who already know what to expect from the café and its staff and will be happy to return. It also saves time for the employer who does not have to regularly train new recruits. The owner of the café would like to find, train, and keep capable personnel who would represent KAFF and enjoy working there. The sustainability of personnel requires effort from the employer. In the beginning, the employer will focus on ensuring that recruits understand the mission and key objectives of KAFF. Both sides need to be in harmony with the objectives. Secondly, the employer will ensure that the atmosphere in the team is professionally managed and there is no bullying or abuse. Also, remuneration will be higher than the competition. Employees and part-time workers will daily split their tips, and employees will be getting bonuses for great work and commitment. Lastly, communication is the key, therefore, regular meetings will be organized, at least once a month, to make the cooperation work in the long term. Individual and team problems, successes, and suggestions for improving the café and the menu will be discussed at these meetings.

The café will have 4 employees and 2 part-time workers. Since the café will be based on homemade products, at least one person will always have to be in the kitchen preparing the products. Another person will prepare coffee and drinks and will serve cakes. The third person on the shift will serve people. Based on the number of people on a shift and opening hours of the café, 840 hours per month will need to be covered, out of which 800 hours will be covered by employees and the owner, and the remaining 40 hours by part-time workers.

The table below shows the monthly net earnings of an employee that are derived from the gross wage which is lowered by tax and social and health insurance paid by an employee.

Table 3 - Wages of employees in CZK (own creation)

	<b>Gross Monthly Wage</b>	<b>Social Insurance (7,1%)</b>	<b>Health Insurance (4,5%)</b>	<b>Tax (15%)</b>	<b>Taxpayer discount</b>	<b>Monthly Net Earnings</b>
<b>Employee</b>	31,000	2,201	1,395	4,650	2,570	25,324

The net income of a part-time worker is dependent on a monthly workload that cannot exceed 25 hours per month to maintain the limit of 300 hours per year. Students do not pay social and health insurance. The table below shows the monthly net earnings of a part-time worker.

Table 4 - Remuneration of part-time workers in CZK (own creation)

	<b>Hourly rate</b>	<b>Insurance</b>	<b>Monthly Workload</b>	<b>Monthly Net Earnings</b>
<b>Part-time worker</b>	130	0	20	2,600

The tables above do not include personal tips and bonuses. Personal tips will be based on the total daily amount of received tips and hours worked. Employees will receive bonuses, in the form of extra money, in case of extraordinary monthly turnovers. Another bonus for all the workers will be the possibility of 2 free coffee beverages during an 8-hour shift and a 50% discount on other products. Lastly, if the café generates profit in the long run, loyal employees and part-time workers who would work there for 2 or more years will get extra bonuses based on the annual net income.

In addition, the monthly remuneration for a managing director will be set at 35,000 CZK. The remuneration is subject to 15% tax and social (7.1 %), and health (4.5 %) insurance contributions. The taxpayer discount may be applied. The net monthly income of the managing director will be 28,260 CZK.

Table 5 - Remuneration of the Managing Director in CZK (own creation)

	Remuneration	Social and Health Insurance	Tax (15 %)	Taxpayer discount	Net income
<b>Managing Director</b>	35,000	4,060	5,250	2,570	28,260

### 3.8.2 Suppliers

Setting up a sustainable café would be pointless, without suppliers of raw materials who share the same values. All the selected suppliers are mostly local producers who stand for the quality of their products and somehow contribute to the sustainable approach. In addition, some of the suppliers mentioned below supply food to packaging-free shops in Zlín and its surroundings. It is therefore possible to make bulk orders and thus reduce the ecological impact of transportation, as well as being economically advantageous for the café in sharing the transport costs.

Unfortunately, coffee production and carbon footprint go hand in hand. For a café that is focused on sustainability, it is therefore a priority to choose the most suitable coffee suppliers that share the same vision. The goal was to select Czech roasters that produce quality coffee beans, support Fairtrade, and use modern technologies and methods that help to reduce the ecological impact on our planet.

**La Boheme Café** is the first roastery that will supply the café with its products. This roastery roasts excellent coffee of the highest quality and focuses on sustainability and fair trade. The roastery prides itself on direct trade, which ensures that the farmers get paid properly for their work. The coffee beans are personally selected by the owner of the roastery who ensures that the suppliers take care of the quality of the beans as well as the environmental sustainability. In addition, the roastery uses the latest coffee roasting technology, which ensures low gas consumption.

To support the idea of sustainability from another end, we decided on the second roastery, **Fair Bio**. This roastery provides the service of packaging coffee in returnable

doses. Among other things, this roastery supports fair trade and employs people with disabilities.

The selection of raw material suppliers depended on several factors. Locality, quality, freshness, the suppliers' approaches to farming, and lastly usage of gentle methods for producing the raw materials were important criteria for the café, as well as the ability of the suppliers to provide products for a gastronomy facility. Based on these factors, several farms and companies were selected.

For many people, milk is inseparably linked to coffee. Plant-based kinds of milk such as oat, almond, coconut, and soya will definitely be part of the offer. As we want to serve tasty drinks to our customers, we chose the **Alpro** brand, with their “barista” range that can be whipped very well. These kinds of milk are a great choice for all baristas and customers because of their great taste and consistency. In addition, the production of plant-based milk is better for the planet than the production of cow milk. Alpro is also concerned with the sustainability of their input sources and sustainable production of their milk. Moreover, the company has a lot of great plans for how to further reduce the ecological impact on our planet.

However, not everyone is a fan of plant-based milk, therefore, another essential supplier for the café will be **Farma Štípa**, a supplier of domestic dairy products, namely fresh cow's milk, yogurt, and cheese. The farm will supply the café with fresh pasteurized milk which will be used for milk beverages. The milk must be stored in hygienically treated plastic bottles, that unfortunately cannot be reused, however, in choosing this farm we support local production of the best quality milk free from added coloring, preservatives, and other harmful additives. Another supplier of dairy products will be **Bio Farma Rožnov**. This farm will mainly supply the café with raw materials for baking, such as butter, sour cream, ricotta, etc.

The supplier of fresh fruit and vegetables will be the local family farm, **Farma Ráječek**. This farm is focused on growing vegetables and strawberries and prides itself on sustainability and the preservation of the land for future generations. Thanks to the latest technologies they use, they are able to fully and sustainably use their land and save a lot of water. Additionally, they transport their products in reusable boxes. Among other things, it is also possible to buy fresh herbs and other seasonal fruit here. These products are sourced by other local farmers.

**Farma Valacha**, located in Hustopeče nad Bečvou, will be a supplier of fresh free-range quality eggs which, thanks to gentle farming, retain all the nutrients.

Another main supplier will be **Svět plodů**, which will supply the café with quality nuts and seeds, gluten-free oats, various types of gluten-free flours, and dried fruit. This Czech company prides itself on the quality of its products, which they are able to provide in reusable boxes. The wide range of products allows us to buy raw foods suitable for making and decorating homemade cakes and sweet breakfasts. Svět plodů will also supply the café with local dried fruits which will be used in winter months as a substitute for fresh fruit. Besides that, they also offer natural colors, sweeteners, and flavorings suitable for baking.

**Bio Nebio** will be another supplier of quality ingredients that can be purchased in reusable boxes. This company primarily buys goods from local suppliers and when it is not possible, it is trying to offset the carbon footprint, caused by transportation, by planting trees. Bio Nebio will supply the café with chocolate, seasonings, agave sirup, and olive oil.

Lastly, the supplier of the quality stewed ham will be the local producer **Kudlovské uzeniny**, which offers its best products made from the best ingredients.

The priority for the selection of a lemonade distributor was to choose someone who produces unusual, good-tasting drinks, with the option of returning the glass. These conditions are met by the Czech company **Amity**, which offers lemonades and matcha lemonades of several flavors stored in returnable bottles. The lemonades come in flavors such as mandarin, hibiscus with mint, lavender, and blackcurrant. Matcha lemonades come in pineapple, grapefruit, and lime versions.

**Kofola a.s.** will be another supplier of popular soft drinks such as Rauch juices, Vinea, Kofola, Royal Crown, Chito tonics, and Rajec water. These drinks are stored in glass bottles that are returned and reused by the supplier.

In terms of cleaning and hygiene in the café's premises, **Tierra Verde** is a Czechoslovak brand that offers the possibility of providing its products in returnable canisters and advocates chemical minimalism. Their products do not contain petroleum derivatives, synthetic perfumes, dyes, industrial foaming agents, or irritating anionic substances. This company is also very careful about the origin of its materials and its suppliers. All disinfectants, surface and toilet cleaners, dishwashing, and laundry products will be sourced from this brand. Also, other products, such as dishwashing and kitchen brushes will be sourced from the brand.

Basic barista tools such as coffee cups, a pug press, a tamping mat, and barista cans will be provided by **La Bohémé Café**. A coffee machine, coffee grinder, kitchen equipment, and other essential gastro equipment will be purchased from **Gastro Bazar** and

**GGM Gastro** which provides its customers with a wide range of high-quality products. Lastly, coffee mugs and plates with the logo will be handmade and purchased from **Moje dílna**.

### 3.9 Financial Plan

This chapter should determine whether the business plan for KAFF is feasible or not.

#### 3.9.1 Initial Costs

The table below includes all the necessary costs required for opening KAFF. Initial costs associated with the foundation of a new business incorporate everything related to setting up a limited liability company and writing down a memorandum of association.

Reconstruction is estimated at 50,000 CZK, which primarily includes plumbing and electrical work, namely renovation of toilets, installation of new equipment, and installation of lightning. Repair of the interior and the outdoor pergola, painting of the premises, and the overall adaptation of the place for the operation of the café will be done by the owner and her family.

Instagram promotion is calculated at 1,980 CZK. The promotion will begin 30 days before the official opening of the café and the daily budget is 66 CZK. It is estimated that about 15 000 Instagram profiles will be approached during that period. Furthermore, 300 pieces of loyalty cards will be purchased at the price of 1.90 CZK for one card.

The most expensive items are included in the coffee and kitchen section. These items are of high quality and specialized for gastronomy purposes. The owner also decided to invest in furniture. There will be 4 types of tables in the cafe, one long table for a group of 8 people, 1 low table (for a sofa), 2 small round tables, and 4 small square tables. For these tables, 27 chairs, 2 armchairs, and 1 sofa will be purchased.

The initial costs also include the technological equipment necessary for the daily operation of the café, such as software or a Wi-Fi router. Lastly, indoor plants and some extra equipment must not be omitted from the list.

The total initial cost of setting up and equipping the café is 576,025 CZK.

Table 6 - Initial costs (own creation)

Items	Price in CZK
<b>Initial costs associated with the foundation of a new business</b>	<b>5,000</b>
<b>Reconstruction</b>	<b>50,000</b>
<b>Promotion</b>	<b>35,738</b>
Instagram	1,980
Websites (URL address)	25,200

Loyalty Cards	570
Promotion Board	1,400
Aprons with logo (12x)	6,588
<b>Coffee Equipment</b>	<b>119,100</b>
Coffee machine	70,000
Coffee blenders (2x)	40,000
Barista equipment	3,200
Moccamaster	5,900
<b>Kitchen Equipment</b>	<b>198,380</b>
Refrigerator	32,800
Freezer	22,400
Oven	30,000
Induction stove	24,680
Stand mixer	10,000
Dishwasher	37,000
Kitchen hand tools	1,000
Dishes + Glass	12,000
Glass Dishwasher	20,000
Ice maker	5,000
Contact grill	2,500
Fruit dryer	1,000
<b>Technological Equipment</b>	<b>39,190</b>
Notebook	10,000
Cashier software POS Expert	20,990
Mobile Phone	2,200
WiFi router	1,000
Loudspeakers	5,000
<b>Bathroom</b>	<b>26,180</b>
Low-flow toilet (2x)	22,000
Low-flow tap (2x)	3,000
Napkin dispenser	1,180
<b>Furniture</b>	<b>96,805</b>
Tables	17,670
Chairs	28,335
Armchairs	10,000
Sofa	6,000

Outdoor seating	4,300
Shelves	5,500
Food showcase	25,000
<b>Plants</b>	<b>2,500</b>
<b>Other</b>	<b>3,132</b>
Glass straws (50x)	755
Reusable surface towels (50x)	1,000
Storage boxes	1,377
<b>TOTAL</b>	<b>576,025</b>

### 3.9.2 Opening Balance Sheet

The table below shows the opening balance sheet. Assets of the company divided into long-term and current assets are shown on the left side of the balance sheet. Tangible assets are composed of items necessary for equipping the café, the intangible assets represent cashier software, and cash & cash equivalents include money out of which 60,000 CZK will be used to purchase raw materials, 3,000 CZK will be put into a wallet as a base amount, and the rest will be on a bank account. The right side of the balance sheet presents liabilities which consist of current liabilities and equity capital. The initial budget is composed of the owner's savings of 150,000 CZK, the family savings of 150,000 CZK, and a bank loan of 250,000 CZK.

Table 7 - Opening balance sheet (own creation)

Assets		Liabilities	
<b>Current Assets</b>	<b>64,713</b>	<b>Current Liabilities</b>	<b>250 000</b>
Cash & Cash Equivalents	64,713	Bank loan	250 000
<b>Long-Term Assets</b>	<b>485,287</b>	<b>Equity Capital</b>	<b>300,000</b>
Tangible Assets	464,297	Registered Capital	300,000
Intangible Assets	20 990		
<b>Total Assets</b>	<b>550 000</b>	<b>Total Liabilities</b>	<b>550 000</b>

### 3.9.3 Bank Loan

The owner of the café decided to take a loan which would help with the initial financing of the café. The amount the owner wants to borrow is 250,000 CZK, and the final amount an owner must repay to a bank is 276,987 CZK in total. The duration of the bank loan is set at 3 years with a monthly repayment of 7,695 CZK.

Table 8 - Bank loan (own creation)

<b>Loan in CZK</b>	250,000
<b>Number of installments</b>	36
<b>Interest rate</b>	6.78 %
<b>Monthly installment in CZK</b>	7,695
<b>Amount overpaid in CZK</b>	26,987
<b>Total amount paid in CZK</b>	276,987

### 3.9.4 Wage Costs

The café will have 4 employees and 2 part-time workers. The gross wage of an employee is 31,000 CZK and the workload for each employee is 160 hours per month. Part-time workers will maximally cover 40 hours per month and the hourly rate of one part-time worker will be 130 CZK. The labor expenses for the part-time workers are much lower because social and health insurance is not paid for them unless their earnings exceed 10,000 CZK. The café will have one external employee, an accountant, who will be paid a monthly fixed amount of 10,000 CZK.

Table 9 - Wage costs for employees in CZK (own creation)

	<b>Gross wage</b>	<b>Social insurance (24.8 %)</b>	<b>Health insurance (9 %)</b>	<b>Total costs per person</b>
<b>Employee (4)</b>	31,000	7,688	2,790	41,478
<b>Monthly labor costs</b>	165,912			
<b>Annual labor costs</b>	1,990,944			

Table 10 - Wage costs of part-time workers in CZK (own creation)

	Hourly rate	Social and Health Insurance	Total costs per person
<b>Part-time worker (2)</b>	130	0	2,600
<b>Monthly labor costs</b>	5,200		
<b>Annual labor costs</b>	62,400		

Total labor costs for employees and part-time workers are 171,112 CZK per month which is 2,053,344 CZK per year. In addition, the monthly remuneration for a managing director will be set at 35,000 CZK. The total costs associated with the remuneration are shown in the table below.

Table 11 – Costs of remuneration for the managing director

Remuneration	Social Insurance (24.8%)	Health Insurance (9%)	Total costs
35,000	8,680	3,150	46,830

### 3.9.5 Fixed Costs

Fixed costs are costs connected to the running of the business which are generally fixed, and the same amount is paid every month regardless of the number of visitors and their consumption. Fixed costs include rent, utilities, labor costs, an accountant, internet, mobile tariff, promotion, terminal fees, insurance, and a music platform that is not subject to OSA fees.

Table 12 - Fixed costs in CZK (own creation)

	Monthly costs	Annual costs
<b>Rent</b>	5,0000	600,000
<b>Utilities</b>	12,000	144,000
<b>Labor costs</b>	171,112	2,053,344
<b>Accountant (external)</b>	10,000	120,000
<b>Remuneration</b>	46,830	561,960
<b>Loan payment</b>	7,695	92,340
<b>Internet</b>	610	7,320
<b>Mobile tariff</b>	650	7,800

<b>Promotion</b>	2,000	24,000
<b>Terminal fees</b>	1,450	17,400
<b>Insurance</b>	2,500	30,000
<b>IS radio</b>	250	3,000
<b>TOTAL</b>	305,097	3,661,164

The promotion costs of the cafe are more clearly reflected in the annual costs since the owner decided to split the budget into 3 forms, out of which 2 forms will not take place at the same time. Firstly, an advertising column in the city center that should attract passers-by will be used for the first 6 months after the opening of the café. This column costs 2,000 CZK per month which is 12,000 in total. For the next 6 months, 2 A4 posters will be placed in 3 selected public transport vehicles. These posters should, on the other hand, attract those who may not get directly to the city center. The price for the posters for the next 6 months is 2,880 CZK. She also decided on a paid Instagram advertisement which will last for a week. Promotion of the posts will be done once a month. The price for the advertisement is 760 CZK per week which is 9,120 CZK in total. To sum it up, the annual expenditure for the promotion will be 24,000 CZK in total, which can be divided into monthly costs of 2,000 CZK.

### 3.9.6 Calculation of Costs

The tables below show the costs of coffee and coffee alternatives, soft drinks, cakes, breakfast, and complementary products. The tables also include selling prices for individual items and the sales margin of the items.

Table 13 - Variable costs of coffee and alternatives in CZK (own creation)

<b>Coffee and alternatives</b>			
	<b>Variable Costs</b>	<b>Selling Price</b>	<b>Sales Margin</b>
<b>Espresso (lungo, americano, macchiato)</b>	8	55	47
<b>Doppio</b>	16	70	54
<b>Cappuccino</b>	10.8	65	54.2
<b>Flat white</b>	18.8	80	61.2
<b>Latte Macchiato</b>	12.2	75	62.8
<b>Espresso Tonic</b>	15	75	60
<b>Batch Brew</b>	10	70	60

<b>Loose Tea</b>	17.6	80	62.4
<b>Matcha Classic</b>	5	55	50
<b>Matcha Ice Tea</b>	5	60	55
<b>Matcha Cappuccino</b>	7.8	65	57.2
<b>Iced Matcha Latte</b>	9.2	70	60.8
<b>ChaiLatte</b>	16.95	80	63.05
<b>Iced Chai Latte</b>	16.95	85	68.05
<b>Hot Chocolate</b>	20.1	85	64.9
<b>Average</b>	<b>12.626667</b>	<b>71.333333</b>	<b>58.71</b>

Table 14 - Variable costs of soft drinks in CZK (own creation)

<b>Soft beverages</b>			
	<b>Variable Costs</b>	<b>Selling Price</b>	<b>Sales Margin</b>
<b>Limonade</b>	27.8	80	52.2
<b>Kofola</b>	22.4	45	22.6
<b>Rauch</b>	26.6	45	18.4
<b>Rajec</b>	9.1	40	30.9
<b>CR Cola</b>	18.4	45	26.6
<b>Vinea</b>	13.2	45	31.8
<b>Tonic</b>	14.3	45	30.7
<b>Average</b>	<b>18.828571</b>	<b>49.285714</b>	<b>30.457143</b>

Table 15 - Variable costs of cakes &amp; salty snacks in CZK (own creation)

<b>Cakes (one piece of cake) &amp; Salty snacks</b>			
	<b>Variable Costs</b>	<b>Selling Price</b>	<b>Sales Margin</b>
<b>Moss cake (gluten-free)</b>	33.57	90	56.43
<b>Parisian cake</b>	39.29	95	55.71
<b>Míša cake (gluten-free)</b>	31.43	90	58.57
<b>Apple pie (vegan)</b>	27.14	85	57.86
<b>Sponge cake with fruit</b>	30	85	55
<b>Red Velvet</b>	31.43	90	58.57
<b>Cheesecake</b>	32.14	90	57.86
<b>Raw desert</b>	47.86	105	57.14
<b>Bagel</b>	23	100	77
<b>Hummus plate</b>	28.4	110	81.60
<b>Bread with spread</b>	20.5	65	44.5
<b>Salad with pasta</b>	52.5	145	92.5
<b>Salad with lentils</b>	45.7	135	89.3

Salad with eggs	48.5	140	91.5
<b>Average</b>	<b>35.104082</b>	<b>101.785714</b>	<b>66.681633</b>

Table 16 - Variable costs for breakfast in CZK (own creation)

<b>Breakfast</b>			
	<b>Variable costs</b>	<b>Selling Price</b>	<b>Sales Margin</b>
Scrambled eggs	35	130	95
Fried eggs	35	130	95
Omelet	48	140	92
Hummus plate	28.4	110	81.6
Bagel	23	100	77
Carrot bread	22	90	68
Yogurt with granola	42	130	88
Oatmeal	33	120	87
Smoothie bowl	37	135	98
<b>Average</b>	<b>33.711111</b>	<b>120.555556</b>	<b>86.844444</b>

Table 17 - Variable costs for extra items in CZK (own creation)

<b>Extras</b>			
	<b>Variable costs</b>	<b>Selling price</b>	<b>Sales Margin</b>
Honey (15 g)	4.3	10	5.7
Pant-based milk (100 mL)	9	15	6
Gluten-free bread	11	20	9
Loaf of bread	28	65	37
Bagel	6	15	9
To-go cup	400	450	50
Snack box	350	400	50
<b>Average</b>	<b>115.47143</b>	<b>139.286</b>	<b>23.8143</b>

### 3.9.7 Estimated Revenues

For the calculation of the estimated revenues, the daily number of visitors, and their average spending need to be determined. The café will accommodate 30 people from October to March, and 30 more from April to September, therefore an average capacity is 45 people throughout the whole year. Taking into account an average capacity of 45 people and an average visit time of 1.5 hours, up to 330 people can visit the café during the 11 hours. However, such a visiting rate can be expected by a well-known business with less competition. Considering KAFF will be a newly set up business in a competitive

environment, the estimated number of visitors must be lowered to accurately reflect the reality. The estimated number of customers will be, therefore, determined based on the owner's working experience in a reopened café in Zlín that had to win back its customers. About 160 people per day visited the café within the first year after the reopening. Based on this experience, the owner assumes that about half of the people on average might visit a newly opened café. In an optimistic scenario, the café will daily visit about 90 people and in a pessimistic scenario, the daily visit rate will be 70 people.

The average spending is based on the assumption of how much a person will consume during a visit. Average consumption is also derived from personal experience. Most people in a café get a coffee or its alternative and something with it, it might be dessert or salty snack. Some people also get a soft drink with the coffee and cake/snack or make an additional order of a drink. On the other hand, some people order only coffee and a soft drink. In the optimistic scenario, one would have coffee or its alternative, cake or a salty snack, and a soft drink. In a realistic scenario, the customer will have a coffee or its alternative and a piece of cake or a salty snack, and lastly, in a pessimistic scenario, the customer will come for coffee and a soft drink only.

Table 18 - Average spending per customer

	<b>Optimistic</b>	<b>Realistic</b>	<b>Pessimistic</b>
<b>Coffee</b>	71.33	71.33	71.33
<b>Cakes &amp; Snacks</b>	101.79	101.79	-
<b>Soft drinks</b>	49.29	-	49.29
<b>Total</b>	<b>222.40</b>	<b>173.12</b>	<b>120.62</b>

The numbers in the tables refer to Tables 14-16 and the calculations of the average price for groups of products.

At this moment, the estimated number of revenues can be determined based on the expected number of visitors and their average spending. The tables below present 3 scenarios of estimated revenues – optimistic, realistic, and pessimistic. The table also includes breakfast, where it is assumed that 10% of visitors with an average spending of 120.56 CZK, which refers to the calculations in Table 17, will daily get breakfast.

Table 19 - Estimated revenues in CZK (own creation)

	<b>Optimistic</b>	<b>Realistic</b>	<b>Pessimistic</b>
<b>Number of customers per day</b>	90	80	70
<b>Average spending per customer</b>	222.4	173.12	120.62
<b>Average spending for breakfast</b>	1,085	964.44	843.89
<b>Daily revenues</b>	21,101.43	14,813.97	9,287.22
<b>Monthly revenues</b>	633,042.86	444,419.05	278,616.67
<b>Annual revenues</b>	7,596,514.29	5,333,028.57	3,343,400

In the optimistic scenario, the café will visit 90 customers in one day and they will spend 224.4 CZK on average. In this case, 9 people get breakfast which would generate 1,085 CZK. The total daily revenues will be 21,101.43 CZK which would monthly generate 633,042.86 CZK and annually 7,596,514.29 CZK.

In the realistic scenario, the owner daily expects 80 visitors with an average spending of 173.12 CZK. In addition, 8 people will get breakfast, generating 964.44 CZK. In this scenario, the daily revenues would be 14,813.97 CZK in total, monthly 444,419.05 CZK, and annually 5,333,028.57 CZK.

Lastly, in the pessimistic scenario, only 70 people with an average spending of 120.62 CZK visit the café. 7 people will get breakfast, which would generate 843.89 CZK. In this scenario, cafés daily revenues would be 9,287.22 CZK which would monthly generate 278,616.67 CZK and annually 3,343,400 CZK.

### 3.9.8 Variable Cost Calculation

Variable costs are influenced by the number of customers and their consumption. Based on the parameters in the previous tables, we can now calculate the estimated number of variable costs.

Table 20 - Estimated variable costs for groups of products in CZK (own creation)

	<b>Optimistic</b>	<b>Realistic</b>	<b>Pessimistic</b>
<b>Number of customers per day</b>	90	80	70
<b>VC of coffee and alternatives</b>	12.63	12.63	12.63

<b>VC of cakes and salty snacks</b>	35.1	35.1	-
<b>VC of soft drinks</b>	18.83	-	18.83
<b>Total VC per person</b>	66.56	47.73	31.46
<b>Total VC per all customers</b>	5,990.34	3,818.46	2,201.87
<b>Average total VC for breakfast</b>	303.4	269.69	235.98
<b>Daily VC</b>	5,990.34	4,088.15	2,437.84
<b>Monthly VC</b>	179,710.16	122,644.46	73,135.33
<b>Annual VC</b>	2,156,521.96	1,471,733.55	877,624

### 3.9.9 Income Statement

The income statement is again in 3 scenarios based on the previous calculations of estimated revenues, variable costs, fixed costs, initial costs, bank repayments, and consideration of income tax of 21%. The initial costs include costs not covered by a bank loan and own resources. The initial costs are therefore calculated at the amount of 90,738 CZK. Every scenario consists of the first and second month and the first year of the foundation of the café.

Table 21 - Optimistic scenario of income statement in CZK (own creation)

<b>OPTIMISTIC</b>			
	<b>First month</b>	<b>Second month</b>	<b>First year</b>
<b>Revenues</b>	<b>633,042.86</b>	<b>633,042.86</b>	<b>7,596,514.29</b>
Costs of Revenues	179,710.16	179,710.16	2,156,521.96
Fixed Costs	305,097	305,097	3,661,164
Initial costs	90,738	-	90,738
<b>EBIT</b>	<b>57,497.69</b>	<b>148 235,69</b>	<b>1,688,090.33</b>
Interest	1,412.50	1,377.01	14,562.89
<b>EBT</b>	<b>56,085.19</b>	<b>146,858.69</b>	<b>1,673,527.44</b>
Income tax (21 %)	11,778	30,841	351,441
<b>EAT</b>	<b>44,307.30</b>	<b>116,018.36</b>	<b>1,322,086.67</b>

In an optimistic scenario, the café would generate a profit immediately in the first month, and the total annual net income would be 1,322,086.67 CZK.

Table 22 - Realistic scenario of income statement in CZK (own creation)

<b>REALISTIC</b>			
	<b>First month</b>	<b>Second month</b>	<b>First year</b>
<b>Revenues</b>	<b>444,419.05</b>	<b>444,419.05</b>	<b>5,333,028.57</b>
Costs of Revenues	122,644.46	122,644.46	1,471,733.55
Fixed Costs	305,097	305,097	3,661,164
Initial Costs	90,738	-	90,738
<b>EBIT</b>	<b>-74,060.41</b>	<b>16,677.59</b>	<b>109,393.02</b>
Interest	1,412.50	1,377.01	14,562.89
<b>EBT</b>	<b>-75,472.91</b>	<b>15,300.58</b>	<b>94,830.13</b>
Income tax (21 %)	-	3,214	19,915
<b>EAT</b>	<b>-75,472.91</b>	<b>12,087.46</b>	<b>74,915.8</b>

In the realistic scenario, the café generates sufficiently high revenues to cover all the expenses related to the operation of the café and generating profit. The table shows the first month in the red numbers since the initial costs of 90,738 CZK must be included. The annual net income is 74,915.8 CZK.

Table 23- Pessimistic scenario of income statement in CZK (own creation)

<b>PESSIMISTIC</b>			
	<b>First month</b>	<b>Second month</b>	<b>First year</b>
<b>Revenues</b>	<b>278,616.67</b>	<b>278,616.67</b>	<b>3,343,400</b>
Costs of Revenues	73,135.33	73,135.33	877,624
Fixed costs	305,097	305,097	3,661,164
Initial costs	90,738	-	90,738
<b>EBIT</b>	<b>-190,353.67</b>	<b>-99,615.67</b>	<b>-1,286,126</b>
Interest	1,412.50	1,377.01	14,562.89
<b>EBT</b>	<b>-191,766.17</b>	<b>-100,992.68</b>	<b>-1,300,688.89</b>
Income tax (21 %)	-	-	-
<b>EAT</b>	<b>-191,766.17</b>	<b>-100,99.68</b>	<b>-1,300,688.89</b>

In the pessimistic scenario, the sales are unfortunately not sufficient to cover all the costs, and the café goes into debt.

Any of the previous calculations do not take into account unexpected expenses such as servicing a coffee machine, purchasing new dishes for broken ones, potential repairs of technological equipment, etc. It can be therefore assumed that the net profit will be reduced

by an estimated additional 10-15,000 CZK. Based on the exact amount for unexpected expenses, a reserve will be made for the following year.

### **3.10 Risk Assessment**

#### **Low interest**

Due to the high competition and the specific orientation of the café, there is a risk of insufficient interest in the café which might cause low revenues that would not cover all the expenditures. Based on that, the owner wants to aim at creating a community of people who would be loyal customers of the café. This risk can be also avoided by regular promotion, mainly on social media.

#### **Unappealing menu**

For many people, the offer may seem somewhat limited and dull. The focus is on quality, not quantity, on maximizing the usage of raw materials and on prioritization of local ingredients, therefore it is not possible to include as many products as other cafés can. To make up for the limitations and to shift this point of view, the menu will be regularly altered based on seasonality, which should provide a different perspective on the diversity of the menu. The owner along with the workers will try their best to regularly come up with new products made from local ingredients of the highest quality.

#### **Employees**

Generally, it is difficult to find the right personnel for a gastronomic business who would be suitable for the work and satisfied at the same time. The owner will aim at finding the right personnel and when she finds them, she will do her best to keep them satisfied with their work as long as possible.

#### **Dependence on suppliers**

It is necessary to establish cooperation with many parties, including suppliers. However, not everyone can be a supplier for a sustainable café, therefore KAFF will be more than any other café dependent on its chosen suppliers of raw materials. In case one of the suppliers is no longer able to deliver products to the café, it is necessary for the owner to immediately react and find a suitable replacement. The owner should be aware that this situation can happen, and she should be actively searching for other possible suppliers even though it is not necessary at the moment.

## CONCLUSION

In conclusion, the aim of this bachelor's thesis was to develop a business plan for a sustainable café and determine whether the café is feasible or not. Setting up and operating such a business is challenging in many aspects. First of all, it requires high initial costs that would cover the basic equipment necessary for the opening of the café. Then, it is needed to cooperate with the right suppliers, who share the same work ethic, to employ and keep the right personnel, who would do the job with love and passion, and lastly it is necessary to attract the right customers, who would enjoy returning to the café. From the financial point of view, operating the business would be possible if the café is visited by at least 80 people per day with an average spending of 173.12 CZK. On the other hand, conditions set in the pessimistic scenario determined that revenues would not even cover the fixed costs necessary for running the business, therefore, the costs would have to be lowered or the prices of products would have to be increased.

Considering the realistic scenario, the annual net profit, after subtracting unexpected expenditures and a reserve for the next year, will be reinvested in the café to even more support the sustainability approach by switching to QR codes instead of paper menus and creating digital cards for collecting points. Furthermore, money will be invested in additional kitchen equipment that would make the work more efficient (for example one more table mixer) and the rest of the money will be used for upgrading the outdoor seating area. In case the café does well in the following years, part of the net profit, after deducing the reserve, will be distributed to the employees who would be there for more than 2 years as a bonus for their loyalty and supporting the idea of sustainability. The rest of the money would be invested into renting and setting up an own garden bed for growing herbs and vegetables and promoting the circularity of used materials (coffee grounds, vegetable peels). Besides that, the owner will follow trends of sustainable gastro businesses, and she will aim at continuous further development of the idea.

Since the café's cornerstone will be a sustainable concept, it is necessary to summarize it. First of all, the café will promote plant-based kinds of milk, along with other products composed of plant-based raw materials. Generally, the menu is designed to maximize the usage of raw materials, targeting quality, not quantity, and will be altered based on the availability of seasonal raw products. The café will cooperate mainly with local suppliers and companies who are also concerned with the sustainability approach. Many of the suppliers provide the possibility of transportation of raw materials in reusable

boxes and packages, however, if this option is not available, all waste will be properly recycled. Furthermore, the café will switch from chemical cleaning products to natural cleaning products for surfaces, toilets, and floor. For disinfection of fruit and vegetables, will be used vinegar mixed with water. Promoting the idea of reusable products, customers will be able to purchase some products such as bread bags, go-cups, or snack boxes in the café. To share the idea among people, the café will also focus on short educative posters about sustainability. As far as the consumption of water is concerned, new water-saving taps will be installed in the kitchen, at the bar sink, and in the bathrooms. The dishwasher in the kitchen will be switched on only when it is full. Water in the second dishwasher is swirled and changed as needed. Additionally to the concept, rainwater will be captured for watering plants and later for watering the garden bed. The coffee ground will serve as a natural fertilizer for the plants and later for fertilizing the garden bed. Since there will be plenty of coffee grounds, it will be available for free to anyone who asks for it.

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**LIST OF ABBREVIATIONS**

a.s.	Akciová společnost
akc.spol.	Akciová společnost
CZK	Czech crown
ČR	Česká republika
EAT	Earnings after taxes
EBT	Earnings before taxes
EUR	Euro
et.al	et alia – and others
etc.	et cetera
GDP	Gross domestic product
kom.spol.	Komanditní společnost
k.s.	Komanditní společnost
OSVČ	Osoba samostatně výdělečně činná
LLC	Limited liability company
n.d.	No date
SOCR	Svaz obchodu a sociálního ruchu ČR - Association of Trade and Social Tourism
s.r.o.	Společnost s ručením omezeným
spol. s.r.o.	Společnost s ručením omezeným
SWOT	Strengths, Weaknesses, Opportunities, Threats
VAT	Value added tax
v.o.s.	Veřejná obchodní společnost
veř.obch.spol.	Veřejná obchodní společnost

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## **APPENDICES**

Appendix P I: Recommendation on how to use paper towels (educative material)

Appendix P II: Tips on how to use coffee grounds (educative material)

Appendix P III: Repayment schedule

## APPENDIX P I: RECOMMENDATION ON HOW TO USE PAPER TOWELS (EDUCATIVE MATERIAL)



Figure 3 - How to use paper towels (own creation in Canva)

**APPENDIX P II: TIPS ON HOW TO USE COFFEE GROUNDS  
(EDUCATIVE MATERIAL)**



Figure 4 - How to use coffee grounds (own creation in Canva)

### APPENDIX P III: REPAYMENT SCHEDULE

Month	Installement	Interest	Principal	Loan balance
1	7 695	1 412,50	6 281,65	243 718,35
2	7 695	1 377,01	6 317,14	237 401,20
3	7 695	1 341,32	6 352,84	231 048,37
4	7 695	1 305,42	6 388,73	224 659,64
5	7 695	1 269,33	6 424,83	218 234,81
6	7 695	1 233,03	6 461,13	211 773,69
7	7 695	1 196,52	6 497,63	205 276,06
8	7 695	1 159,81	6 534,34	198 741,72
9	7 695	1 122,89	6 571,26	192 170,45
10	7 695	1 085,76	6 608,39	185 562,07
11	7 695	1 048,43	6 645,73	178 916,34
12	7 695	1 010,88	6 683,27	172 233,06
13	7 695	973,12	6 721,04	165 512,03
14	7 695	935,14	6 759,01	158 753,02
15	7 695	896,95	6 797,20	151 955,82
16	7 695	858,55	6 835,60	145 120,22
17	7 695	819,93	6 874,22	138 246,00
18	7 695	781,09	6 913,06	131 332,93
19	7 695	742,03	6 952,12	124 380,81
20	7 695	702,75	6 991,40	117 389,41
21	7 695	663,25	7 030,90	110 358,51
22	7 695	623,53	7 070,63	103 287,88
23	7 695	583,58	7 110,58	96 177,31
24	7 695	543,40	7 150,75	89 026,56
25	7 695	503,00	7 191,15	81 835,41
26	7 695	462,37	7 231,78	74 603,62
27	7 695	421,51	7 272,64	67 330,98
28	7 695	380,42	7 313,73	60 017,25
29	7 695	339,10	7 355,05	52 662,19
30	7 695	297,54	7 396,61	45 265,58
31	7 695	255,75	7 438,40	37 827,18
32	7 695	213,72	7 480,43	30 346,75
33	7 695	171,46	7 522,69	22 824,06
34	7 695	128,96	7 565,20	15 258,86
35	7 695	86,21	7 607,94	7 607,94
36	7 695	43,23	7 650,92	0,00

Figure 5 - Repayment schedule (own creation)