

# **A Business Plan for Sun-Flower Group, s.r.o.**

Klára Žáková

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Bachelor Thesis  
2011



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

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**Tomas Bata University in Zlin**  
**Faculty of Humanities**  
**Department of English and American Studies**  
**Academic Year: 2010/2011**

**BACHELOR'S THESIS**  
**ASSIGNMENT**  
(PROJECT, ARTWORK, ARTISTIC PERFORMANCE)

Name and Surname: **Klára ŽÁKOVÁ**  
Study Programme: **B 7310 Philology**  
Field of Study: **English for Business Administration**  
  
Thesis Topic: **A Business Plan for Sun-Flower Group, s.r.o.**

Thesis Guidelines:

**Create a business plan for the company Sun-Flower.**  
**Check the market and find information about a competition.**  
**Find a potential target and customers.**  
**Make a financial plan of the company.**  
**Propose some advice how to create a good promotion and pricing of products and services.**

**Thesis Extent:**

**Supplement Extent:**

**Form of Thesis Elaboration:** printed/electronic

**Bibliography:**

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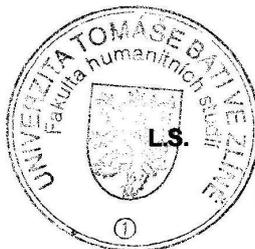
**1 February 2011**

**Thesis Due:**

**6 May 2011**

Zlín, 1 February 2011

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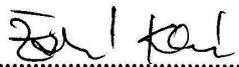
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**ABSTRAKT**

Bakalářská práce se zabývá tematikou obchodu, obchodního plánu, marketingového plánu a strategií. V teoretické části jsou vysvětleny pojmy týkající se podnikání a obchodu – co je to obchod, jeho průběh a funkce, jaké formy obchodu a podnikání existují v České republice; a také obchodního plánu – objasnění termínu a průvodce vytvářením vlastního obchodního plánu.

Praktická část se zaměřuje přímo na obchodní plán společnosti Sun-Flower a představuje jednotlivé body, které jsou popsány v teoretické části. Informuje o společnosti Sun-Flower, jejích produktech a nabídkách, výběru médií pro reklamní kampaň a finanční situaci. Snaží se poukázat na výhody a nevýhody daného typu podnikání a případně doporučit nápady pro jeho zlepšení.

Klíčová slova: obchod, obchodní plán, marketingový plán, marketing, operativní plán, plánování

**ABSTRACT**

The Bachelor Thesis deals with the topics such as a business, business plan, marketing plan and its strategies. In the theory are explained certain terms related to a business and business activities – what is it a business, its process and functions, which legal entities do we have in the Czech Republic; and also business plan is explained in this part – clarification of the conception of a business plan and some advices or techniques how to write a business plan.

Analytical part focuses directly on the business plan of the company Sun-Flower and presents individual points which are mentioned in the theory. It informs about Sun-Flower Group, s.r.o., its products and services, marketing strategies, and financial situation. Analysis tries to show advantages and disadvantages of this type of the business and eventually recommend ideas for its improvement.

Keywords: business, business plan, marketing plan, marketing, operational plan, planning

## **ACKNOWLEDGEMENTS**

The business plan of the company Sun-Flower, Inc. could be written only with helps of great deal of people who provided me a lot of information and advices which were essential for finishing this work.

A very special acknowledgement to my supervisor Ing. Michal Pilík, Ph.D. for his advices and guidance of my Bachelor Thesis. My second and important acknowledgements goes to the company ZAKZLIN, mainly to its executives who allowed me observe their company, see the financial results of the firm, and ask for every detail which I needed to know to give the thesis a dimension of reality.

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## INTRODUCTION

A business plan is a very important document about the history of a company. The plan presents an actual situation, a vision of a company, and plans how to realize this vision. Essential parts of the business plan are also a financial analysis and marketing mix. From the marketing point of view there are unified all information about **products** of a company, their **prices**, kinds of **promotion** which a company uses, and **place** of a business. On the base of this information it is possible to continue with new ideas and innovations.

The theoretical part speaks firstly about an importance and meaning of a business, its process, and legal entities in the Czech Republic. A business plan has the main role in the whole work and that is why this topic occupies the rest of the work. Thanks to a plan can be found a great deal of answers for significant questions and situations.

The basic information which can be visible is a **prospectus of the company** or **the core of their entrepreneurial activity**. In the beginning of every business plan is an introduction about certain company and presentation of its products. To be good and successful company is crucial to analyze its **potential customers and their motivation** for buying company's products. Together with these facts a business plan shows a summary of company's previous and existing promotion and do a research **how these customers get knowledge** of these products and services.

From the point of a company, a business plan presents data relating to **a management of a company**. Is a management really able to lead a company? How they can ensure **fundamental functions** of their business? How much **money** does a company need for its beginning?

Business planning is one of the most important parts of setting and even successful running of a business / a company. I have chosen this work of creating a business plan for the company Sun Flower to prepare for them an analysis of everything they have done and also to help them analyze everything they can and are able to do.

The phrases I have highlighted above, are the main points of a business plan, I would like to answer properly because the company can eminently and surprisingly easily benefit from them. A plan punctuates important problems and opportunities, focuses on

resources, makes marketing more efficient, and shows a lot of other advantages and disadvantages which can totally change a flow of the company.

The goal of this business plan is to summarize the most important facts about the company, display the situation within the market and the Czech government, and write new ideas and strategies on the paper to be aware of all advantages, disadvantages, and mainly possibilities the company has.

## **I. THEORY**

## 1. BUSINESS

To be able fully understand the topic ‘a business plan and how to create one’ is better to make clear what is it ‘a business’.

*“Business is the organized effort of individuals to produce and sell, for a profit, the goods and services that satisfy society’s need. The general term business refers to all such efforts within a society (as in ‘American business’) or within an industry (as in ‘the steel business’). However, a business is a particular organization, such as Kraft Foods, Inc., or Cracker Barrel Old Country Stores. To be successful a business must perform three activities. It must be organized. It must satisfy needs. And it must earn a profit” (Pride, Hughes and Kapoor 2009, 9).*

This definition of a business needs to be explained more into details. ‘An organized effort of individuals’ sounds very obvious but under these five words can be hidden a great deal of acts, researches, studying, ideas and sometimes pain. One cannot be sure what is necessary to do for organizing of the effort. Generally is known that for a business to be organized, it must combine four types of resources: material, human, financial, and informational. Material resources mean the raw material from which can be produced the final product. Human resource includes people who work and earn money for running a business. Financial resource is money which is necessary for purchasing a material, furniture, machinery, or for paying to employees. And informational resources tell to managers how the others resources are combined. . (Pride, Hughes, and Kapoor 2009, 9)

Another definition of a business is: “a business is an enterprise that provides products or services desired by customers. According to the United States Labor Department, more than 800 000 businesses are created in the United States every year. Along with large, well-known businesses such as The Coca-Cola Company and IBM, there are many smaller businesses that provide employment opportunities and produce products or services that satisfy customers. What do Madonna, a casino, a DVD rental firm, a local hairdresser, the New York Yankees organization, a plumber, and one’s favorite restaurant have in common? They are all businesses that provide products or services desired by customers” (Madura 2006, 3).

Some of the more important decisions, together with establishing of a business, are:

- Is it worthwhile to create this business?
- What resources does this business need to provide its services?
- What types of stakeholders must this business attempt to satisfy?
- What are the key functions that managers must perform to manage this business?
- What characteristics in the business environment must the managers monitor?

All businesses must take these types of decisions, whether they provide car rentals, produce computers, offer dentistry services, or build houses. (Madura 2006, 3)

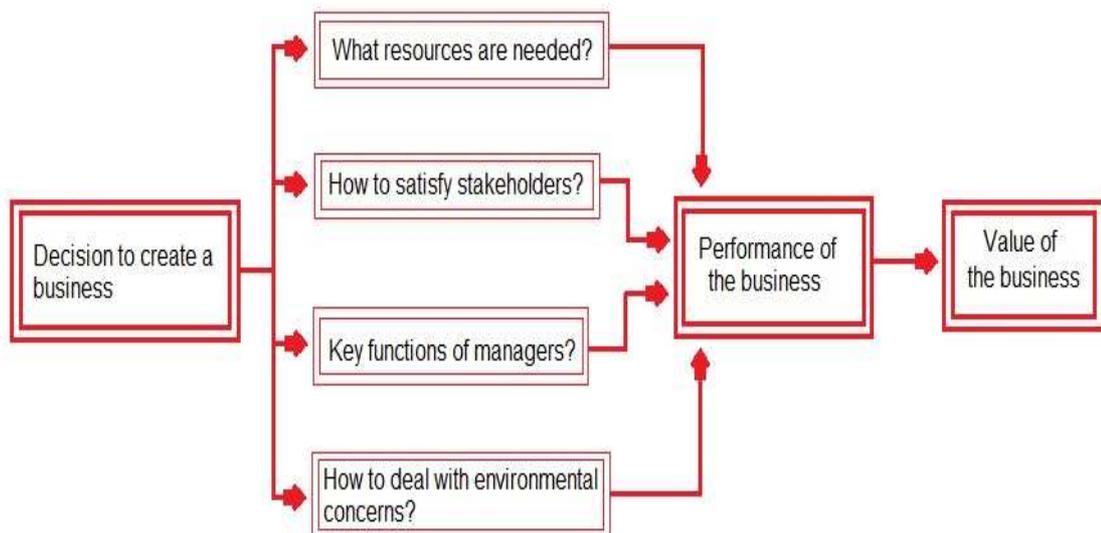


Figure 1. Motives and Functions of a Business

Source: Data adapted from Jeff Madura, *Introduction to business* (USA: Cengage Learning 2006) 3.

The factors: *consumer willingness to spend, consumer buying power, and producer's efforts to sell*, are affected by the *business cycle*. The business cycle is the periodic but irregular up and down movement in economic activity, measured by fluctuations in real GDP and other macroeconomic variables. It is a pattern of economic fluctuation that includes four scenarios: prosperity, recession, depression, and recovery.

- *Prosperity* is the period which combines low unemployment, high income, and strong willingness to spend at the same time. Buyers are confident about their job and economy and are willing to buy more products for higher prices. Sellers / marketers

usually increase the volume of their product lines, promotional budgets, and distribution channels. They may also raise the prices. It means that prosperity brings low interest rates as well as high buying power.

- *Recession* is the stage in which unemployment rises and consumer buying power drops. It appears from this that people (consumers) lose their jobs and because of that they have limited buying power and tend to base purchasing decisions on price and value.
- *Depression* is characterized by extremely high unemployment, low buying power and wages, minimal disposable income, and general lack of confidence in the economy. This situation is most critical part of the business cycle because it has devastating effect on business and individuals.
- *Recovery* is moving from the depression stage towards prosperity. Employment grows and together with it the incomes as well. Buyers are more satisfied and willing to spend some money which means that the market can be more confident about the future. (Bovéé, Houston, and Thill 1995 36-37)

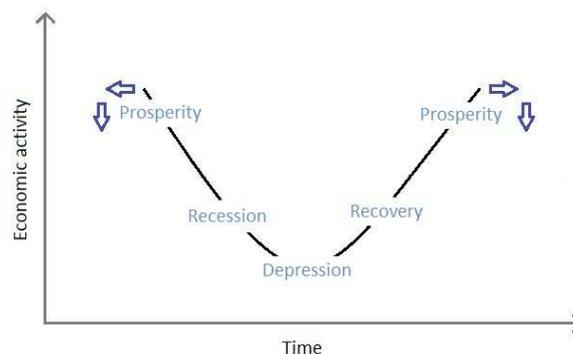


Figure 2. Business cycle (own creation)

The Czech Commercial Code has very similar definition of business activity but it explains that in a legal way: Business according to the Commercial Code is a systematic activity which is done by a businessman under his own name and responsibility in order to earn some profit. Based on this rule a businessman is: a) a person who is registered in the companies register; b) a person who runs a business with a trade license; c) a person who runs a business on the base of a license which is confirmed according to particular regulations; d) a person who is engaged in agricultural farming and is recorded in an evidence according to particular regulations. An address of a place of running a business of a physical entity is registered in the companies register or into some evidence which is

authorized by law. A businessman is obliged to record his real place of a business into the companies register. (Obchodní zákoník, úplné znění 2010, 7-8)

## 1.1. Types of business entities

There are several types of businesses in the Czech Republic and it is very important to know the differences between them. The business is divided into two main types: a physical entity (a person) and a legal entity (companies / corporation). Each of them is very specific and is characterized with more details.

### 1.1.1. Physical entity

A person who wants to do a business in the Czech Republic, as a legal entity, has to submit a request to the trades licensing office for publication of a license, according to the law (concretely the law no. 455/1991 coll. about a business).

A business with a license is a pursuit which is conducted independently, in one's own name, one's own liability, in order to make a profit, and under the conditions which are set by the law. A businessman can be engaged in more business only with a trading license for each of them. A business / trade is divided into two groups in the Czech Republic. They are a **reporting business** and a **license trade**. The first type of business is easier to get.

### 1.1.2. Legal entity

A legal person is an association of people (corporations) or property (foundations etc.).

There are several types of legal persons such as:

- Corporations:
  - *Company / corporation* which includes **public limited company** and **limited partnership/Ltd.**
  - *Corporate enterprise* which includes **limited company/Inc.** and **joint-stock company**
- Another forms of businesses
  - **cooperative, civic association, budgetary organizations, contributory organizations, foundations** (Obchodní zákoník, úplné znění 2010, 32-90)

## 2. A BUSINESS PLAN

One can say that a business plan is a written outline that evaluates all aspects of the economic viability of a business, including a description and analysis of a business prospect. It analyses a business and gives detailed projections about its future. (McKeever 2010, 6)

*“Writing a business plan focuses your thoughts and helps you refine your goals, identify risk, organize your thinking, set priorities, and prepare for problems and opportunities. It also shows those who may fund your business idea – investors, bankers, and management – that your idea is worthy of financial or management support. It also proves you have the skill, talent, and team to execute your business idea” (Fiore 2005, 11).*

There are reasons for writing a business plan: it helps to get money (if a company wants lend some money from a bank requires a business plan; or investors), it makes one's decision making simpler (a plan sums up information about company's future), taxes and tax strategies, and many other advantages. On the other hand a business plan isn't easy project. It is a long journey through a great deal of papers, numbers, books, and even through the minds of people. Thanks to a business plan it's possible to make planning and executing of a business a lot easier.

It is like cooking without a cook-book or travelling without maps. We are just human beings not somebody who can do everything without any preparation or who can remember all numbers which he has ever seen. So why we shouldn't look for more comfortable ways of living and even setting and running of businesses. (Abrahams 2007, 8)

*“They don't plan to fail. They failed to plan” (Fiore 2005, 1).*

Although business plans vary in their structure and content, they all have some features in common; they propose and describe business models, products or services, their corresponding markets, ways of production and service delivery. Indeed, external addressees of business plans usually want to know:

- who the shareholders are
- how much capital is required
- how and for what purpose capital is utilized

- which type of financing will be chosen, and
- in what period of time an adequate return on investment can be realized.

Every business plan should clearly discuss these essential issues, and present them concisely and in a convincing way. The reader should be in a position to understand the business as a whole and to gain confidence within a company.

In order to deal with these issues in a sophisticated and professional manner, it is wise to draw up a business plan within the framework of a company-wide project; this is called the “business plan project”.

It is not advisable to start writing a business plan when one is still unprepared as regards organization and then to expect that everything will be compiled and explained by itself. Instead, sound project planning should precede the development of a business plan.

A business plan project is usually structured into five phases:

- Data collection
- Data analysis
- Design of the business plan
- Drawing-up of the business plan
- Presentation of the business plan.

A business plan should be structured into clearly defined sections. These sections should show the different aspects of a business or a company. (Schwetje and Vaseghi, 2007, 9)

### 3. HOW TO WRITE A BUSINESS PLAN

As it is mentioned above business plans have to be divided into some sections. In general, the sections of the business plan correspond to different business fields. The business plan as a complex of all necessary information should provide clear explanation of the company and its business. (Schwetje and Vaseghi, 2007, 10)

#### **Steps for creating a business plan:**

- 3.1. Executive summary
- 3.2. General company description (Sun Flower, Inc.)
- 3.3. Products and Services
- 3.4. Marketing plan
- 3.5. Management and Organization
- 3.6. Financial Analysis

#### **3.1. Executive summary**

An introduction should be short and smart. This part of a business plan highlights the most important and interesting things of whole text. From the point of a position, the introduction is the first and unfortunately often the last part which readers consider. Investors and bankers are usually very busy to read full content of a business plan. They often read just an introduction and if they are bored they will never come back to go through the document.

Sometimes is better to write an introduction after finishing a plan because at that time are already known all advantages and financial possibilities of a company. With this knowledge can be offered to readers exactly what they want to see.

An introduction should contain information about a company, its products and services, a target market, a competition, marketing strategies and selling, management, future, and finance. It is an overall summary of whole business plan but we have to underline the most valuable information for readers. (Abrahams 2007, 17-19)

### 3.2. General company description

In this part it is necessary to introduce a company. The introduction of the company has to cover all information about the business. (Abrahams 2007, 28)

In the introduction should be included very important facts like:

- *what is a real name of the company, basic information about the company*
- *who is an owner of the company, and what type of business it is*
- *a history of the company, when it was established*
- *Company's products and services: it is crucial to write something about company's products but it doesn't have to be very deep information. This part should provide the readers basic information about the products and services and their functioning. General company description is usually read as the first one or directly after the executive summary so it is important to be written in understandable language and it should hold readers' interests. If somebody wants to invest some money into a company he / she doesn't need very detailed information about the products and its production policies but he / she needs to gain some interest to be able to read more and be really interested.*

### 3.3. Products and Services

Some information about products and services has been already mentioned in the part 'General company description'. This part should tell the investment source exactly what the corporation make or what service they provide, how they make the product or provide the service, and whether they are looking to expand their business by including new and better products and services that will result in increased revenues and a larger bottom line profit. In writing this section is necessary to be sure to carefully explain what the company's products and services are they can be easily understood by the investment source. Potential lenders and investment groups will only lend capital if they have confidence that the business plan has been clearly researched, identified, calculated, and thoroughly thought-out. (Covello and Hazelgren 2006, 30)

### 3.4. Marketing plan

#### 3.4.1. Executive summary of the marketing plan

First part of the marketing plan should represent a brief overview of the proposed plan for quick and cursory information for the executive board of the company. (Kozák 2010, 31)

In the beginning of the meaning of the term “marketing plan” there is more complex concept “marketing operating”. The marketing operating is a process which includes a planning, realization, and control in marketing (see figure 4). A decision making, communication, and motivation are important factors within the marketing operating and its phases. (Blažková 2007, 15)



Figure 3. The process of marketing operating

Source: Data adapted from Martina Blažková, *Marketingové řízení a plánování pro malé a střední firmy* (Praha: Grada Publishing, a.s., 2007) 15.

The term marketing planning is used to describe the methods of applying marketing resources to achieve marketing objectives. This may sound simple, but it is in fact a very complex process. The sources and the objectives will vary from firm to firm and will also change with time. Marketing plan is used to segment markets, identify market position, predict market size, and to plan viable market share within each market segment. (Westwood 2006, 6) The marketing part of the business plan defines all of the components of the company’s marketing strategy. The marketing plan will address the details of a marketing analysis, sales, advertising, and public programs with new media (online) strategies. Thanks to the marketing planning the company is able to find a suitable market and make money. (Pinson 2008, 43)

Basic marketing questions:

- *Who* are the customers? Who are the competitors?
  - *What* is the company selling? What quantities and prices of the products will the company sell?
  - *Where* is the company's target market located? Where can the company reach its target market?
  - When are the customers most likely to buy? When are the busy seasons?
  - How will the company reach its customers (stores, offices, web site, catalogs)?
- (Pinson 2008, 45)

If a company wants to have a good place within the market, wants to be clear about the direction of a company, and knows their *vision* and *mission* already from the beginning. There is necessary to be careful with defining of the vision and mission because between these two terms exist some differences. The vision is a picture of a company's future, about some changes and improvements of a firm. It is a complex of specific ideas and priorities of a company (why is a company special and unique). The mission describes basic functions of a company within the society today. The mission is what a company does and the vision is what a company would like to do. (Blažková 2007, 25-27)

#### 3.4.2. *Common marketing study*

Here should be explained certain basic information about a market, products, competitions, distribution and macro-environment. (Kozák 2010, 31)

To know a company's surroundings and a target market it is necessary to know its competition. There for sure a great deal of companies in a market which produce or sell the same or similar products. It can be very useful to search inside a market and make an advantage from gained information.

#### *Primary Market Research*

Primary data is data that has not been collected before. In other words, it didn't previously exist. Primary data is usually collected in order to address a specific problem. The types of primary data that are important for marketing research are: demographic and socio-economic characteristics, psychological and personal characteristics, attitudes, opinions, awareness, knowledge, intentions, motives and the behavior of people and / or enterprises.

Primary data can be collected through either quantitative research or qualitative research. (Wiid and Diggines 2010, 85) Quantitative research is usually used when a company wants to know customers' opinions, grounds, motives, reasons of certain behavior etc. – it is not possible to express them in numbers. Qualitative research techniques include focus groups, in-depth interviews, predictive techniques, brainstorming, interviews (usually with a psychologist), and focus groups. (Blažková 2007, 88) These relationships can be best illustrated diagrammatically, as shown in Figure 4 below, which also identifies secondary data in order to put primary and secondary data collection into perspective. (Wiid and Diggines 2010, 85)

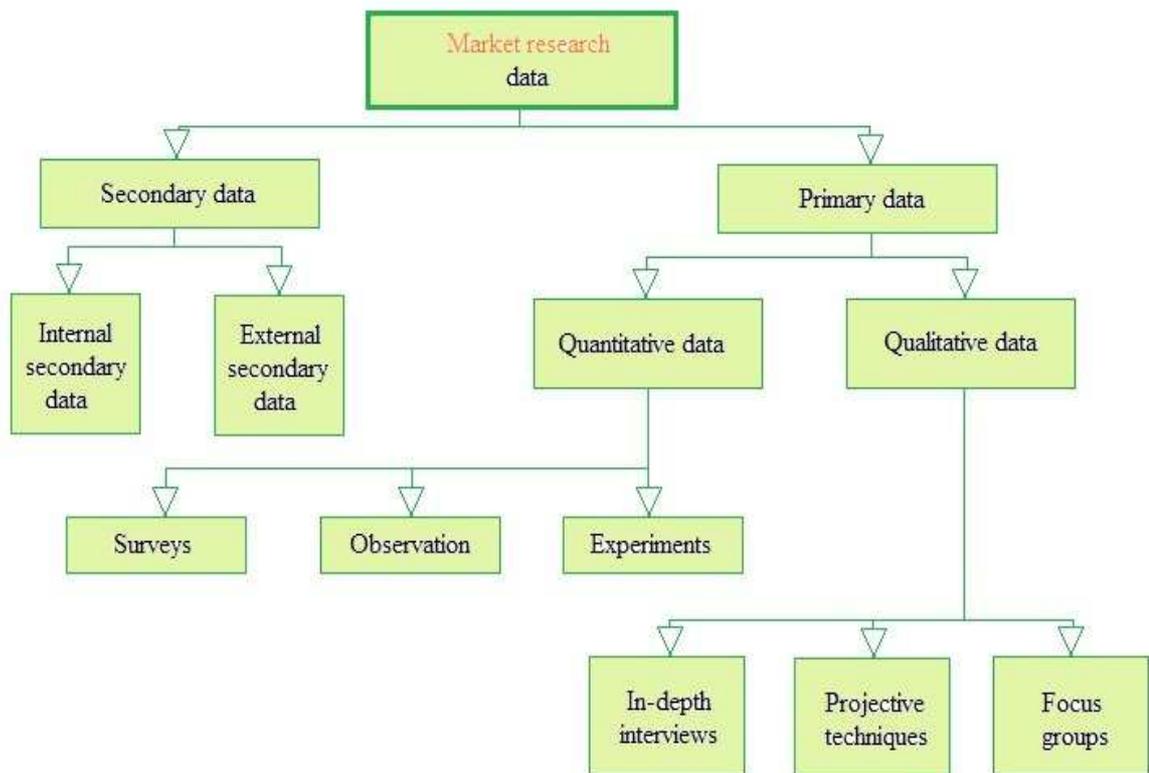


Figure 4. Market research (own creation)

The parts of primary research are also two analyses: *PEST and SWOT*.

*PEST* is a simple framework for environmental analysis that distinguishes four categories or areas (Wetherly and Otter 2008, 24-26):

- *Political*: the legislation regulating the business and determining the taxation (of the businesses or individuals); regulations for the international business; consumer protection; labor law; prescriptions and regulations governing the competitive environment; government decisions, regulations, instructions; European Union prescriptions, another international law or instruction; prescriptions for patents or trade-marks protection; protection of environment.
- *Economic*: GDP; economical growth (generally or in specific field); expenses of consumers; monetary policy (interest rates); government expenditures; unemployment policy (minimum wages, benefits for unemployed people); taxation; rate of exchange (money); inflation.
- *Social*: distribution of income; demographic factors (for example: age, sex, size of families, ageing process of population); mobility of labor; changes of lifestyle (working from home, free time activities); education; fashion; hobbies; culture; regional differences.
- *Technological*: government expenditures on researches; focuses of industry on improvement of technologies; new inventions; patents; development of new technologies; consumption of energy and expenses for energy; Internet; satellite communication. (Blažková, 2007, 53)

“*SWOT analysis* combines internal and external analyses – the strengths and weaknesses of an organization coupled with the opportunities and threats in the external environment. The capacity of a business to take advantage of opportunities and resists threats will depend on its internal strengths and weaknesses. An opportunity is not simply a feature of the external environment” (Wetherly and Otter 2008, 25).

#### *Secondary Market Research*

This means that a company is using published sources such as industry profiles, trade journals, newspapers, magazines, census data, and demographic profiles.

### 3.4.3. *An analysis of opportunities and results*

An analysis of opportunities and results identifies the main opportunities and serious risk, strengths and weaknesses, and the results which are before the products.

### 3.4.4. *Goals*

Goals which a company wants to achieve in fields of volume of sales, proportion of a market, and profit have to be defined. (Kozák 2010, 31)

### 3.4.5. *Marketing Strategies*

After defining goals is necessary to define how it is possible to achieve them. A strategy means “*a certain scheme which implies how to achieve the goals under given conditions; an overview of possible steps and activities when the company doesn’t know all the future details and specifications*” (Horáková 2003, 11). Setting of the corporate strategy is a very important phase. The quality of this phase depends on the management of a company and their decision making process. (Blažková 2007, 35) The marketing strategy is the comprehensive approach the business will take to achieve its objectives. The marketing strategy integrates the activities involved in marketing, sales, advertising, public relations, and networking. Each of these components of the overall marketing strategy serves a unique purpose, offers specific benefits, and complements every other component. All components must work together to enhance the company image, reinforce the brand strength, and ensure that a company is distinct from its competitors. The traditional (offline) and new media (online) components of the marketing strategy should all fit together precisely. These components include promotion of a company’s range of services and products; determination of the company’s prices or rate structure; creation of an advertising plan; public relations endeavors; promotional campaigns; and a long list of multi-media considerations. (Pinson 2008, 44-45)



Figure 5. The basic activities within the corporate strategic planning

Source: Data adapted from Martina Blažková, *Marketingové řízení a plánování pro malé a střední firmy* (Praha: Grada Publishing, a.s., 2007) 23.

“The purpose of strategic planning is to find ways in which a company can best use its strengths to take advantage of attractive opportunities in the environment. The best-known portfolio planning method was developed by the Boston Consulting Group, a leading management consulting firm. Using the Boston Consulting Group (BCG) approach, a company classifies all its strategic business units according to the growth-share matrix shown in figure n. 6. On the vertical axis, market growth rate provides a measure of market attractiveness. On the horizontal axis, relative market share serves as a measure of company strength in the market.

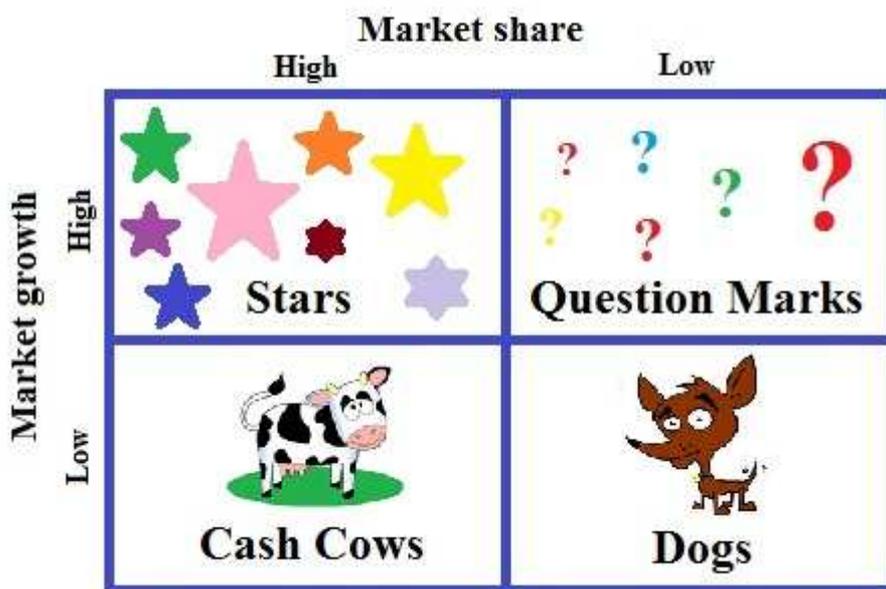


Figure 6. The Boston Consulting Group approach (own creation)

The growth-share matrix defines four types of strategic business units:

- *Stars* are high-growth, high-share businesses or products. They often need heavy investment to finance their rapid growth. Eventually their growth will slow down, and they will turn into cash cows.
- *Cash cows* are low-growth, high-share businesses or products. These established and successful strategic business units need less investment to hold their market share. Thus, they produce a lot of cash that the company uses to pay its bills and to support other strategic business units.
- *Question marks* are low-share business units in high-growth markets. They require a lot of cash to hold their share, let alone increase it. Management has to think hard

about which question marks it should try to build into stars and which should be phased out.

- *Dogs* are low-growth, low-share businesses and products. They may generate enough cash to maintain themselves but do not promise to be large sources of cash” (Armstrong, Harker, Kotler and Brennan 2009, 46-47).

The Boston Matrix offers a very useful map of organization’s products and services strengths and weaknesses as well as the likely cash flows.

Market share (which can be seen in the figure above) indicates likely cash generation, because the higher the share the more cash will be generated. (David Mercer 1996, 180-184)

#### *3.4.6. An action program / operational plan*

In this section should be explained some answers on certain questions:

- What will be done?
- Who will do that?
- When it will be done?
- How much it will cost? (Kozák 2010, 31)

An operational plan is an essential part of a business plan because it tells the reviewer or reader how a company is going to get its products and services out to market. An operational plan has to include some at least basic information about: production or manufacturing, facilities, inventory, distribution, and maintenance and service.

### **3.5. Management and Organization**

A company has to be led by some people. Usually investors want to know who is a management of a company and that these people are qualified. Introduce main managers of the team is good way of informing the reader – who is responsible for a company, who is responsible for running of the business / production, and who is responsible for marketing or human resources.

### **3.6. Financial Analysis**

The last but one of the most important parts of the business plan. Financial analysis of a company is very difficult and time consuming but it gives a real overview of a financial situation of the company. Readers create an idea about issues like: how a company gains and wants to gain money.

A financial planning includes financial reports, financial analysis, and a statement of cash-flow. The statement of cash-flow describes how much money comes to the company every day and vice versa. These cash-flows show, if you have enough money to pay bills. (Abrahams 2007, 127-150)

## **II. ANALYSIS**

#### 4. Executive Summary

Sun-flower Group, Inc. is the company which is engaged in a distribution and an installation of photovoltaic power stations (PV modules). The solar-energy power-stations produce an electric energy from the solar radiation and this electric energy can be used in a personal electrical power network at home or can be sold into a distribution network. The electric energy which is sold to the distribution network by the owner of the photovoltaic power-station is financially supported by the government.

The company Sun-Flower Group, Inc. is able to realize the installation on family houses, industrial buildings or directly on the land. They make normal power-stations (PV) or the power-stations with higher power (MW) or only the panels can be supplied separately. The products which the company offers are high-quality and the producer guarantee warranty 15-20 years (which is very unique).

Members of the company help customers with fulfillment of all administrative acts, project documentation and naturally with the installation.

The company specializes on customers who are involved in environmentalism, making money, independency on the state electrical power network etc.

Sun-Flower Group, Inc. operates in the Czech Republic, more precisely in the region of Moravia very advantageous and profitable with the highest concentration of the solar radiation in the Czech Republic. According to this fact there is a great deal of companies in the region offering similar products and services as Sun-Flower. To be better and be able to offer to customers new products and services the company prepared, as the part of the business plan, a competitive analysis to see its main competitors and analyze them all together. From the analysis is visible that Sun-Flower is not the biggest segment of a market but has its own part which is fortunately enough to cover all the expenses of the company. There are bigger companies operating within the market and Sun Flower doesn't need to compete with them because it wouldn't be able to manage larger part of the market at this time.

The main competitor of all the companies within the market is the government and the companies administrating the electric network and producing of the electricity itself. The financial support from the government has been stopped and the situation about the PV

power-stations is not clear today. The government took a break and applications for the financial supports and not accepted in these days.

The company's goals are closely connected with the situation in the Czech Republic. Sun-Flower would like to expand to the Slovakian market and try to do the business there. Concerning the Czech market the company wants to offer different products and services to its current but also potential customers. The truth that there is no possibility to build the PV power-stations doesn't mean that Sun-Flower cannot offer the additional equipment and services.

Sun-Flower has its own office and doesn't need to pay rent. The company has some workers but the amount of them usually depends on amount of orders and on the season. The owner of the company has experiences with the installations of the PV power-stations and also with the leading of the company. Before he established the company Sun-Flower Group, Inc. he was the IT assistant in the company Obzor in Zlín.

## 5. General Company Description

### 5.1. General Company Information

Sun-Flower Group, Inc. was established in 2009 and resides in Zlín, the Czech Republic. The company is engaged in a distribution and installation of the photovoltaic solar energy (PV modules). The seat of the company and the storage area are situated in the city centre next to each other and the owner of the company is Ing. Lubomír Žák.

Sun-Flower Group, Inc. was registered last year in the Czech Republic. The form of entity is the limited liability company (LLC / Inc.) which means that the copartners are liable for commitments only up to these deposits. A business name has to contain a denotation 'limited company' which is **Inc.** (in the Czech Republic it is **s.r.o.**).

### 5.2. Products and Services

Sun-Flower Group, Inc. provides products and services related to the solar energy – installations and distribution of the photovoltaic panels and all sorts of accessories. The company is able to realize the installations on family houses, industrial buildings or directly on land.

#### 5.2.1. Services

The firm provides the whole service which includes both the installation, delivery of the PV modules on the place of the installation, and administrative work which is needed to be done. The firm helps the customers with fulfillment of all administrative acts, project documentation and naturally with the installation.

## 6. Products and Services

### 6.1. General Description of Products

Photovoltaic solar panels / power-station

As is already mentioned above in the part General Company description the company sells the photovoltaic power-stations. Whereas the description of the products and services is not very deep in previous section the attention will be paid to them in this part.

Figure number 3 is an overview of the function of the photovoltaic solar panel (how it works). There can be seen the sunlight which touch the surface of the photovoltaic solar cells. The light knocks loose electrons, creating an electron imbalance. The electrons then flow from the backside of the solar cells to the front side. This flow of electrons is what we know and use as electricity. Multiple solar cells can be connected in what is known as a module. Multiple modules are created to form an array. A PV system is suitable for both northern and southern climates since it depends on the amount and intensity of sunlight, not the amount of heat like its counterparts which make use of the sun's heat.

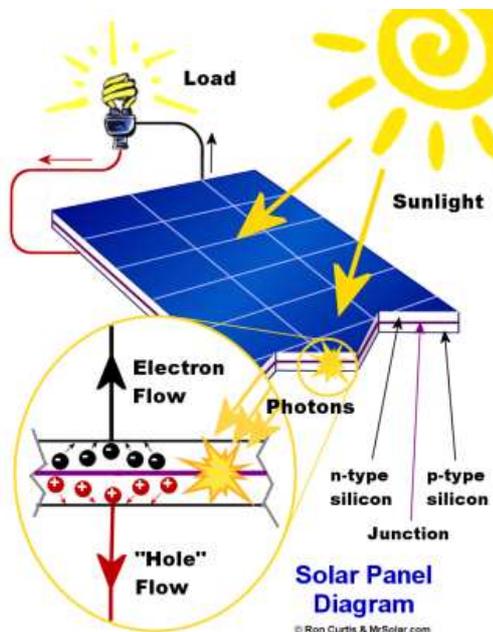


Figure 7. Functions of the panels

Source: Home-made energy, <http://www.homemadeenergyreview.com/blog/photovoltaic-solar-panels/> (accessed April 3, 2011)

Although the intensity of sunlight does increase as you get closer to the equator, there are many people that get great use from photovoltaic systems in more northern latitudes. Every part of Earth is provided with sunlight during at least one part of the year.

The amount of sunlight available is one factor to take into account when considering using solar energy. There are a few other factors, however, which need to be looked at when determining the viability of solar energy in any given location.

These are as follows: geographic location, time of day, season, local landscape, and local weather. Because the Earth is round, the sun hits its surface at different angles, at different locations on the globe. This ranges from  $0^\circ$  (just above the horizon – a good example of this is the North Pole during the winter) to  $90^\circ$  (directly overhead, at and near the equator). When the sun's rays are vertical (directly overhead), the Earth's surface gets a maximum of solar energy. The more slanted the sun's rays are, the longer they have to travel through Earth's atmosphere before reaching the surface (becoming more scattered and diffuse as they go along). Areas such as the United States and Europe receive more solar energy between May and September – not only because days are longer, but also because the sun is almost directly overhead during this season. (Carey 2010)

In *the appendix I.* is mentioned *Earth's energy budget* from which can be seen the flow of incoming solar energy and its utilization. From the picture is visible the amount of 51% of the solar radiation which is absorbed by land. This means that there is a big potential of usage of solar radiation for the PV power-stations. The energy budget is presented by two pictures, first of them is a picture of the earth's energy budget, and second one is the graphic representations of it.

## 6.2. Products

The company offers a set of certain products which is necessary to introduce together with the price list:

### a) *The Photovoltaic module:*

This type of the photovoltaic module is produced under the name Sunnywatt 180W and it is constructed from the mono-crystalline silicon which is more powerful than the polycrystalline silicon. The panel is formed by 72 series connected cells. The producer guarantees the warranty for 25 years.



Parameters:

Supplier: Sunnwatt CZ, s.r.o.

Type: SUNNYWATT 180W

Proportions: 1581 x 800 x 46 mm Weight: 17kg

Price: 10 000 Kč (The Czech currency)

*Figure 8. The panel*

*Source: SUNNYWATT, <http://www.solarnielektrarny.cz/wp-content/uploads/2010/01/Sunnywatt-180W-Data-sheet.pdf> (accessed April 20, 2011)*

The company offers one price for all the necessary equipment which is used in the installations of the solar power-stations and it is 75 000Kč /per 1kW/h. In this price is included all the equipment such as the panels, the inverter, the construction etc. which is necessary for the power-station.

→ The type of the photovoltaic panel mentioned above is the most favorite and customers usually order SUNNYWATT 180W. If there would be any other requirements about the PV panels the company Sun-Flower Group, Inc. is able to order different types of the panels.

*b) Inverters:*

The inverters, a very important part of the solar power-stations, supply power into the electric network. It transfers the unidirectional voltage into the alternating voltage and ensures that the PV power-stations are working with maximum efficiency, and the electricity is safe and quality. The company Sun-Flower is not a producer of this additional equipment so there is a possibility to order more types of the inverters from the producer.

Sun-Flower offers the inverters produced by the company SMA:



Type: SMC 6000TL / SMC 7000TL / SMC 8000TL

Prices: 65 000Kč / 45 000Kč / 47 000Kč

*Figure 9. The inverter*

Source: SUNNYWATT, <http://www.solarnielektrarny.cz/wp-content/uploads/2010/01/Data-sheet-SMC6000-8000TL.pdf> (accessed April 20, 2011)



Type: SB 4000TL / SB 5000TL

Prices: 60 000Kč / 30 000Kč

*Figure 10. The Inverter*

Source: SUNNYWATT, [http://www.solarnielektrarny.cz/wp-content/uploads/2010/01/Data-sheet-SB4000\\_5000TL.pdf](http://www.solarnielektrarny.cz/wp-content/uploads/2010/01/Data-sheet-SB4000_5000TL.pdf) (accessed April 20, 2011)

*c) Network islands:*

The network island is a special mechanism which is able to work as an individual entity without the support of the electric network. This product is new and there weren't installed many of them so the company is still trying to improve it and be better. Bur basically this system is very good for households or buildings which don't have the possibility to be connected to the network. The price is dependable on every project.

*d) Additional components:*

The company Sun-Flower offers some additional equipment to the PV power stations such as:

- cables (line connector, trunk cable, electric cable, two-layer-sheath cable etc.)
- meter board cabinets
- fuses, switch-connector-fuses, overvoltage protections, arresters
- clampers, electrometers, relays etc.

In the appendix II. is shown a picture of the whole photovoltaic power-station with all components, such as the inverter, and especially the illustration of the flow of the energy which is going to the electric network. From the picture is easily understandable how the PV power-stations work.

### *6.3. Services*

*Installation* – the company offers the installation of PV panels. They are able to realize the installations on family houses, industrial buildings or directly on the land. The firm is able to manage the normal power-stations (PV), the power-stations with higher power (MW) or they can supply separately only the panels. The customers will be instructed during the fulfillment of all administrative acts, project documentation and naturally the installation.

*Administrative acts* – advices and help with completing the documents which the customers need for establishment of the power-station. The members of the company will draft out the project documentation.

The company offers:

- non-stop emergency service
- regular servicing of the photovoltaic power-station
- verification and keeping the records from the electrometer, invoicing
- security guard – monitoring systems

## 7. Marketing plan

### 7.1. Executive summary of the marketing plan

The marketing plan of the company Sun-Flower defines the target market and customers. From the analysis is possible to see that the company operates within the best area in Czech Republic because in the south Moravia is the highest solar radiation.

On the other hand the political situation in these days isn't the best one and the company cannot fully work. The program called 'The green savings' was stopped and there is no final solution of this situation. Because of that the company is finishing orders from last year and doesn't have so many customers who would like to build the PV power station without the help of this program.

The company has to offer some additional products and services to attract the customers and in the same time find some job for the company's members.

### 7.2. Common marketing study

The common marketing study defines certain factors as the market, target market, products, competition, distribution, and macro-environment.

#### 7.2.1. The market / target market

For defining of the target market is necessary to know the company as the whole unity – its strengths, weaknesses, opportunities, and threats. To find the target market is also very crucial to be aware of the surrounding environment because there are always some political, economic, socio-cultural, and technological factors. For analyzing these environments is very useful to create the PEST Analysis.

#### *PEST Analysis*

→ Political factors, Economical factors, Socio-cultural factors, Technological factors

a) *Political Factors* - The political environment is not stable in this situation. The politicians are discussing about the grants for owners of the PV power-stations now.

There are two programs called for supporting the PV power-stations. One of them is called 'The green Bonus' and second one 'The redemption rate'. Both of them are quite advantageous, they have just slightly different conditions of the financial help.

The law and its conditions have been changed and especially during this year (2011) it is very obvious that there will be more and changes. An amendment of the act about the support of the renewable resources was carried within the senate in the end of the year 2010. The most important facts are that from 2011 will be supported just the power-stations which are connected to the distribution network – the PV power-stations which don't supply the electricity into the network but the owner has it only for his / her own usage. This provision is concerned only on the power-stations which have been installed in the year 2011 a later. The change will not affect the existing power-stations.

The financial support will be not provided to the new power-stations which would be established on the land (esplanade) and to the power-stations with a power bigger than 30kW from March 2011. This implies that there will be the support only for the PV power-stations with the power to 30kW which are situated on roofs and buildings. This change will not affect the power-stations built in 2010 and earlier. A redemption price for one kW (kilowatt-hour) was set on 7,5 Kč (Czech currency). For better understanding the situation and knowing the prices the redemption price were 11,28 Kč/kW (for the green bonus) and 12,25 Kč/kW (for the redemption rate program).

Nowadays, there is a period of stagnation because the government doesn't have money for the support. The government stopped the possibility of applying for the financial support and is discussing the current situation. The financial help is unfortunately for the government stated in the law number 180/2005 Coll. ('the law about the financial support of a production of the electricity from renewable sources').

In this period, the company has to wait for the decisions of the government. If the government will allow more applications or there is also a possibility that they will change the conditions of the program.

The situation is also complicated by the organization CEZ (the biggest distributor and also producer of the electric energy) which is arguing about the PV power-stations. CEZ says that the power-stations are real menaces for the functioning of the distribution network. The power-stations increase production of the electric energy together with the sun – the more the sun is shining the more electricity is produced by the PV power-stations and vice-versa. This can cause serious problems for the proper functioning of the network because there are no regulations of nuclear power-stations or other sources of the energy in accordance to the sun. Czech energetic association is not able to manage the big fluctuations of the electricity within the network.

The government can easily affect the business – the company has to pay taxes, need to have some permission for installations and has to keep all laws and regulations.

*b) Economical Factors* - The Economical factors are very important too. The installation or purchase of PV modules is either expensive and if the company wants to attract as much people as is possible, is needed good, prosperous state economy. Then people will have money and they should be interested in photovoltaic power-stations more than before. An interest rate is also very important. People can lend money with advantageous interest rate.

*c) Socio-cultural Factors* - Religion is not the most important thing in this line of business. Of course, people who are interested in some religions which are connected with the environmentalism can be also interested in renewable sources of energy.

More than on the religion depends on an attitude of people to foreign products, services, and renewable sources. Today is a trend that people trust the prices from abroad are lower than in their own countries. For example the products from China are generally known for their low prices and it does not mean that the products are not high-quality.

In these days are people able to speak every language in the world. The products can diffuse into the market and people are able to find all information about them in their native language.

The society is very refreshed. Women and men are in equal position. People have so much of a leisure time. There is new idea of green planet which has a lot of followers and organizations.

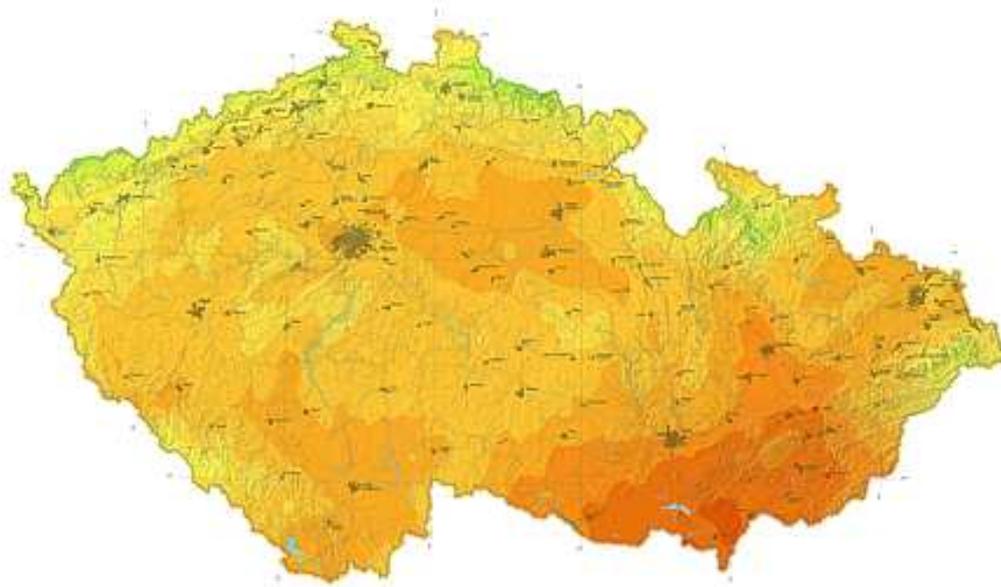
*d) Technological factors* - A technology is very significant and vital for competitive advantage of the market. The technology can allow the products to be made more cheaply and with a better standard of quality. The new and modern technology offers customers definitely innovative services than ever before. Customers can find any information about products via the Internet. Actually they can buy whatever they want via the Internet. These new technologies are great simplification for every company. Customers can find more information about them (especially Sun Flower), their products and services. Sun Flower can create a great deal of advertisements by means of new Media and they are able to communicate with customers in many ways. On the other hand the Internet is available to all people, entrepreneurs and companies. There is really big competition because customers

can within a day or two find all individual companies which provides photovoltaic power-stations. They can analyze what is the best by themselves.

#### *The target market / location*

Sun Flower Group, s.r.o. works and trades in Czech Republic, mostly in Moravia and southern Moravia. This region is very good and productive for constructions of the PV power-stations because there is geographically a suitable terrain. The company is able to deliver their product and service within 150km from their place (Zlín). In this area is lot of cities and villages which means that there can be a great deal of potential customers.

The climatic conditions in this part of Czech Republic are quite stable. Four seasons are going one after another in regular intervals. From the point of the PV stations is the northern Moravia best place in Czech Republic. From the figure below is visible that the biggest amount of solar radiation is exactly there.



*Figure 11. Solar radiations in Czech Republic*

*Source: Solargis, <http://solargis.info/doc/index.php?select=48> (accessed April 10, 2011)*

#### *Customers*

To be the efficient company is necessary to know its customers or potential customers. With knowing them it's easier to produce products and offer services which are closer to the customers and which can easily satisfy their needs. It is very useful to check the market, ask potential customers what they want or need from such company etc.

Sun-Flower Group, Inc. is primarily oriented on smaller or middle-sized orders.

*The targeted customers:*

- a) They should have some basic capital of some property.
- b) They should have an interest about the nature / the environmentalism.
- c) It is necessary to want to make the business – this kind of business is about making money and the customers have to believe the company (SUN-FLOWER).

### 7.2.2. Products

The customer's point of view can be totally different than the company's point of view. The customers want earn money and it is necessary to be aware of this fact. Offer a good product and invest their money into it, and for example big amount of money, is not easy. On the other hand the company has to be smart and see the advantages of its products. The sun will be here always and the solar energy too. It is the simplest and surest way of making money. There is a great deal of information and researches on this topic that people can have a total summary of everything in a minute.

Another advantage is the environmentalism. Gaining the electricity from the PV power-station is absolutely ecological.

The PV power-station can be useful for people who don't have any other possibility to get electric energy. They can install the PV power-station in the middle of green field, on the roofs, or somewhere on the hills.

The features of the PV power stations are already mentioned above. The summary of real and potential benefits:

- *financial support* from the government
- *the environmental usage* of sunlight - pollution-free during use
- installations can operate for many years with little maintenance or intervention after their initial set-up, so after the initial capital cost of building any solar power plant, operating costs are extremely low compared to existing power technologies
- compared to fossil and nuclear energy sources, very little money has been invested in the development of solar cells, so there is considerable room for improvement
- *independence* on the supply from some organizations
- can be constructed everywhere
- return of money

- guaranteed *warranty 15-20 years* = high lifetime

And there are of course *the benefits* from it:

- *A pride* of ownership of PV power-station → it means the customer can be proud that he/she helps the world to be better. In sense of the environmentalism, better living conditions for everybody thanks to environmentally friendly PV stations. There is no pollution and the sun (for the present and near future) is not the exhaustible source.
- There is naturally *a financial security* for the customer and her/his family. As we mentioned above, the PV power-stations have certainty of investment return, and not only of the primary investment of the customer but the power-station is able to earn more money than he/she put into this business.
- The customer can share the power-station with the members of family, neighbours etc.

### 7.2.3. Competition

Companies which directly compete with the company Sun-Flower produce or mediate the same products. And that are the photovoltaic modules, the PV power-stations, and the installation of them.

The major competitors (companies in the Czech market):

- ZAKZLIN – Vinohrady 660, 76001 Zlín (<http://www.zakzlin.cz/>)
- JMS Stavební, s.r.o. - Kvítková 4703, 760 01 Zlín (<http://www.jms-stavebni.com>)
- FVE SOLAR GROUP s.r.o. – J. Silného 2349, 76701 Kroměříž (<http://www.fves.cz>)
- ECOSYSTEM Olomouc s.r.o. – Chválkovická 151/82, 77201 Olomouc (<http://www.ecosystem.cz>)
- AJ SOLAR – Moravská 619, 76811 Chropyně (<http://www.ajsolar.cz>)
- A.BCD ENERGY – Prakšická 2354, 68801 Uherský Brod (<http://www.abcdenergy.cz>)
- Solarlight, s.r.o. - Štěpnická 1164, 686 06 Uherské Hradiště (<http://www.solarlight.cz>)

The market is really saturated with the companies which provide the same goods and services as Sun-Flower. The list of the major competitors is not complete. There are only few companies but the point is that all of these companies are from Moravia. In Moravia is maybe the biggest collectedness of this kind of companies in the Czech Republic. In this case the company has to observe the strategies of the others and try to better and offer better additional services which the others are not able to realize.

There are of course some indirect competitors but in this area it is very complicated. It can be some company which offers wind power-stations, or water power-stations but these types of the power-stations are much more expensive than the photovoltaic power-stations and normal customers cannot achieve them.

To be able to understand the strategies of the other companies is very useful to prepare the competitive analysis. Then the company can observe all the advantages and disadvantages in one place. The analysis distinguishes certain factors and thanks to them is possible to compare one company (Sun-Flower) with the others (A.BCD ENERGY and FVE SOLAR GROUP s.r.o.). In the end there is ‘a choice’ which is called ‘Importance to Customer’ and it means that every factor has to be evaluated by numbers (1-5): number 1 is the best and number 5 is the worst.

**The competitive Analysis:**

Factor	SUN- FLOWER Inc.	Strength	Weakness	A.BCD ENERGY	FVE SOLAR GROUP s.r.o	Importance to Customer
Products	The PV modules / power- station.	Low price, quick and reliable installation .	Small company – limited power- stations.	They offer the same as Sun Flower.	They offer the same but they are able to install huge amount of PV modules.	1

Price	Not the lowest but very acceptable.	Good price for high quality.	Less earnings than other companies.	They are really expensive.	They have very good prices.	1
Quality	High	It is the thing what the customer wants.	Higher price than for poor-quality product.	They offer the same as Sun Flower.	They offer the same as Sun Flower.	2/3
Selection	Selection of almost all types of PV modules.	Large selection.	-----	They offer the same as Sun Flower.	They offer the same as Sun Flower.	2
Service	The installation of PV modules, transport, admin. work.	Wide offer of services.	A lot of work can be difficult.	They offer the same as Sun Flower.	They offer the same as Sun Flower.	2
Reliability	High-level of reliability.	It can attract the customers.	Big engagement.	I cannot say how they are reliable.	I cannot say how they are reliable.	2
Stability	Very stable company.	It can attract the customers.	-----	They are relatively new company in the market.	They are stable company.	3
Expertise	Longtime experiences with PV power-station.	Sun Flower can offer the customers many advices.	Sun Flower has to check new innovation, trend etc. all the time.	They provide good and professional information	They provide good and professional information	2
Company Reputation	Nowadays, is good.	Good reputation is big plus for the company.	Sun Flower has to be careful about it.	There isn't so much information about this company.	There isn't so much information about this company.	1/2
	Zlín, Czech Republic	Good place for doing this	Sun Flower is not able to offer such			

Location		business. High intensity of sunlight.	a commission to the customers living in another place.	The same as Sun Flower = Moravia.	The same as Sun Flower = Moravia.	4
Sales Method	Advertising of Sun Flower company, pricing, promotion etc.	Sun Flower has to gain a lot of customers.	Sun Flower cannot gain any customer.	They do not have the price list in their websites.	They have good sales method they change their prices all the time.	2
Credit Policies	Sun Flower does not offer any credit.	-----	Sun Flower can lose some of our customers.	They do not offer any credit.	They do not offer any credit.	3
Advertising	Internet websites, adverts in newspapers, special magazines etc.	Sun Flower can gain a lot of customers.	Some customers do not like the adverts.	They have websites.	They have websites.	4

This kind of business is so specific that there is so difficult to find any differences. Usually the companies provide the same goods and services as Sun-Flower. It is really crucial to make up some innovations into the company and be more interesting for the customers than the others.

#### 7.2.4. Distribution

Sun-Flower is a retailer which means that the company is buying the PV panels from other companies which are:

1) FVG Energy - Manufacturing Photovoltaic modules

Address: Via San Giorgio,

33050 Carlino - (Udine) - ITALY

Fax +39 0431 68558

→ the company has all types of the PV modules in the stock. They are producing the modules in Italy and also in China. They are able to deliver the goods anywhere or the customer can arrange his / her own transport. FVG Energy is stable and long acting company in the market.

2) Sunnywatt, s.r.o.

Address: Cukrovarská 230/1

19600, Praha – Čakovice

Tel.: +420 238 931 081

Distribution of the products is very direct – Sun-Flower buys the products from a producer and offers them directly to the customer together with the services.

#### *7.2.5. Macro-environment*

The macro-environment is a demographic environment, economic environment, natural environment, technological environment, political environment, and cultural environment. The PEST analysis has already defined a political, economic, social, and technological environment.

*Demographics segmentation* → this type of segmentation is based on general population characteristics:

a) *Age*: the customer should be over 18 year and financially independent, and otherwise, he/she would have some income.

b) *Gender*: in these days of equality of women and men does not matter which gender will choose the products and services.

c) *Location*: as has been already mentioned few times, suitable location is Moravia in Czech Republic. In the picture ‘Solar radiation in Czech Republic’ are described certain circumstances in certain areas.

d) *Income level*: it is not necessary to be so high because for the first investment to the PV power-stations the customer can lend money from banks. But actually for this lending he / she should have some possession. So there is necessary to have either some money or some possession.

e) *Social class and occupation*: is nearly the same as an income level. It does not depend on the class the customer belongs. But there is a needful payment in the beginning (a purchase of the PV modules, the installation etc.) and if the customers are from the lowest class there is some possibility that they will not have money for it and banks will not give them any loans. The occupation definitely depends on situation of the customer. If the customer has a lot of money from a heritage he/she cannot have any work. In this case is necessary to point out that this customer would not be from the lowest class.

f) *Education*: is not important in this kind of business.

d) *Professional knowledge*: is not necessary. The company's members are the professionals and they can provide all information directly to the customer.

e) *Size of firm*: is not unlimited. The company accepts only such commissions which they are able to manage.

### 7.3. An analysis of opportunities and results

“SWOT analysis combines internal and external analyses – the strengths and weaknesses of the organization coupled with the opportunities and threats in the external environment. The capacity of a business to take advantage of opportunities and resist threats will depend on its internal strengths and weaknesses. An opportunity only really exists if an organization has the necessary skills or resources.



Figure 12. SWOT Analysis (own creation)

a) Internal factors:

○ *Strengths*

The modules/panels are relative new and developers are producing better and better things like improvements and innovations. The company is 'only' a retailer but the workers have quite a lot of experiences with installations, usage and types of PV panels.

Sun-Flower is trying to do its work as much fairly, readily as possible and in higher quality.

The business is located almost in the middle of the best area for building the power stations in the Czech Republic. The company has its own websites and an office in Zlín.

○ *Weaknesses*

The weaknesses can be the size of the company. Sun-Flower has just one office and a few workers. The company is able to manage smaller orders than some others.

b) External factors:

○ *An Opportunity*

The company's websites – they are really in good conditions and very understandable. As a weakness there is mentioned that the company is able to manage small orders. On the other hand, nowadays, there is not easy to gain permission for building the bigger power-stations. It can be an opportunity for Sun Flower because this company will not lose any customers.

○ *A threat*

There are a lot of competitors on the market and because of a competition Sun-Flower has to fight with other companies. Sun-Flower has to offer more additional products or services to be better and to attract the customers with better conditions.

From the SWOT analysis is visible that Sun-Flower is not the biggest part of the market but it can find its own place there and be totally satisfied with it. Even if the company hasn't so many members they have a big advantage in their location – the south Moravia is the best place with the best natural conditions. One and probably the worst thing is the political situation in the Czech Republic. The government didn't allow the financial help from the state budget for the buildings of the power-stations and it is a real threat for the companies. There has to be some decisions about the future possibilities in the field of the solar power-stations.

#### *7.4. Goals*

The company has set certain goals in previous year 2010 and the main executives were quite satisfied with that. Because of the fact the company started to work in the end of the year 2009 they are not a long time in the process. In this period had Sun-Flower Group, Inc. goals and achievements which wanted to fulfill as: became a part of the market, became a known company within the market, gain some customer, sell a certain amount of products and services etc. The executive of the company announced that the company was working very efficiently and they have built a great deal of the PV power-stations and offered a considerable amount of services.

The goals for the year 2011 weren't really clear as in the previous planning terms. The situation within the government was generally known since November 2010 and this uncertainty forced the ability of decision making into a difficult position. The company Sun-Flower has certain goals which are necessary to fulfill. It is already sure that these goals will be totally different than the others which have been planned within the company throughout the history of the company. One of these goals is to determine the products and services and eventually add some change. Because of the stagnation in the field of the PV power-stations in the Czech Republic the company has to offer more products, better product and new products. The example of these products can be some additional equipment for the power-stations, reserve parts, PV panels etc. The services have to be also extended: servicing and administration of the PV power-stations, additional servicing like electrical equipment or camera system for monitoring of the stations.

The new and very interesting goal of the company SUN FLOWER is to start making business in Slovakia (mostly) and other European countries. The changes actual in the Czech Republic don't touch the policy of other countries so there shouldn't be problems with that.

#### *7.5. Marketing Strategies*

Marketing strategies have always its necessary process which contains the marketing situation analysis, designing of the marketing strategy, marketing program development, and finally the implementing and managing marketing strategy. (David W. Cravens 1990)

The markets, buyers, and competition have been already analyzed. The analysis of these three main articles shows that there is the market which contains some people with

particular needs and wants (the PV power-stations) and there are also some people who are able and willing to produce and provides the PV power-stations which satisfy the needs.

It is very useful and important for the company to know what the customers think about the product.

Designing the marketing strategies:

*Market targeting and positioning strategy:* Market targeting determines the people (or organizations) that management decides to pursue with the marketing program. The targeting has been already finished in the part ‘targeted markets’ and ‘targeted customers’ and the positioning strategy is created from the *marketing mix strategy* which is the combination of product, price, place, and promotion strategies a firm uses to position itself against its key competitors in meeting the needs and wants of the market target. (Cravens 1990)

*a) Product / Service strategy* – the consumers are evaluating the company very positively. The biggest advantage is easy and trouble-free proceeding with the executives of Sun-Flower. The products are in high-quality and the company offers the 15 years warranty period. The installation of the power-station is very quick and the workers act as professionals. The company manages only small of middle-sized orders and that can be a problem for some customers. (these information are needed to be able to develop a new strategy)

Developing plans for new products and services:

The company will sell and provide the same types of the PV panels because the customers didn’t have problems with the company’s supply. What is necessary to do is offer some additional products – the company will sell also the additional equipment as cleansing articles, special screws, construction design and its shape, electrical equipment, and camera systems for monitoring the power-stations. The additional services are considered: servicing of the PV power-stations, administration of the stations, and cleaning (after rain; snow etc).

b) *Place / Distribution strategy* – The distribution channel which Sun-Flower uses is the longest one but the company is almost in the end of the channel.

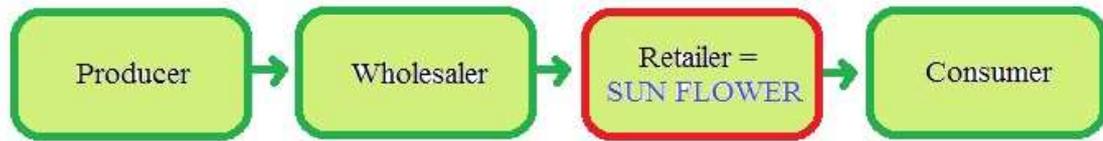


Figure 13. Distribution channel of the company SUN-FLOWER Group, Inc. (own creation)

Sun-Flower isn't a producer of the product the company offers but it is not a handicap for them. Nowadays, most of the competitive companies are retailers because the cheapest (and also high-quality) production of PV panels is in China so the companies are buying the product from producers. Unfortunately Sun-Flower doesn't have a big store to become a wholesaler. The prices of the products are very affordable and this situation allows the company to have a profit and satisfy the need of customers.

c) *Price strategy* – as it has been mentioned above the prices of the company's products are very affordable both for the company and for the customers. Even if the company is not a producer it can offer the same prices as the competition.

According to this fact setting the correct price is a key to any business's survival. Poor pricing can result in financial disaster, even if the other three marketing mix elements are planned and executed effectively. (Bovéé, Houston and Thill 1995, 330)

d) *Promotion strategy* – there is several types of promotion and it is necessary to use at least two of them to successfully promote the company.

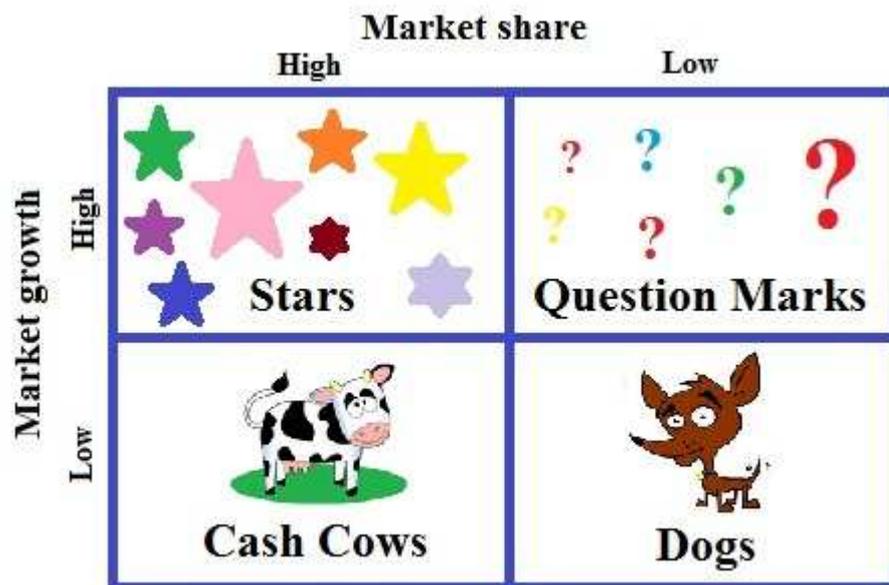
The company Sun-Flower uses advertising which is paid, non-personal communication with the market. The advertisement in television is still very expensive for the company so it uses the advertisements in newspapers and magazines. The company has also paid to the Czech internet portal Seznam.cz to be the first choice during the searching process of the customers. Basically it means that if the customer look for companies which are selling and providing the PV power-stations on Seznam.cz the portal will offer them Sun-Flower as the first page.

In the beginning the company used a bit sales promotion. They were offering sales on their products to find new customers and convince the other to buy the products from Sun-

Flower. This decision was right because Sun-Flower had few customers already from the time they have started.

The last type of promotion which is the company still using is promotion through public relations. Public relations use nonpaid communication to influence public opinion of the company and its products. Sun Flower has its own websites and thanks to the portal Seznam.cz can be very visible among the current and potential customers.

*Boston Consulting Group:*



*Figure 14. The Boston Consulting Group (own creation)*

*Stars* – in the stars is considered the administrative work connected with the photovoltaic power-stations. This administration is relatively new and it is in the growth phase. Because the administration has high market share, however, it is generating sufficient gross profits to cover its current investment needs. This service should be moved to the next stage, the ‘cash cows’ to be more printable for the company.

*Cash cow* – the photovoltaic panels together with the power-stations. These products are really stable within the market and the number of customers is so high that there is no need to recruit new customers and almost no demand for new plant. On the other hand the PV panels are the main generator of cash, of the profit which will cover the on-going investment in new products.

*Question marks* (sometimes called also 'Problem child') – the servicing of the photovoltaic power-stations is the part of question marks. This service is relatively new within the company and doesn't have the share to deliver reasonable profits. It can be requested service in the future and it can easily move to the cash cow.

*Dogs* – Sun-Flower doesn't have any dogs or at least not long-term dogs within the company.

→ The Boston Consulting Group / Boston Matrix shows that Sun-Flower doesn't have dogs which means there is no products or service which is not profitable at all. This information is very good and even in such political situation in the Czech Republic is perfect to analyze the company's work.

#### *7.6. An action program / Operational plan*

The operational plan has some parts which should be mentioned: production or manufacturing, facilities, inventory, maintenance and service.

a) Production or Manufacturing – as has already been mentioned few times the company Sun Flower is a retailer so they don't produce the photovoltaic panels. Producers from which the company buys the products are changing depending on price, place, type of transport, innovations etc. Usually the PV panels are produced in China in some affiliated companies of the main company in Europe. When Sun-Flower buys some goods from another company the executive board wants always know as possible information about a product as the company can.

The company produces constructions used for building the power-stations. The constructions are made from iron which is hot-dip galvanized. This material adjustment is done because it increases the quality of the constructions. The constructions cannot rust and corrode. The iron used during the creation of the constructions is usually bought hardware stores in Zlín and zincing is usually done by the company Signum in Moravský Písek.

b) Facilities – the company uses transportation companies to deliver products to customers. According to high prices of the photovoltaic panels the producers don't charge for transportations big amounts of money. Together with the purchase of the goods from the

producer certain goods is delivered directly to customers who store their products till the time of installation. This process is very short because Sun-Flower always prepares the constructions and the necessary equipment for the installations in advance so customers don't have to store their goods for a long time.

The company has its own company car which can take the necessary things over. Sun-Flower orders the PV panels from Prague or Italy so there is no problem with location of customers. The company moves within the Moravian region so the delivery of the constructions and the other equipment with the company car is absolutely unchallenged.

c) Inventory – this kind of business doesn't need a big inventory. Based on the fact the company doesn't work on huge orders evidences that the power-stations aren't so big to be stored in some special inventories. Sun-Flower is able to store materials for the PV power-stations with powers till 30kW/h.

d) Maintenance and Service – Sun-Flower offers special support and services to its current customers. The necessary part of every order is of course the installation of the power-stations but after finishing the process the customers are not left alone with their new products. The company offers servicing of the PV power-stations, help with issuing new invoices (because this is not really easy, customer has to make evidence and keep an account of results of his/her power-station) which are lately sent to the government etc. There is a number of activities which the company can offer to be in touch with its customers and communicate with them.

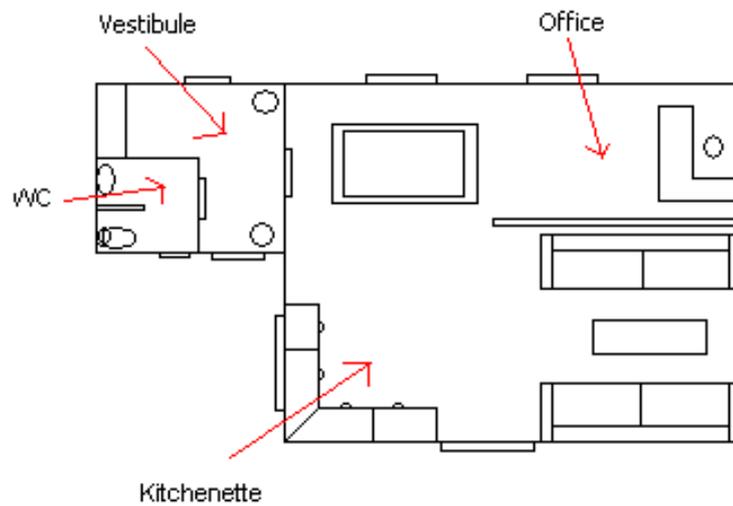
#### *7.6.1. Office Requirements and General Operating Hours*

Sun-Flower Group, Inc. has its own office located at:

Vinohrady 660,

760 01, Zlín.

The office is located almost in the city center in Zlín and is very accessible. It is very important for the company because the commissions are huge and very often is necessity of large space for vans and big cars.



*Figure 15. The plan/map of the company office (own creation)*

Sun-Flower intends to operate Monday thru Friday from 8am to 4pm. But after some consultation we can arrange a meeting in another time.

## **8. Management and Organization**

Sun-Flower Group, Inc. has two owners who are sharing the company: Ing. Lubomír Žák and David Jiříček. Ing. Lubomír Žák is the majority owner of the company and has a right to decide about the company by himself. Mr. Žák has a background of experiences with the installations of the PV power-stations and all the additional services. He is usually completing the list of product and services. Mr. Jiříček is in charge of public relations, communication with other companies (especially producers and main partners) and also completing and adding new ideas into the list of products and services.

The company has few regular employees as an accountant, who is very important to be within the company, secretary and cleaner.

## 9. Financial Analysis

First company analysis is for the year 2010 from January till December. For appropriate analyzing of the financial situation of the company is necessary to know all the circumstances during the year 2010:

January	Sun-Flower built one solar power-station on a family house with the power 7kW/h and sold three inverters – 1 piece SMC 7000TL and 2 pieces SB 5000TL. During this period were working in the company just two people (owners).
February	3 power-stations: 9kW/h + 4kW/h + 6kW/h → one of the power-stations was built on the land. Sun-Flower had to employ one person as a part-time worker.
March	2 power-stations: 8kW/h and 7kW/h. The employee from February stayed in the company.
April	One solar power-station with the power of 4kW/h and one inverter SMC 5000TL. Two owners + one employee.
May	One solar power-station with the power of 6kW/h. The employee left the company.
June	One solar power-station with the power of 10kW/h.
July	One solar power-station with the power of 9kW/h.
August	One solar power-station with the power of 10kW/h.
September	One solar power-station with the power of 4kW/h and 30 photovoltaic panels sold separately.
October	One solar power-station with the power of 5kW/h.
November	One solar power-station with the power of 7kW/h.
December	One solar power-station with the power of 7kW/h.

To be informed about the company's money and business there is prepared an income statement below. This document shows that the company had some problems in April and also projects the situation within the Czech Republic. According to the interruption of the applications for the financial support there weren't too many orders in the year 2010. In the

beginning the reality looked great and till March the company had usually 2 or more orders. During March the government started to speak about the problems and possibility of cancellation of the support. Based on this fact the company attracted a great amount of the customers, sent the applications for the financial support and divided them into individual months. Finally Sun-Flower scheduled some work till the end of the year 2010 and was able to financial survive this period and have some profit.

From the income statement is also visible that in the beginning of the year the company had one part-time employee but after some time, because of the absence of work, stayed only the owners of the company and worked by themselves to be profitable. The advertising and marketing wasn't also really popular in the second half of the year but it is very clear that the company didn't want to spend the money at the time when the applications weren't open.

To sum up the company's year 2010 it is suitable to say that even if the company didn't have 5 or more employees the founders and also the only two workers earn good money and can be satisfied with the results the company had.

**INCOME STATEMENT = PROFIT AND LOSS REPORT**

Year: 2010 (January - December 2010), Sun-Flower Group, s.r.o. (numbers are presented in Czech currency)

	January	February	March	April	May	June	July	August	September	October	November	December	Total
<b>Earnings</b>													
<b>Gross Sales</b>	630 000	1 425 000	1 125 000	365 000	450 000	750 000	675 000	750 000	1 200 000	375 000	525 000	525 000	8 795 000
(Sales) Commissions	0	10 000	0	0	0	0	15 000	0	0	0	0	0	25 000
(Revenues and Earnings)	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Net Sales</b>	630 000	1 415 000	1 125 000	365 000	450 000	750 000	660 000	750 000	1 200 000	375 000	525 000	525 000	8 770 000
(Value of Goods)	550 000	1 235 000	975 000	320 000	390 000	650 000	570 000	650 000	1 070 000	325 000	455 000	455 000	7 645 000
<b>GROSS PROFIT</b>	80 000	180 000	150 000	45 000	60 000	100 000	90 000	100 000	130 000	50 000	70 000	70 000	1 125 000
<b>OPERATING COSTS</b>													
<b>Overhead and General Expenses</b>													
Wages	40 000	55 000	55 000	55 000	40 000	40 000	40 000	50 000	50 000	40 000	40 000	40 000	545 000
Remuneration	0	1 000	500	0	0	14 000	0	0	6 000	0	0	10 000	31 500
Services	150	200	500	0	300	120	400	300	300	0	200	300	2 770
Rent	150	150	150	150	150	150	150	150	150	150	150	150	1 800
Equipment leasing	2 000	1 000	0	0	800	1 700	0	200	0	0	0	0	5 700
Furniture and equipment purchase	800	0	0	0	1 300	200	0	450	700	0	350	0	3 800
Insurance	2 000	3 000	3 000	3 000	2 000	2 000	200	2 000	2 000	2 000	2 000	2 000	25 200
Technical equipment	700	3 500	300	0	0	850	2 400	450	0	0	700	850	9 750
Telephone bills	1 500	1 870	1 730	1 500	1 200	1 350	1 730	1 500	1 500	1 500	1 500	1 500	18 380
Office supplies	110	50	100	0	250	300	680	100	70	0	0	400	2 060
Postage and transportation	14 000	28 000	22 000	2 000	3 500	4 500	3 000	4 300	7 000	1 500	2 000	2 000	93 800
Marketing and advertising	2 500	3 500	800	600	400	3 000	600	700	1 300	600	600	600	15 200
Travelling costs	5 000	12 000	8 300	3 000	2 500	1 900	3 800	5 000	5 000	1 500	2 500	1 500	52 000
Culture	0	0	0	0	0	0	700	200	0	0	200	0	1 100
Technologies	3 000	1 200	600	0	700	0	2 300	3 000	0	0	1 500	0	12 300
<b>OVERALL OPERATING COSTS</b>	71 910	110 470	92 980	65 250	53 100	70 070	55 960	68 350	74 020	47 250	51 700	59 900	820 360
<b>NET PROFIT</b>	8 090	69 530	57 020	-20 250	6 900	29 930	34 040	31 650	55 980	2 750	18 300	10 700	304 640

Figure 16. The income statement of the company Sun-Flower Group, Inc. (own creation)

## CONCLUSION

Sun-Flower Group, Inc. is like any other company but the fact that it has the business plan can be very advantageous.

The goal of every business plan is to provide all information about the company from the point of every possible field. The goal of this business plan is to somehow sum up the information about the company to help to understand the situation which appeared within the market. Sometimes it is the only way how to realize the company's potential and possibilities to be better or even stable.

Finally I have come with some new ideas together with the executives of Sun-Flower and I can say the business plan vitalized the company. Before the plan was written there weren't ideas about expanding on new markets abroad, offer such a great deal of new products and services, and at least even try to start from the beginning.

The business plan presents basic but crucial information about the company, its products and services, marketing strategies, management, and financial situation. It was a real experience to be part of this plan and think about new ideas and innovations of the company I have never thought before. I have learned a lot of information both from the field of marketing and management and from the real life situations, the company's functioning, about the problems which can always appear, and mainly about the challenges we can meet during the life.

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## APPENDICES

Appendix I: Earth's Energy Budget (the picture)

Earth's Energy Budget (the graph)

Appendix II: How a photovoltaic system works

APPENDIX I. : EARTH'S ENERGY BUDGET

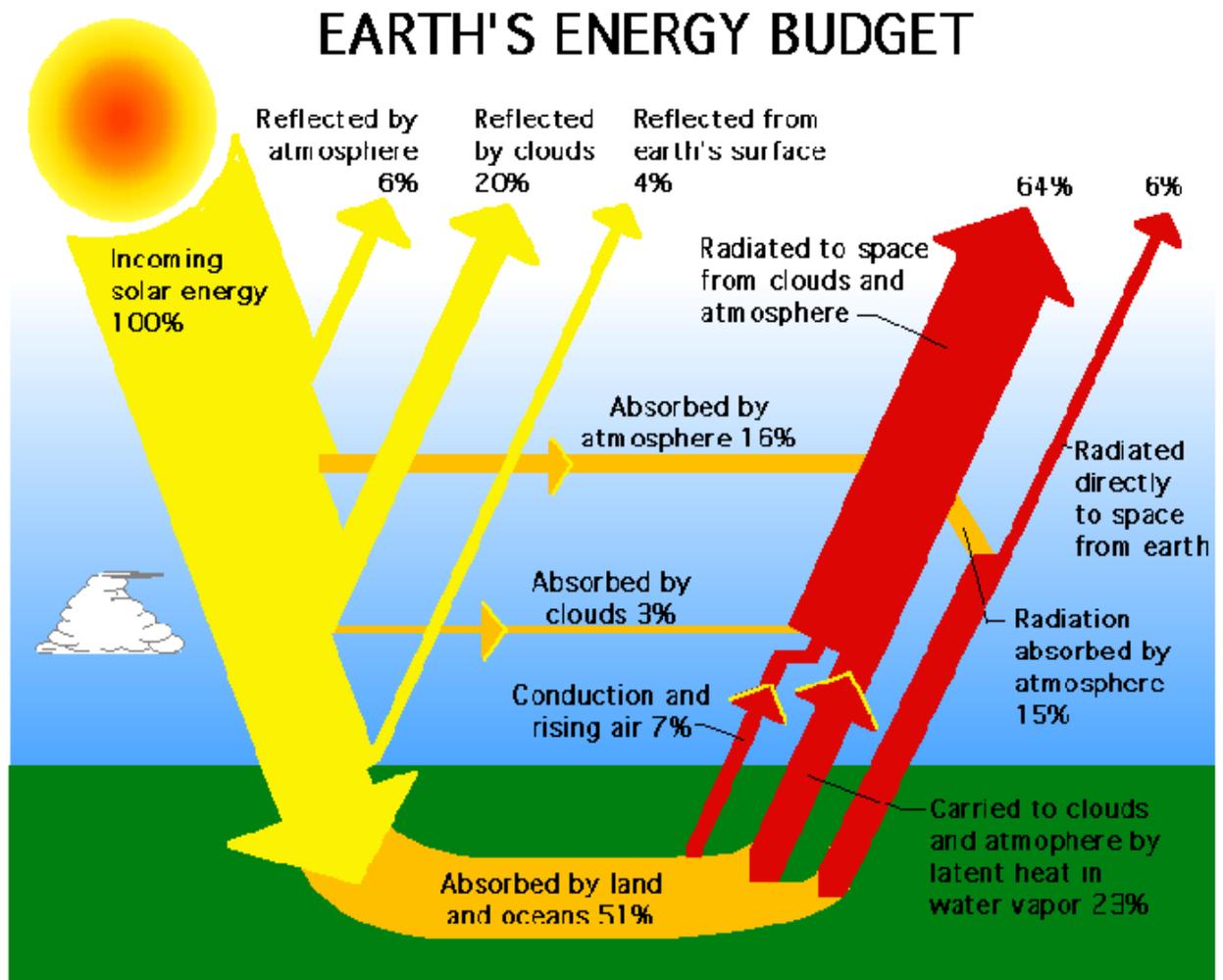
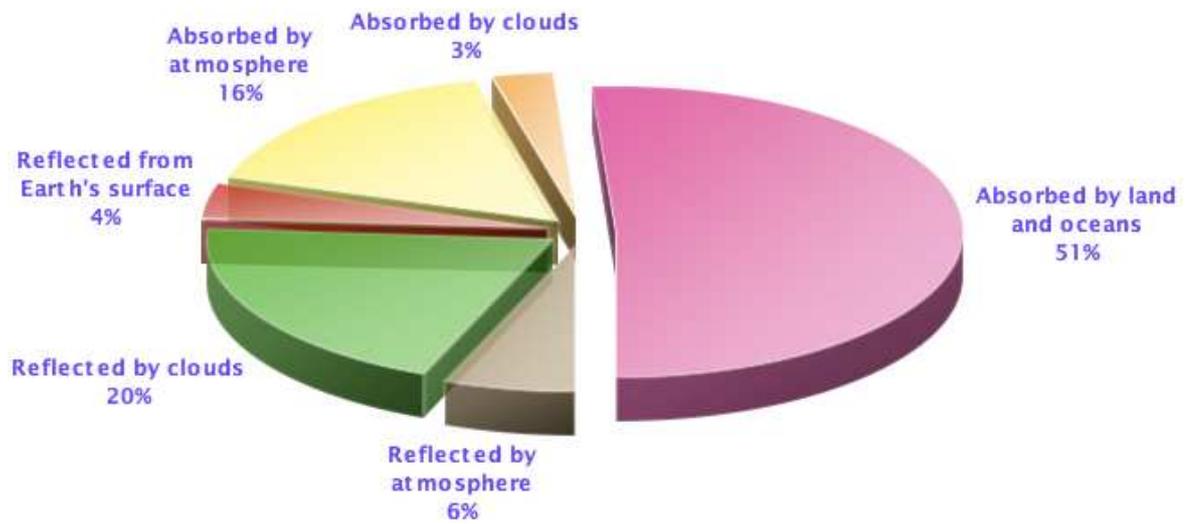


Figure 17. Earth's energy budget

Source: EDRO, <http://edro.wordpress.com/energy/earths-energy-budget/> (accessed April 25, 2011)



*Figure 18. Earth's Energy Budget Pie Graph*

*Source: Henrico County Public School, <http://hcpssciencepot.com/science6/?p=3>  
(accessed April 25, 2011)*

## APPENDIX II. : The photovoltaic system

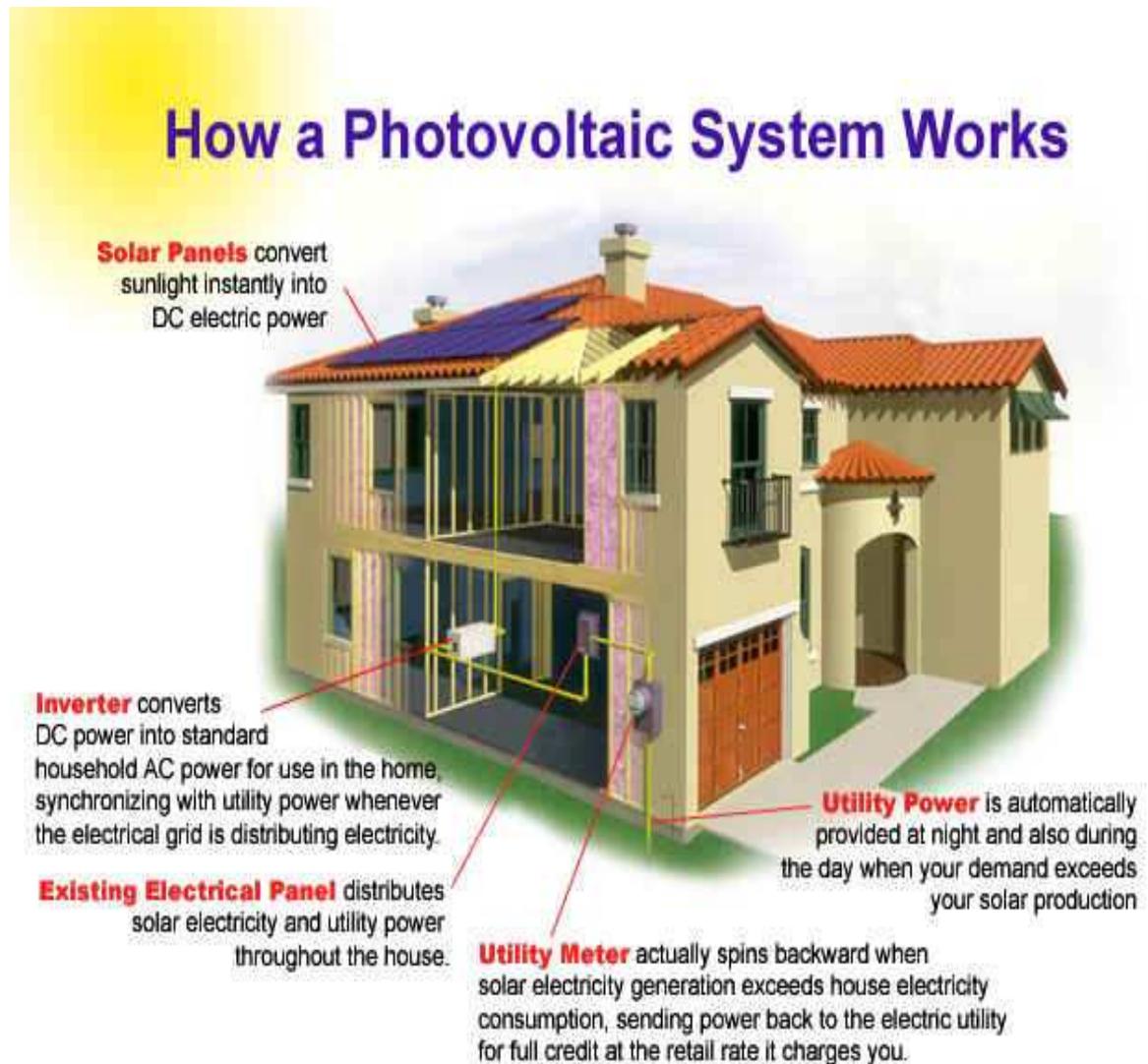


Figure 19. How a PV system works

Source: Southern Vermont Renewable Energy, <http://soveren.org/photovoltaic-pv/>  
(accessed April 25, 2011)