

Selling Beauty: The Business Plan of a Czech Beauty Salon

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ABSTRAKT

Cílem mé bakalářské práce je sestavit podnikatelský plán, určený k založení Českého salónu krásy v malém městě Strážnice a objasnit, zda-li je tento projekt realizovatelný. Teoretická část se zabývá základními teoretickými znalostmi týkajícími se sestavením podnikatelského plánu. Praktická část pojednává o samotném založení podniku a o jeho náležitostech.

Klíčová slova: podnikatelský plán, založení podniku, trh, konkurence, salón krásy

ABSTRACT

The aim of my Bachelor Thesis is to make a business plan for establishing of a Czech beauty salon in a small city called Strážnice and to clarify, whether a project like this is feasible. The theoretical parts deals with basic theoretical knowledge of processing business plan. The practical part deals with the establishment of the company itself and its requirements.

Keywords: business plan, establishment of the company, market, competition, beauty salon

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INTRODUCTION

In this bachelor thesis I deal with the compilation of the business plan for a company called miracle beauty salon in Strážnice. During the establishment of the new company we can be uncomfortably surprised by many fundamental problems. For the purpose of being prepared for these problems and to be able to face such a difficulties the company should prepare a business plan. Of course there are many other reasons, but this is one of the most common. It is the process during which we should clarify thoughts relating to our business and set long-term goals. For these reasons, it is important to develop the business plan in a written form, although it is not compulsory.

The theoretical part of this bachelor thesis deals mainly with theory concerning the business plan and many other important knowledge which are necessary to know in order to write a proper business plan. At the beginning of this section I focus mainly on clarifying the characteristics of the business plan, the purpose and content of the business plan and the principles for writing a business plan. Thereafter I describe marketing research and its parts. I focus mainly on market segmentation, marketing mix, external analysis, internal analysis, financial plan etc. Additionally, I pay attention to the personality of entrepreneur.

The practical part deals with the foundation of the company itself. Firstly, I analyzed the competition and the strength of demand in Strážnice and its surroundings in order to be able to assess whether this beauty salon would enforced here. This part includes information about an enterprise, such as legal form, description of the company including staff, opening hours, location of salon, salon equipment and products and services provided. The marketing mix is described in this part. Moreover advantages and disadvantages of the company are mentioned. The main goal of this bachelor thesis is to find out whether business plan for a miracle beauty salon is feasible.

I. THEORY

1 BUSINESS PLAN

1.1 Characteristics of the Business Plan

Generally a business plan is a project or a document, which shows either a current situation of an already existing company in order to plan a new project, or certain visions for a totally new or emerging businesses. Definitely it should contain proper and at the same time realistic plans, ideas and other thoughts to achieve this object. Nowadays a business plan is not compulsory, but for entrepreneurs is almost indispensable. This plan should be in a written form, which provides an objective view and opportunity for entrepreneurs to learn and find out some valuable information. Actually a written form can highlight the potential difficulties, which is also very important (Ford, Bornstein and Pruitt 2010, 5-8).

1.1.1 The Purpose and Content of the Business Plan

Potential investors usually want and even insist on business plan. This document may convince future investors, bank or suppliers to invest their finance. Therefore it is important to have as accurate and realistic plan as possible. An entrepreneur should also explain why is doing a business which he does. The reason is, that there is very often a niche, or some hole in the market, which he is able to fulfill. And this is naturally a best reason and at the same time advantage to make a new project. Business plan is used for planning, controlling, and also as a motivation for employees (Wupperfeld 2003, 11-19). And what is more is that entrepreneur may noticeably benefit from thorough preparation of a business plan.

As it was already said, a business plan may serve as a means of obtaining a loan, personal loan, mortgage or credit card. Lenders and investors may look for evidence, that a company is able to repay this loan. Firstly a company or its representative will present a business plan to some loan officer. Then he usually prepare the loan package and a committee decide whether they will accept it or not. A company has to take into account that investors have different expectations. The main reason is that they want specified return on the investment. A company may increase its chance, when knows its credit risk level and credit score. It means that a business need to provide a credit history. Obviously there should not be any history of late payments or past bankruptcy. Existing businesses need to provide financial history statements. They should also include copies of balance sheets, profit and loss statements and tax returns from previous years. It is important what

assets a company has and what is willing to risk. A company may be asked to use some assets as collateral, for example a home. The amount and type of collateral is very important issue, because it may remove risk on the part of the investor. Lenders and investors also want to see that a company has an interest to fulfill their financial goals, which means that a company will repay not only the loan, but also interest. Venture capitalists may require a financial plan, but on the other hand equity partners or investors may want to see a strong management. Therefore a company need to know whom they are seeking. A company should be prepared to show some evidences, that it's product will be successful in the target market. When a company is already existing, a success may be proved by sales history, but when it is a new company, it should perform some survey data, evaluations and other valuable test on the target market. Qualification of the people who are running the business and who are working in it is also important issue for investors. A company also has to secure it's position. It means that they use some patent, copyright or trademark to protect their unique product or service. Investors will take a close look at current industry standards. Projections should be inside of industry standards, because lenders or investors may judge a company according to it (Pinson, 2008, 2-5). Therefore it is good to read some business or industry publications and follow these trends.

According to Srpová et al. 2011, 14-15, there is no mandatory procedure what a business plan should contain. Most of business plans include the following basic elements: title page, contents, objectives of the company, the purpose of the document, competitor analysis, financial plan, potential risks etc. Everyone who requires a business plan, has different requirements. It is warmly recommended to write the business plan in a written form, but due to the fact that we live in a very hectic time, some investors prefer other options, for example by using powerpoint program. The first page that potential investors will see is the title page. The title page should include basic information about the company, which means trade name, logo, company's name and purpose of a business plan, author's name, date of establishment, and many others. It is highly recommended to include here a statement and at the same time copyright notice in order to protect a company. Moreover is recommended to include content in a business plan. The content makes business plan well arranged, and its omission may negatively affect its readers, which may look for some specific information. It should be short and clear. For reasons of clarity are recommended titles only until the 3rd level.

1.1.2 Principles for Drafting a Business Plan

There are some general principles, which are suitable to follow. These principles are mainly:

- *deliberate conciseness* - it should not annoy readers, but at the same time it should contain important facts
- *truthfulness* - entrepreneur should not afford to lie about current situation
- *feasibility* - plans which are planned must be able to achieve
- *clarity and rationality* - plan is recommended to be logically organized and when is needed enriched by proper graphs
- *awareness of risk* - it is good to show that entrepreneur is aware of risks (Srpková and Veber 2012, 99).

1.1.3 Risks

Risks can come from both internal and external environments. There are many types of risks to which the company should take into consideration. Well-developed business plan should include not only possible risks, but also the suggestion of solution of such risks. One of the main risks is undoubtedly the human factor. Many unfortunate events and disasters were caused by human factor. Some of the risks can be influenced and some of them can not, but both of them may affect the operation of the company. Modifiable risk and proposal of their solutions should be included in the business plan. An entrepreneur should always expect risks, otherwise he or she can get into an unpleasant situation. The suggestion of solution will be sought after especially by potential investors or banks. Risks can be especially in planning, operational, financial, marketing, procedural, technical, natural (natural disasters), political and many others. The source of the risk may be for example errors in the documentation, insufficient qualifications of staff and etc. A very important factor in the business plan is risk prevention, because possible solution to these risks is usually very expensive. All these factors can affect the company's success. In terms of time, we can define three basic groups: risk prevention, risk mitigation and rescue. The first group is most advantageous, but little used. Companies should create reserves to rescue an unfavorable situation. One possibility is the insurance market. Insurance of these risks are currently very popular. There are many types of insurance companies, which

means that almost any company can insure against risks. Insurance companies generally have a set payment limits. If the company does not reach these limits, the insurance company may ask for an exception. The disadvantage of these insurers, however, is the fact that insurance companies sometimes require outrageous amount of payments (Srpková et al. 2011, 139-140).

1.1.4 Sources of Funding

There are many options of financing the enterprise, but one of the simplest way is to finance it from own sources. Unfortunately, only few people can afford this kind of funding. Another option is a loan from a bank or help from investors. Starting businesses which do not have much experience have little chance of obtaining a loan from a bank. A company can address investor by an interesting project. In this case, there may arise a disadvantage. This may mean limiting of decision-making powers, which is usually a nightmare for businesses. This decision may affect our society in the future because the investor can retire after a certain time, or to sell its investment. Financial resources may be needed in an entirely new enterprise, but also in existing business. The basic financial resources include own and foreign sources (Duff 2015). As an example of own resources may be mentioned contribution of owners or profit. As an example of foreign sources may be mentioned credit or a loan. Other sources of funding can be, for example, leasing, factoring, bonds and many others. In terms of time, we can divide financial resources into short term and long term. It is also important to determine whether the financial resources come into financial basic of the company or not. Reasons for the use of foreign capital are many. One of the most common is the lack of equity. This possibility should be carefully considered by the company. The disadvantage of using foreign capital is mainly in reducing the financial stability of the company or in reducing management meetings. Of course, the amount of initial capital influences the choice of legal form (Kotler 2007, 43-44).

1.2 Marketing Research

Not only marketing, but also sale has a huge impact on our business. Therefore a company need to have good and realistic strategy in order to persuade people who want to invest in business. Main problems of marketing strategy are:

- target market
- position of our product
- marketing mix (Podnikatel.cz 2011).

1.2.1 Market Segmentation

Success of a company is interconnected with potential customers. More precisely, with their wants and needs. As a result an entrepreneur needs to know so called target market, which means that he knows who possible customers are, what they want and expect, if they are willing and able to buy his product, and if there is enough of them for the purpose of prosperity of the company. Anyway, it should be supported by various researches and data. Moreover, the key to success is, that the target market should be not only available, which means to distribute products with minimum costs, but also sufficiently large, which means that there is enough possible customers to sustain the enterprise (Abrams 2007, 43). Thereupon is very useful to find a niche in a market.

It is also meaningful to follow some internet sources, e.g. internet blogs, which are preferred by target customers. We can find there their opinions and other valuable information. If we as a company has sufficient budget, we can hire a special company, which conduct market research. We can use also medias, newspapers and magazines as a source for our research (Abrams 2007, 46).

1.2.2 Marketing Mix

The famous marketing mix is so called the 4Ps and basically consists of:

- product.
- price
- place
- promotion (Srpová et al. 2001, 24).

Product

Product is a basic key of marketing, because it satisfies human wants. A company has to clarify which product will offer on the market. Attributes of products are influential too. Specifically it means design, brand, package, warranty and additional services like delivery

conditions. A company should focus on production mix. Basically it means what kind of product and in which amount will the company produce. Finally the product life cycle is also very important issue. By this is meant placing on the market, stage of maturity, innovations ect. (ManagementMania 2013).

A company as a whole has to take into account a risk as regards with new products, which some investors may come to see. It means that company has to comply with regulations and a good way to do so is to hire a responsible person, which will deal with it. In a business plan should contain name, address and phone number of this person (Srpková et al. 2001, 24). However, this means some additional expenses, which may be a disadvantage.

Price

Price also requires a great deal of attention. Existence and prosperity of the company depends mainly on price. By placing a price we determine a position of the company on the market and influence the buying decision. When company is setting a price, it has take into account with corporate goals, demand, costs and many other features. When comes to corporate goals, it may be regarded as the starting for setting a price. It means that company has to ensure which goals want to achieve. It may be policy of survival, profit maximization, focus on the largest market share or others (Srpková et al. 2001, 24).

Place

An entrepreneur should be aware of competitive advantage and added value for the customer. This is closely connected to distribution policy. It means that there should be suggested appropriate sales organization, which is needed to be included in business plan. Basically and entrepreneur need to be able to answer on questions like whether will provide sales activities alone or not, if the products will sell directly to end customers, which business organizations will be included if any and so on (Alanis Business Academy 2012).

Promotion

Promotion can be understood also as a communication. It is a way in which a company communicate with potential customers. Company has to attract customers' attention in order to create a good promotion. There are two kinds of promotion effort: personal, which means face to face communication between buyer and potential buyer and impersonal. In

impersonal communication there is no face to face communication, so it is rather advertising, public relations, sales promotion etc. Therefore it is important the choice of promotion mix, but this is also dependant on size of market, location of market, distribution strategy, pricing strategy, stage of product life cycle and many other situations. Personal selling is probably one of most effective communication, but on the other hand it is rather expensive. It is actually an oral communication, so a marketeers may watch the reaction of consumers and adapt to it. This form is useful when product is risky or has a higher unit value. Fairs and exhibitions, business meeting, informal meeting and many others are types of personal selling (Jain 2009, 8).

According to Srpová et al. (2011, 27), public relations is understood as a relationship to customers, company employees, media, government, financial institutions, shareholders, intermediaries and many others. Public relation contributes to stimulating demand for products by improving the relationship with the public. This type of promotion is favorable, because it is very low cost. With this promotion a company may gain government contracts or favorable loans. Support resources may be contributions to charity, sponsorship and various meeting, communication with the media, organization of competitions etc.

However, some companies uses also other modifications, which means additioning another three Ps:

- process
- people
- physical evidence

These 7Ps together may show how a company is able to influence customers. Process is a way how a service is done for the customers and this customer is paying for it. People in company such as employees, managers, directors or the cleaning lady are extremely important, because they are significant part of the business. Therefore the selection of these people is important task. By physical evidences are meant some elements or products like catalogs or other materials even though a service is intangible (Kotler 2009, 17).

1.2.3 Strategic Situation Analysis

If we want to set up a new business and break through with a new product, which is undoubtedly a long journey, we need to know what we want to achieve. We also need to realize company's strengths and weaknesses in order to know what to do on our journey. Therefore it is suitable to use strategic situation analysis. This analysis analyzes external and internal factors of the company. As a result we can divide this analysis into external and internal.

1.2.3.1 External analysis

According to Keřkovský and Vykypěl (2002, 34), there are various factors in business environment, which may create new business opportunities, or on the other hand some threats. Hence it is very important to thoroughly analyze this business environment. The detection of developing trends is very important part of this analysis. This trend may affect a future of business. It can be further divided into analysis of macro and micro environment.

The environment of entire economy can have effect on our company. These environments may be various, for example national, European or even world. This analysis should identify threats and opportunities of macro environment. It should focus mainly on political and legal environment, economic factors, social environment, new technologies, global changes, change in lifestyle and many others (Podnikatel.cz 2014). Basically it means that a company has to take into account, that there might be different conditions from the economic point of view, or that there will be new innovations in social medias in the future, which may result in failure of some non-innovative companies, for example video shops.

Regarding the analysis of the microenvironment, a company has to investigate various industries. It should be industries, in which company operates and they must take into account some viewpoints, for example a structure of the sector, trends, and other factors which causes changes in certain sectors like seasonality, legislation, dependence on the supplier-customer linkages, the pace of changes and innovations and many others (Srpková et al. 2001, 165).

For these purposes we can use Porter five forces analysis, which is popular in practice. This model is created by Michael Eugene Porter and is used for deriving the forces of competition with the help of five key influences (existing competition, new competition,

the influence of suppliers, the influence of customers and substitutes of products). This analysis examines how these forces impact each other, which is one of the keys for success. Sometimes is also known a sixth force called complementors. (Ahlstrom and Bruton 2009, 31).

1.2.3.2 Internal Analysis

Thanks to this analysis we may appear a company's competitive advantage. Also we can realize strengths and weaknesses of a company and a company as a whole may use it for their own benefit. Generally not only assets of the company like some unique machine, patents, licenses or even loans provided to other businesses, but at the same time also abilities like special skills of workforce. Company may lose its advantage, when is not able to utilize their unique assets, even if they have them, which usually leads to destruction of the company (Dedouchová 2001, 29).

Generally, internal analysis should be also critical. This analysis should contain concrete facts, past and current situation and these data and other information must be critically assessed. The result of this analysis is usually conclusion and here may be useful so-called SWOT analysis. This analysis is advantageous thanks to many aspects. First of them is simplicity. Entrepreneur does not need any technical skills to be successful in it, but complete understanding and knowledge of a company is required. The second benefit is lower cost. The Company may perform this analysis alone, so it not necessary to hire overpriced companies to do it for them. Next benefit is integration. SWOT analysis gives ability to synthesize information, which are not equal. It contains information which are widely known, but at the same time information, which has been discovered recently. This analysis is not only about gathering data, but also about making solution. Basically is capable of converting weakness on the strengths and as a result disadvantages to advantages. Collaboration is another part of this analysis. It means that company find out what their counterparts do, what they know, eliminate potential disagreements and use this knowledge in their strategy before the finalization of the marketing plan. However many companies underestimate its value in planning. Because of these reasons SWOT analysis may be viable mechanism, but when it is made incorrectly it may be waste of time. To avoid this mistake, it is recommended to stay focused, search extensively for competitors, collaborate with other functional areas, look for causes, not for characteristics, separate internal issues from external issues and many others (Ferrell and Hartline 2010, 122-123).

According to Keřkovský and Vykypěl (2002, 97-99), SWOT analysis may be used also for personal purposes. Company may gather data for this analysis by comparison with competitors, which is called benchmarking, or by discussing with experts (brainstorming). For purposes of identifying these strenghts, weaknesses, opportunities and threats a company may use following table:

Table 1: SWOT analysis

	Strenghts	Weaknesses
Internal factors	• •	• •
	Opportunities	Threats
External factors	• •	• •

Source: Data adapted from Srpová et al. 2011, 84

1.3 The Financial Plan

The financial plan is a practically a business plan in numerical form. It may be understood as a proof of the feasibility of the company. This plan should include at least expenses and revenue plan, income and expenditure plan, cash flow forecast, turning point, planned balance sheet, planned profit and loss statement and many others. A company must reckon with the fact that it will need a lot of funds for starting a business, because they have to buy long-term and current assets, finance operating expenses like wages for labor workers, lease, electricity and many others. Over time, these costs will be paid mainly from revenues, but when starting a new enterprise, it is more complicated. It is not a good idea to underestimate the financial plan, because many businesses failed because of undercapitalisation and because of the fact, that they do not distinguish the difference between revenues and income, and costs and expenses. For example a company may sell products to other company, but this company does not pay the agreed amount. It means that company accounts for revenue, but at the same time increased claims. These performances are reflected in profit or loss and a company has to pay taxes from it. And this is the destruction of a large part of businesses, because it may happen, that company reports huge profits, but cash flow is zero. Therefore it is extremely important to monitor cash flow in

long term, not only to safeguard income (Srpková et al. 2011, 28). And it is necessary to follow the principles of financial accounting.

1.3.1 Financial Statements

Investors may insist on compilation of the planned financial statements and especially on:

- balance-sheet
- profit and loss statement
- cash flow

When starting a new a business, it is recommended to compile opening balance sheet and after then compile it to the last day of a certain accounting period. It is a list, which shows what business owns and owes at a certain time. The key term here is liquidity, which means in what time assets are able to convert into cash. According to this liquidity is listed order. Basically we divide balance sheet into four sections: fixed assets, current assets, own resource and external sources. This balance sheet starts with fixed assets and informs readers about structure of the property (Benedict and Elliott, 2001, 48).

Profit and loss statement is an overview of costs and revenues. Output of this profit and loss statement is either positive or negative economic result. These revenues and costs can be further divided into operational, financial and extraordinary, which is definitely beneficial for businesses. Operating profit is important to follow, because it is kind of evaluation of the success of the company. When starting a new business, entrepreneur should compile initial profit and loss statement for the first six months of operation of the company. It is kind of evidence, whether company will be able to pay interest or not etc. These three economic results together create a result for accounting period. The last financial statement is cash flow, which is statement of income and expenditures for a given period of time and shows ability of entrepreneur to realizing the aims of the company (Srpková and Řehoř 2010, 320).

1.3.2 The Financial Indicators

A company may also use various ratios of financial analysis, for example: profitability indicator, liquidity ratio, activity indicator and many others. Liquidity ratio informs owners of the company or readers about stability of the company in a short term. Potential investors may take into account this indicator because basically it shows if a company is

able to repay obligations. A stable company usually has a lot of property and there may be assisted activity indicator, which shows intensity of use of this property. Very helpful is also the tipping point. The tipping point arises at a time when sales are equal to the costs. This is useful when a company needs to know how much is needed to produce in order to generate a profit. Investors also take a close look at discounted cash flow, free cash flow to the firm, net present value etc. (Srpková et al. 2011, 29-30)

1.4 Personality of an entrepreneur

If an entrepreneur wants to be more than beneficial for the company, he or she should have the following qualities:

- *endurance* - Business is for the long haul and the results may not appear immediately. Therefore an entrepreneur should be enduring in order to face possible setbacks
- *responsibility* - Entrepreneur must respect not only the law, but should also have some moral responsibility. He or she must comply with obligations to suppliers or employees, pay taxes and many other duties. Without complying with set rules may arise sanctions by the authorities, which may negatively affect operation of the company.
- *initiative behavior* - Initiative behavior can serve as a prevention against the risk, while adaptive behavior may be inefficient. An entrepreneur should follow new trends and innovations and its environs.
- *self-confidence* - Entrepreneur must face obstacles and different inconveniences. He or she must be able to evaluate risks and other various threats. Therefore healthy self-confidence is useful.
- *awareness* - Entrepreneur should be carefully prepared for various situations. Not only education, but also experience is more than important for entrepreneur. Probably it is not possible to say in what proportion these two properties should be.

entrepreneur should always have an overview of the market situation, competition, and these information should be able to us.

- *utilization of the strengths of personality* - Enterprise as such should reap the benefits of their employees and employees themselves should be aware of it. For example when an entrepreneur excels in communicative skills, he or she should negotiate with potential customers, organize various meetings, inform the general public about the current situation of the company etc. It is appropriate to develop these strengths.
- *rational behavior* - Of course, an entrepreneur may experience uncomfortable and unpredictable situations, but it is simply a business. He should be prepared on it and always have a backup plan in an ambush. Also he should be able to consider different alternatives and taking into account the circumstances (Srpková and Veber 2012, 57).

II. ANALYSIS

2 INTRODUCTORY SUMMARY

Responsible representatives:

Name: Eva Dvořáková
Address: Kovářská 1523, Strážnice 696 62
Date of birth: 21 January 1992
Telephone: 733 733 326
E-mail: dvorakovaeva@seznam.cz

Name: Simona Holešínská
Address: Nová 314, Starý Poddvorov 696 16
Date of birth: 6 March 1992
Telephone: 777 111 222
E-mail: holesinskasimona@seznam.cz

The characteristic of business:

Company name: miracle beauty salon
Headquarter: Obchodní , Stážnice 696 62
Legal form of business: limited liability company
Logo: *Logo provided in the appendices*
Expected opening date: January 2017
Website: www.miraclebeautysalon.cz

Scope of business or trade:

- cosmetic services
- manicure and pedicure
- solarium
- retail sale

Reasons for establishing:

We believe that for many people, especially for women is beauty and care for it a vital factor. We are also confident that beauty care in general is a branch that will never disappear. There are only three beauty salons and two of them are operated in a domestic environment. The reason for the establishment of a new company is the vision of a work

that would entertain and satisfy not only us founders, but also our customers. On the whole, Simona Holešínská already has many loyal customers who would certainly appreciate the establishment of a new salon in Strážnice.

Primary goals

- start own business
- long-term steadiness of the company

Separate goals

- create own loyal clientele
- increase qualification of personnel
- mutual satisfaction of the company and it's customers

Offer of company's services

Complete offer of the company includes cosmetic services, tanning salon, manicure and pedicure and transformation of appearance. These services are further divided in the marketing mix - product.

- relaxing massage (face, neck, décollete, eye area)
- solarium
- hot wax hair removal
- permanent hair removal
- daily makeup
- make-up for special occasions (wedding, prom, graduation photo make up etc.)
- cosmetic treatment by luxury cosmetics
- rejuvenating treatments and masks
- visage and consultancy
- specialist care of intolerant skin
- eyelash extensions (full strips, clusters, one-by-one extensions)
- coloring eyelashes and eyebrows

- sale of decorative cosmetics
- gift vouchers
- complete manicure and pedicure
- lymphatic drainage
- permanent make up
- body wraps (chocolate, mud, mineral)
- paraffin hand wraps

3 DESCRIPTION OF THE COMPANY

This section focuses on establishing and operating a new beauty salon in the center of Strážnice. Name of the company will be miracle beauty salon, s.r.o.. Legal form will be limited liability company and will be founded by two partners.

Simona Holešínská is fairly well known cosmetic professional with many years of experience and therefore she will be the main representative.

Me, Eva Dvořáková, will be the second founder. Unfortunately I do not have as much practical experience with the company management as Simona, but I am convinced that this is the way to their acquisition. On the other hand I can apply my marketing knowledge.

In the initial phase our salon will provide cosmetic services, tanning salon, manicure, pedicure and over time we will expand the range by a hairdresser and other trends which will be adapted to the current market situation. Salon will be located in the center of Strážnice in the street called Obchodní.

Staff

From the beginning of the operation of the company there will be three employees. Two of them will work full-time job and one employee will work part-time job. Accounting will be processed by my grandmother Zdena Dvořáková, who has professional expertise in this field. Cleaning will be done by employees themselves after their shift. We are also willing to hire temporary workers during the summer.

Opening hours

Expected opening hours are presented below. However, beauty salon will take into account with the wishes of customers, because special occasions require special preparation and extra time. After agreement we are also willing to provide some services at homes of our customers.

Table 2: Opening hours

Monday - Friday	8.00 - 18.00
Saturday	10.00 - 16.00
Sunday	by appointment

Source: created by Eva Dvořáková

Location of Salon

The company will be located on the first floor of the shopping center in Strážnice. There is a shoe store, florist, bakery, newsagent, cafe, shop with clothing, toy shop and a pharmacy in this shopping center. Hotel, restaurant, beauty salon Tokado, fitness center and food store are located close to the shopping center. Directly behind the shopping center is a large parking provided free of charge. Approximately 5 minutes from our salon is bus and train station.

Salon Equipment

The space consists of two operating rooms, which would be further subdivided as needed. A smaller room will be reserved for cosmetic services. A larger room would be divided into two sections. One section will be used for manicure and pedicure and the second section will be used for operation of the tanning salon. Besides the space for performing services, dressing room, two toilets and shower will be available. Near the entrance of the room would be positioned sofa with side table and a small bar for serving customers. On the periphery of the room will be a small reception. The whole salon should be modernly decorated and complemented by various decorations. The entire interior should work nicely and comfortably.

Although company will not use totally new equipment, it will be still modern place. The company will use cheaper equipment which is sold by salons, which no longer exist at present.

4 MARKETING MIX

4.1 Product

The main product of our company will be cosmetic services. Moreover our salon will offer manicure, pedicure and gel nails. Based on the results of the questionnaire, we will create tanning salon. Furthermore, we will offer complete transformation of appearance with the possibility of taking a photo before and after the change. All these services will be accompanied by the opportunity to buy products associated with these services included cash vouchers. Complete list of our offer is presented below.

Cosmetic Services

Competition in the field of providing cosmetic services in Strážnice is relatively weak. Our salon intends to benefit from it. As a result of it we will offer a large range of modern cosmetic services:

- visage and consultancy
- cosmetic treatment by luxury cosmetics
- rejuvenating treatments and masks
- special care of intolerant skin
- daily makeup
- makeup for special occasions (wedding, prom, graduation photo make up etc.)
- eyelash extensions (full strips, clusters, one-by-one extensions)
- coloring eyelashes and eyebrows
- sale of decorative cosmetics
- permanent make up (lips, eyebrows)
- relaxing massage (face, neck, décollete, eye area)
- lymphatic drainage
- body wraps (chocolate, mud, mineral)
- permanent hair removal
- hot wax hair removal (also depilation of the back for men)
- sale of cosmetic products

Nowadays one of the most popular products are eyelash extensions. There are three basic types of extensions - full strips, clusters and one-by-one extensions and our salon will provide all of them. The advantage of these false eyelashes is that they look very natural. Therefore is this service popular and coveted. These lashes can withstand approximately 3-5 weeks. After this period, it is necessary to come to complement these eyelash extensions. This and many other services will provide my specially trained and certified colleague Simona Holešínská.

Manicure, Pedicure and Gel Nails

Hand care is important because hands have major role in everyday life and communication. Basic services such as manicures, pedicures and gel nails are one of the most sought after. These services include:

- paraffin hand wraps
- paraffin food wraps
- nail decoration
- hand peeling
- French manicure
- Japanese manicure P-Shine
- hand massage
- nail extensions
- nail modeling
- manicure for men
- sale of nail products

Tanning salon

Based on the results of the questionnaire, we have decided to include tanning salon to our service offerings. For this purpose the company will use model ergoline 600 ultra turbo power, which is modern and popular among customers. Thanks to the questionnaire we have found that the tanning salon would be used by a lot of respondents. Based on market research we have found that there is one establishment of tanning salon in Strážnice, which

is fully utilized. This service would include an offer of high-quality products for tanning with different flavors known by brand Oranjito.

Transformation of Appearance or "Before & After"

I am convinced that this project would get our company to the forefront. Not only in the Czech Republic, but also abroad is very popular to make comparative photos of women before and after makeup. In today's world there are many women who are not satisfied with their appearance. This project would show, that our company is able to evoke satisfaction of it's customers. For this purpose we will use a special computer program that is able to design visage, from which the customers can choose from.

I have conducted research on the website of our competition that shows that this project is not conductor by any other salon in Strážnice.

With the consent of our customers we would place these photos on the company's website and on Facebook pages, which would be a great advertisement. At predetermined days of these changes would be invited professional photographer Adam Vitovský that would ensure photos of our customers. Whether potential or regular customers may view these photos in the comfort of their home and think about what kind of service they are interested in. Another advantage of this project is that it is for customers of all age category, which means that everyone can come to our salon and raise his or her self-confidence.

4.2 Price

Prices are one of the most important factors for the customer when buying products or services. We decided to set little higher prices for some of our products or services, because higher price may create the impression of a higher quality of product or service. However, prices will remain reasonable when considering the size of the city. We have decided for this type of price policy, because we believe that people, especially women, are willing to spend huge amount of money for their beauty. We also believe that beauty in general and body care is a field that will never disappear.

Table 3: Price of cosmetic services

Type of Service	Price from
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cosmetic treatment by luxury cosmetics	250 CZK
rejuvenating treatments and masks	250 CZK
special care of intolerant skin	250 CZK
daily makeup	200 CZK
makeup for special occasions	300 CZK
eyelash extensions	1 500 CZK
coloring eyelashes and eyebrows	50 CZK
permanent make up	4 500 CZK
relaxing massage	150 CZK
lymphatic drainage	500 CZK
body wraps	250 CZK
permanent hair removal	850 CZK
hot wax removal	300 CZK
sale of decorative cosmetics	50 CZK

Source: created by Eva Dvořáková

Table 4: Price of manicure, pedicure and gel nails

Type of Service	Price from
paraffin hand wraps	100 CZK
paraffin foot wraps	150 CZK
nail decoration / 1 nail	20 CZK
hand peeling	150 CZK
french manicure	500 CZK
japanese manicure P-Shine	400 CZK
hand massage	150 CZK
nail extensions	450 CZK

nail modeling	150 CZK
manicure for men	150 CZK
sale of nail products	25 CZK

Source: created by Eva Dvořáková

Table 5: Price of tanning salon

Price per minute	Price per minute (with season ticket)
20 CZK	15 CZK

Source: created by Eva Dvořáková

Table 6: Price of transformation of appearance or "Before & After"

Type of transformation	Price from
Basic - make up (of your choice)	500 CZK
Advanced - make up + hairstyle	1 000 CZK
Super - make up + hairstyle + photography	1 700 CZK

Source: created by Eva Dvořáková

Discount Special Offers

discounts related to age

- *discount for children* - 30% discount for children under 15 years of age on selected services
- *student discount* - 5% discount on selected services
- *discount for elderly* - 5% discount on selected services

season ticket

- *every tenth visit* - skin treatment for free
- *purchase over 3000 CZK per visit* - luxurious cosmetic package for free
- *regular customers* - regular customers may choose some of the following offers for free in their birthday day:
 - festive makeup
 - luxurious cosmetic package
 - 10 minutes in the solarium

4.3 Place

For the operation of our salon will be needed a large number of quality products. These products will be delivered directly and indirectly. As regards the indirect way, the company will use the Czech post office or PPL. Regarding the direct way, we are able to take over products personally and directly in stores. Most often we will realize some orders via the internet, because there are large price advantages when ordering larger quantities.

For these purposes, we have preliminarily chosen these vendors:

- Oriflame - one of the most advanced products on body care
- Avon - products belongs to one of the most desirable brand
- Tasha - complete tools and products for manicure and pedicure
- MediaGuru - organic beauty products developed especially for men
- Avere - organic beauty products developed especially for women
- Ellinor - cosmetic preparations suitable for younger girls
- L'occitane - one of the most luxurious French cosmetic brands
- Sensai - one of the most luxurious Japanese cosmetic brands
- Emporio Lashes - supplier of extremely high-quality false eyelashes
- Oranjito - supplier of complete goods for the tanning salon

4.4 Promotion

Our company will use relatively inexpensive way of promotion, because the main promotion will be used through custom websites, website on Facebook, business cards etc. From the beginning of the functioning of our company we will hand out leaflets. We will also promote our company through local newspaper called "Strážničan". The biggest advantage of our promotion will be thanks to Miss 2008 Czech Republic Eliška Bučková (Ceskamiss 2008). The total cost of the promotion will be relatively low.

Website

Our internet pages will be will be available on www.miraclebeautysalon.cz. Customers can find here all the basic and advanced information about our company. These pages will be accompanied by photographs and practically will be very similar to pages on Facebook. It will serve mostly to people, who do not use Facebook. The difference will be, however,

that these sites will be charged, which is disadvantage for our beauty salon. Estimated price of these pages is around 3,000 CZK and will be created by professional limited liability company called e-invent, s.r.o.

Facebook

Nowadays, Facebook is one of the most frequently used social networks. Facebook is very popular among young people, but currently is used also by older generations. Therefore, Facebook will be suitable for promotion of our salon. We will create here a page of our salon, which all people can see for free and at the same time they can watch and share it among themselves. The advantage of Facebook website is that we can add there pictures and photos of our work. Gallery will be divided according to specific services, and with the agreement of our customers, we will place here their photographs. As a result of it our potential customers may see quality of company's work and decide to visit our beauty salon. Website will include not only basic information about our company, such as offer, price, opening hours, the price action or special occasions, but also specially scheduled event. Potential customers can confirm there or disprove their participation, which is another big advantage of Facebook. Probably the biggest advantage of Facebook is that it is for free, which means saving our costs and it is likely that this fact will remain unchanged. Customers have the possibility to discuss their impressions and comment photos of the services performed in miracle beauty salon. They can also ask questions here and we will truthfully answer on them.

Gift vouchers

Customers will have the opportunity to please themselves or their friends and purchase gift vouchers in the salon. These vouchers are suitable as gifts for everyone who likes taking care about his or her appearance. In a way this is also a form of promotion. *Example of gift voucher provided in the appendices.*

Business cards

Business cards are proven method of promotion. On one side of the card will be information about our salon, while on the other side of the card will be the number of visit. A summary of these visits can be used for subsequent application of discounts. On the website www.fajnvizitky.cz one card costs 1 CZK. It's a relatively inexpensive promotion.

Local newspaper "Strážničan"

Every household in Strážnice receives once a month local magazine called Strážničan. This magazine or newspaper is for free and is very popular with residents. When placing the company on the market we will utilize their offer to announce basic information about our company. We believe that thanks to this way we will get into the subconscious of our customers.

Face of our salon - Eliška Bučková

Two world famous and successful female models (Lucie Hadašová and Eliška Bučková) come from Strážnice (Ceskamiss 2008). Miss Czech Republic 2008 Eliška Bučková agreed that she would become the face of our salon. She's willing to shoot photographs not only to our initial promotion, but also to cooperate with us in the future. She would be willing to participate in special cosmetic events, e.g. New Year's Eve visage, final year students makeup etc. Such a promotion would probably ensure popularity of our salon and attract customers from the surrounding area. Due to the fact that we know each other well, all initial promotion would be for free. Strážnice is a fairly small town and therefore the presence of a celebrity and experience with her could cause oral propagation or so called buzz marketing.

Table 7: Promotion costs

TYPE OF PROMOTION	PRICE
Internet websites	3, 000 CZK
Facebook websites	0 CZK
Local newspaper "Strážničan"	0 CZK
Business cards	250 CZK
Face of our salon - Eliška Bučková	0 CZK
Total costs	3, 250 CZK

Source: crated by Eva Dvořáková

5 MARKET SEGMENTATION

Target customer:

Based on responses gained from the questionnaire the target customers of miracle beauty salon will be mainly employed people and students. However, our salon will try to satisfy the needs of all people, whether it's a woman working in the corporate sector, man in retirement or woman on maternity leave. There are very often competitions in athletics for young girls in Strážnice. Miracle beauty salon is willing to provide appropriate make up for these young girls. After a certain period of operation of our business, we will concentrate on customers who require these services in the comfort of their own home, because any other salon does not provide this type of service.

Swot analysis

With this analysis, we specified company's strengths, weaknesses, opportunities and threats. Nowadays, this analysis is very often undervalued by many businesses, but our salon intends to utilize it.

Table 8: SWOT analysis

Strengths	Weaknesses
<ul style="list-style-type: none"> • quality products and services • qualified staff • favorable location of salon – centre of the city • free parking near the salon • little competition • public transport available • great propagation • regular employee training • website available • flexible working time • offer of complete services 	<ul style="list-style-type: none"> • the company is a newcomer to the market • slightly higher prices • unstable financial situation (an increase of unemployment, raising taxes, increase of material prices etc.) • business in a small town • missing hairdressing services
Opportunities	Threats

<ul style="list-style-type: none"> • new modern trends • the incidence of social events in and around the city • trend of population movement to smaller towns • wrong strategy of competition • increasing demand for products and services • cooperation with other companies 	<ul style="list-style-type: none"> • negative legislative changes • entry of new competition to the market • energy price increases • price wars and unfair competition
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This analysis implies that the fact that company is a newcomer to the market is the main weakness. Therefore Simona Holešínská supports this situation by inviting her loyal customers from the previous employment. Another weakness is the missing hairdresser, whose implementation we will take into consideration in the future. On the other hand all the above mentioned strengths are valuable factors leading to success of the company. The company must also take into account the above-mentioned threats and prevent them by satisfaction of loyal customers and creation of financial reserves. Finally, the company should take advantage of every opportunity in its favor.

Competition

I acquired information about competition mainly by personal exploration. Next I obtained information from potential customers and various websites. Because of the smaller size of the city we will consider salons conducted in domestic premises as a competition. Hairdressing itself will be not considered as a competition, because our salon will not provide such services. Based on this analysis, I discovered three cosmetic establishments and one of them is operated at home. Currently the competition in Strážnice is relatively weak. But in the future it is likely to expand. We must also take into consideration the nail studio, which is operated directly in the shopping center in Hodonín. This center is located about 16 km from Strážnice and is very popular. Unfortunately it may result in threat to company’s nail services.

Table 9: Competition in Strážnice

NAME	ADRESS
Tokado salon	Kostelní 472, Strážnice
Kosmetika a solárium Mikesková	Nádražní 1175, Strážnice
Kosmetika Miltáková (home business)	J. Skácela 42, Strážnice

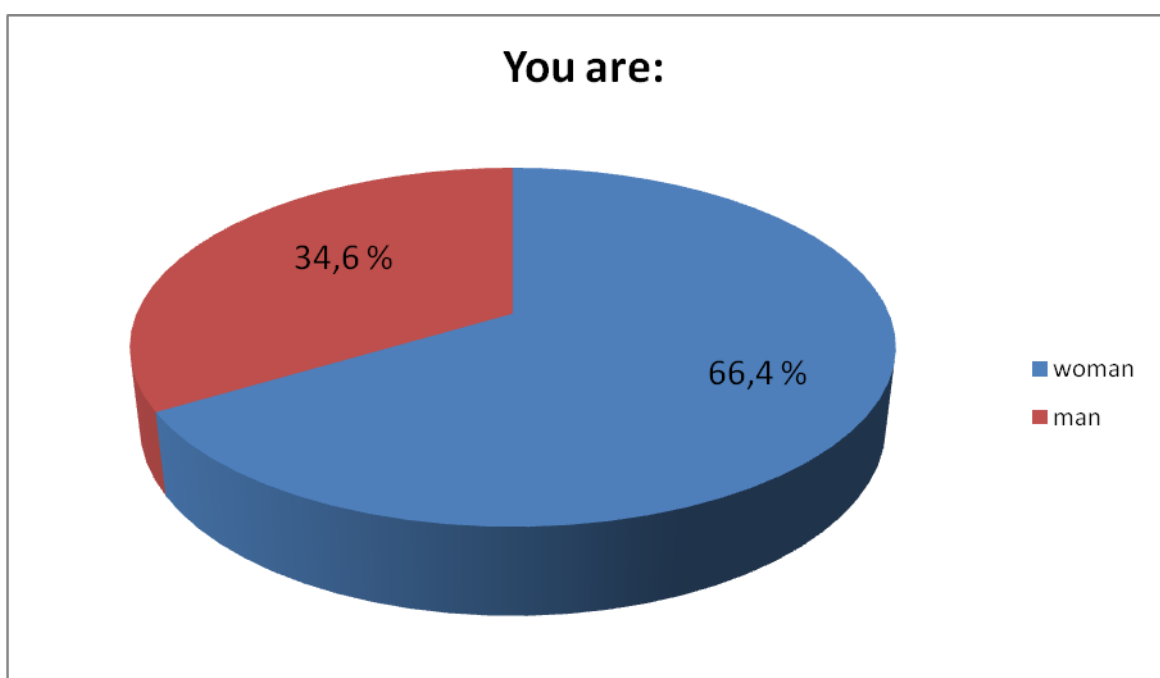
Source: crated by Eva Dvořáková

Questionnaire

A total of 250 people from Strážnice and the surrounding area were asked to answer on 9 questions, which provide important information to our beauty salon. The aim of this questionnaire is to find out basic information about potential customers and their approach to beauty salons. The questionnaire was placed on the website www.vyplnto.cz and shared on Facebook and by e-mail. This online research was for free and data collection were carried out in February 2016. Questionnaires were completed by respondents anonymously. *Questionnaire is provided in the appendices.*

The answers are processed into graphs below and calculations are carried out from a total of 250 respondents.

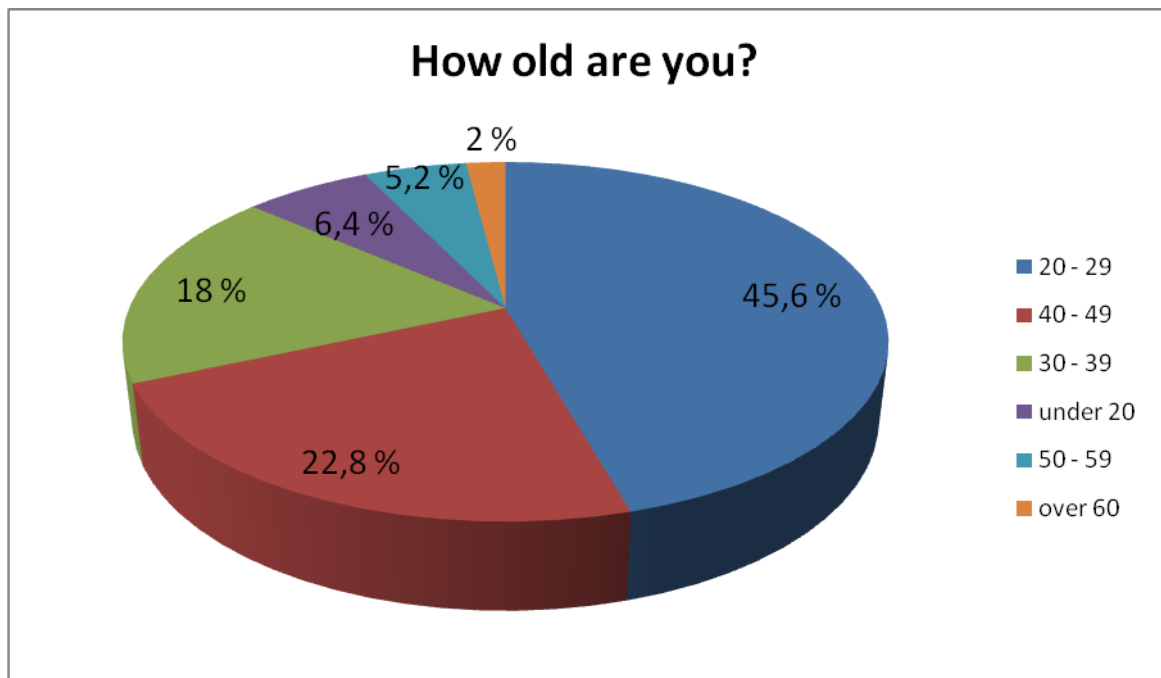
Chart 1: Gender of respondents



Source: created by Eva Dvořáková

From question focused on gender follows that 66,4 % of surveyed were women and the remaining 33,6 % were men.

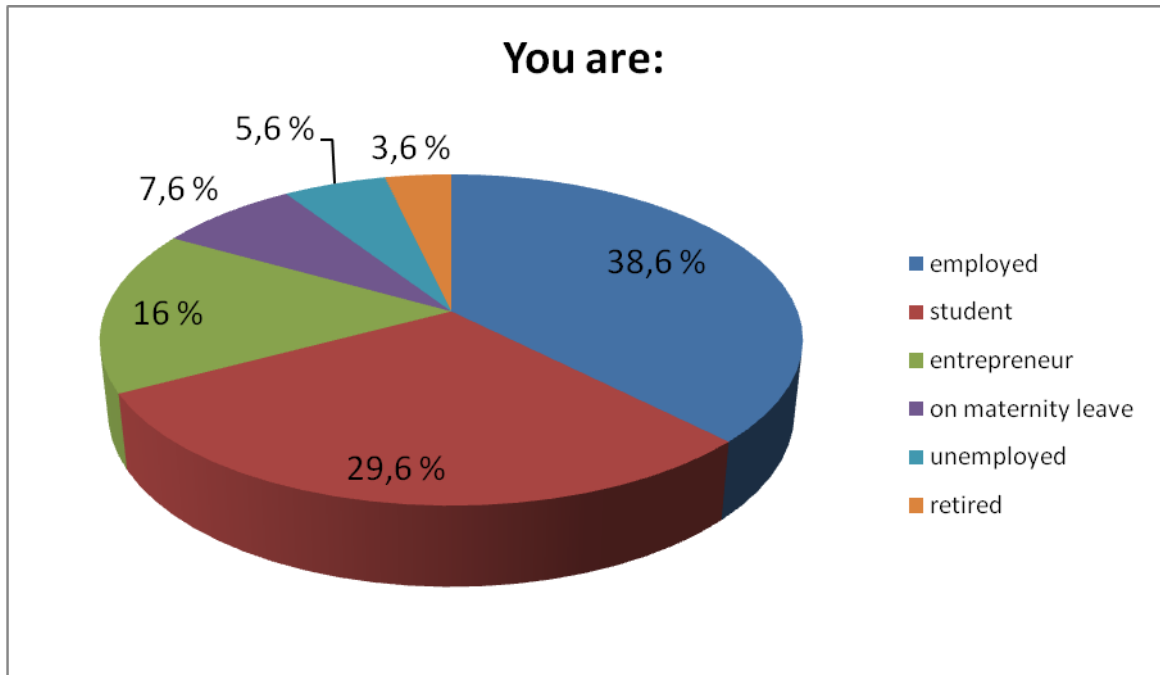
Chart 2: Age of respondents



Source: created by Eva Dvořáková

From question relating to age follows that the largest group (45,6 %) represent people aged from 20 to 29. Most people in this age group have a stable payout and are interested in services offered by beauty salons. These people will be the target group of miracle beauty salon. However, other age groups may also satisfy their needs in our salon.

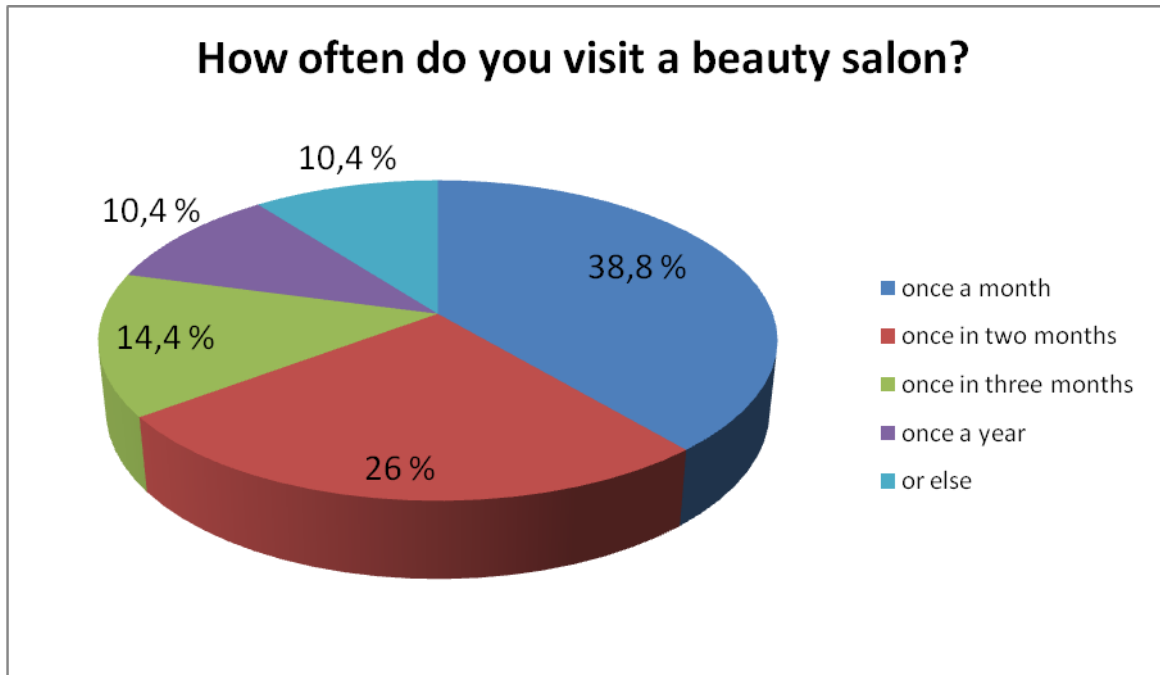
Chart 3: Current occupation



Source: created by Eva Dvořáková

Almost 38 % of all surveyed are employed and belong to the productive population group. The operation of salon will be adapted mostly to employed and busy people. For this purpose, we will introduce the possibility of carrying out certain cosmetic services at the comfort of customer's home. Another 29.6 % are students, for whom special discounts will be developed. This strategy will be supported by Miss Czech Republic 2008 Eliška Bučková (Ceskamiss 2008), who is a role model for young people.

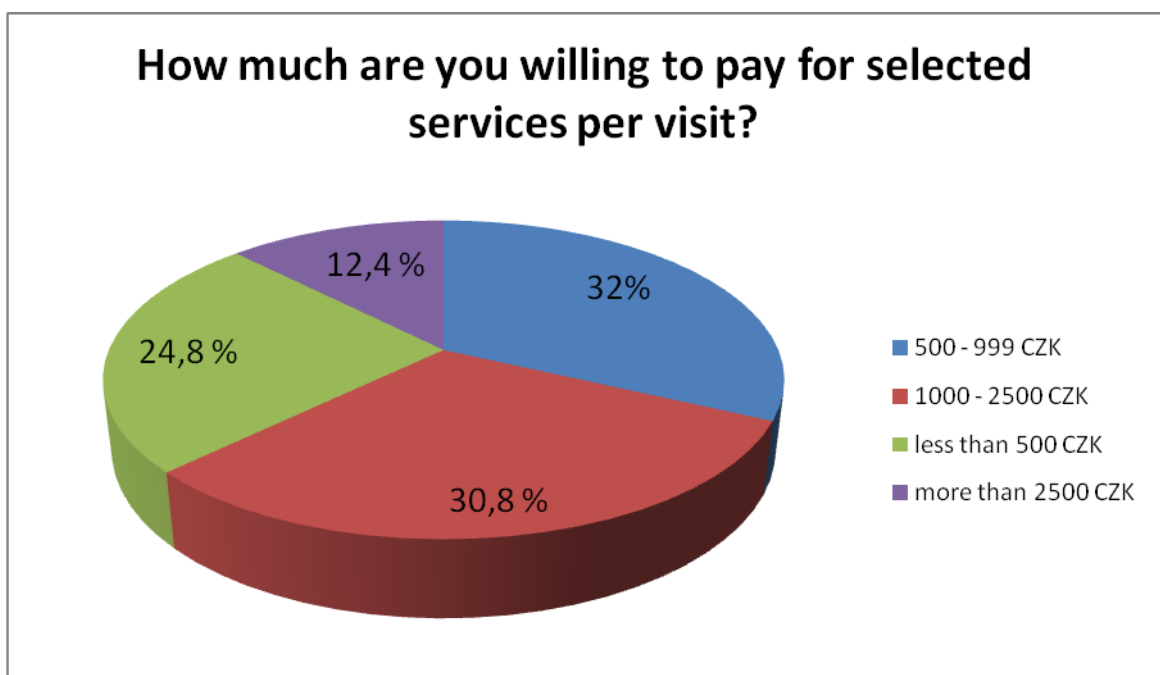
Chart 4: Frequency of attendance



Source: created by Eva Dvořáková

The fact that 38,8 % of all surveyed visit the beauty salon once a month, and another 26 % of respondents visit salon once in two months is positive factor for the operation of the beauty salon. To support this ideal state customer cards with various discounts will be developed.

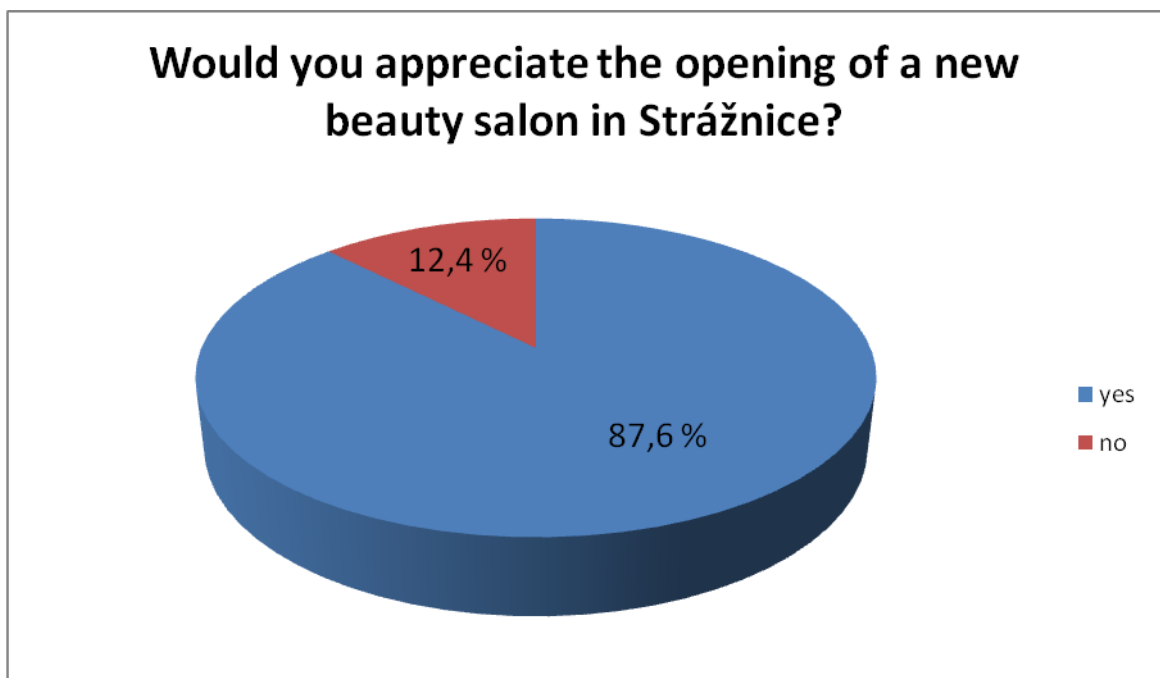
Chart 5: The amount of spending



Source: created by Eva Dvořáková

The purpose of this question is to find out on which pricing policy beauty salon will focus on. 32 % of respondents spend 500 - 900 CZK per visit, while 30,8 % of respondents are willing to spend 1000 - 2500 CZK. These data are very favorable, and our salon will choose a fair price for services rendered.

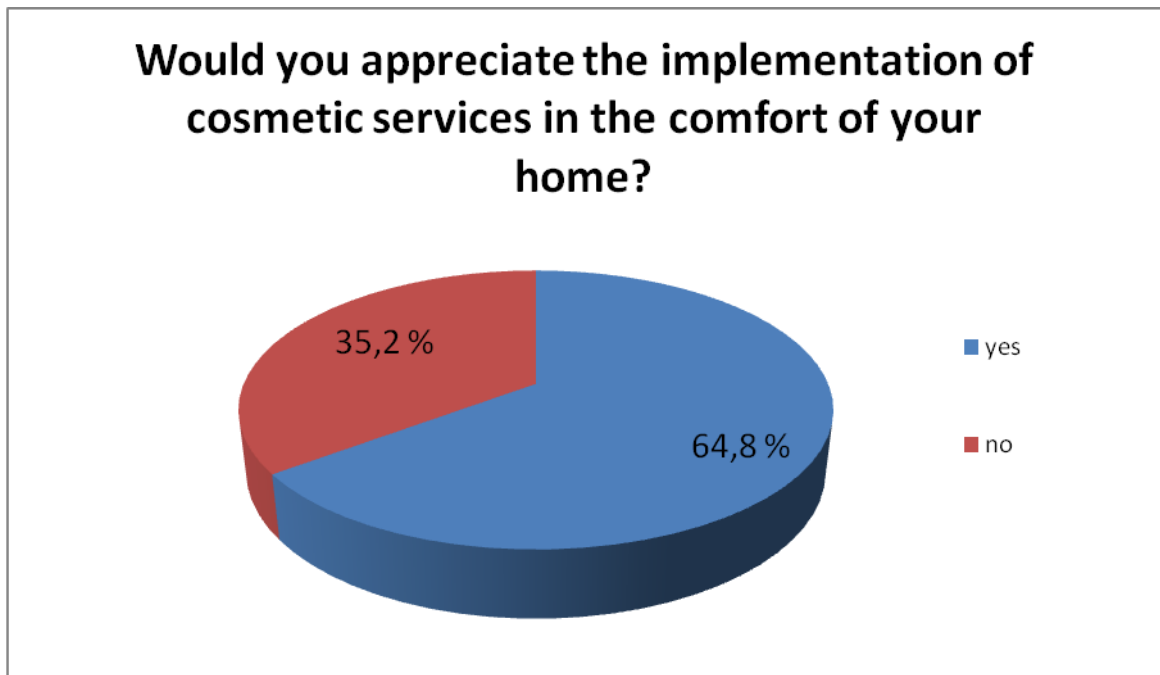
Chart 6: Opening of beauty salon



Source: created by Eva Dvořáková

Almost 88 % of surveyed of Strážnice and its surroundings would appreciate the opening of a new beauty salon in Strážnice. This is positive fact for the entry of a new beauty salon. Also when considering little competition the new beauty salon has chance of success.

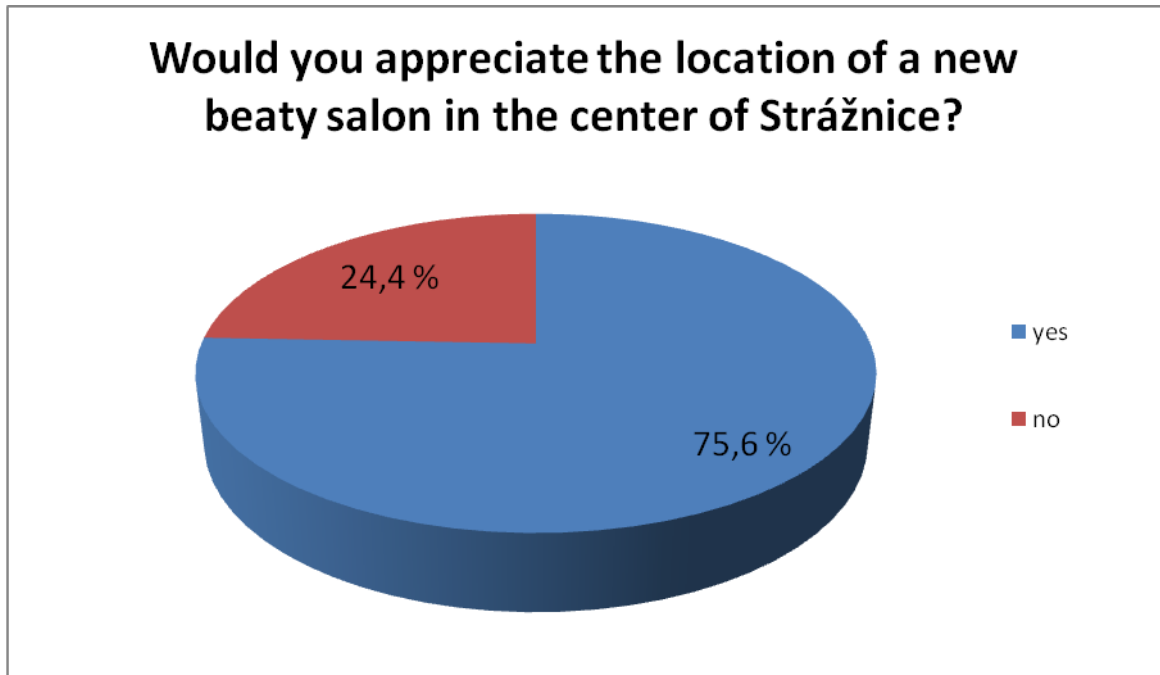
Chart 7: Home services



Source: created by Eva Dvořáková

The aim of this question was to determine whether potential customers would be interested in implementation of certain services in their homes. 64,8 percent of respondents would be interested in this extraordinary service. Relevant examples are makeup on special occasions such as weddings, balls etc. On the other hand, these special services require higher costs, even so our salon will offer this type of service.

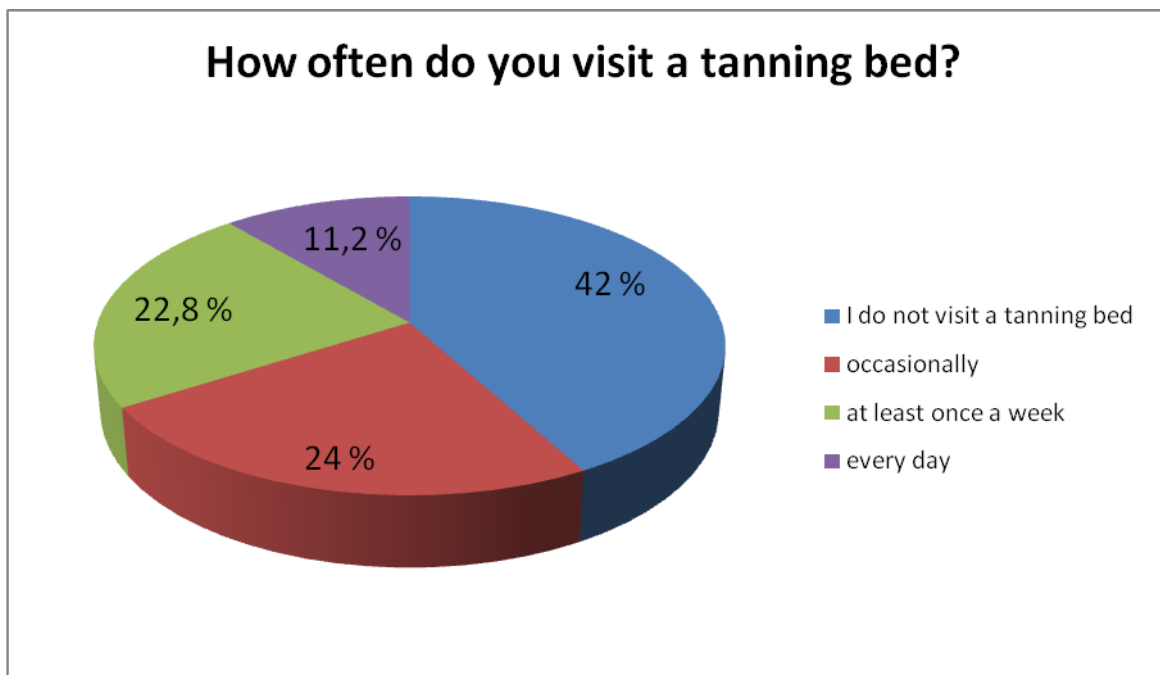
Chart 8: Satisfaction of location



Source: created by Eva Dvořáková

Altogether 75,6 % of potential customers would appreciate the location of the salon in the city center. For this reason our salon will be located in the street called Obchodní in the center of the Strážnice. This location is visible and easily accessible.

Chart 9: Use of tanning bed:



Source: created by Eva Dvořáková

Although 42 % of respondents do not visit a tanning bed, new salon will offer this type of service. The remaining 24 % of people use the services of tanning beds and occasionally and 22,8 % at least once a week. These percentages are satisfactory and support to the idea of offering such types of services.

Conclusion of questionnaire

On the basis of this questionnaire our salon made valuable decisions. People aged feom 20 - 29 will be target group of the company. Above all, we will focus on students' needs. We will provide services in the comfort of customer´s homes in order to satisfy the needs of busy people. Salon will be located in the center of Strážnice, which suits many potential customers. We will focus on fair pricing policy, however some extra services require extra money. Finally, we will offer services of tanning bed.

5.1 Financial Plan

The basic prerequisite for a successful business plan is sufficiently large budget, because it is not strictly necessary to have totally new equipment in the miracle beauty salon. There are many options to procure cheap, but at the same time quality equipment. Registered capital is 387 500 CZK and will be paid equally by responsible representatives from their own funds. This capital will be used primarily to purchase equipment to a beauty salon. This beauty salon will not have any bank loans or liabilities.

Initial investments

The total initial investment for the first year of operation of miracle beauty salon is **856 750 CZK** and this amount is subdivided as follows:

Table 10: Initial investments

Type of investment	Price
Solarium	188 500 CZK
Manicure and pedicure	150 500 CZK
Cosmetic services	175 000 CZK
Retail sale	30 000 CZK

Rental	168 000 CZK
Promotion	3 250 CZK
Renovation	150 000 CZK
Other equipment	8 500 CZK
Total initial investment	856 750 CZK

It is necessary to mention that this is a preliminary estimate of prices due to the fact that this beauty salon is not created yet. However, the final amounts of money should not be very different from this assumption. Price for solarium type ergoline 600 ultra turbo power includes protective eyewear, while price for manicure and pedicure includes acquisition of special washbasin and all tools needed for implementation of these services. As regards the cosmetic services, the price of special UV lamp, depilator, epilator, special wash basin and lashes extensions is included in the total price. By retail sale is meant all cosmetic products intended for resale. Price of renting of space is per one year and includes energy. To the price of renovation is included reconstruction and renovation of leased premises, painting and design of rooms. Other equipment includes primarily the cleaning agents and hygienic aids.

Table 11: Starting balance sheet

Assets		Liabilities	
Total assets	387 500	Total liabilities	387 500
Long-term property	347 500	Equity	387 500
Solarium	188 500	Registered capital	387 500
Cosmetic equipment	150 500		
Other equipment	8 500		
Floating assets	40 000	Borrowed capital	0
Internally produced inventory	30 000	Bank loan	0
Money in cash	10 000	Liability	0

Source: Data adapted from Srpová et al. 2011, 56

Table 12: Anticipated profit and loss account

Costs		Revenues	
Material consumption	120 000	Revenues from services	1 700 000

Consumption of energy	60 000	Revenues from from sold goods	395 000
Salaries	540 000		
Advertisements	3 250		
Rent	108 000		
Repairs and maintenance	150 000		
Other expenses	26 000		
Taxes	55 000		
TOTAL	1 062 250		2 095 000

Source: created by Eva Dvořáková

Due to the fact that one of the main objectives of the company is long-term sustainability on the market, our company plan to invest expected profit 1 032 750 CZK back to the company. It should be emphasized that costs and revenues are anticipated.

Table 13: Type of risks

Type of risk	Necessary measures
Cost overruns	creation of financial reserves
Customer dissatisfaction with product or services	change in strategy or suppliers
New technological requirements	monitoring the macroeconomic situation
Increased demands on employees	education, courses, training
Increase in competition	creating of loyal customers, lowering prices
Low motivation of employees	bonus scheme, payment of training events

Source: Data adapted from Srpová et al. 2011, 59

Some of the most common risks and proposals for their solution are listed in the above table.

CONCLUSION

The main aim of this bachelor thesis is to find out whether business plan for miracle beauty salon is feasible or not. The theoretical part deals with basic theoretical knowledge of processing business plan, while practical part deals with the establishment of the company itself.

Questionnaire was created on the web pages www.vyplnto.cz in order to make the right decisions about the formation of the company. We believe that our miracle beauty salon would be successful, because the beauty and total care for the appearance is very important factor for many people, especially for women. Besides, business success definitely depends on the attitude and devotion of staff. This condition is certainly fulfilled. Based on the analysis of competition and the strength of demand is obvious that the beauty salon Miracle would have found its application in Strážnice.

Our company has a great advantage in promotion - Miss Czech Republic 2008 and at the same time a world-famous model Eliška Bučková is willing to become a face of our company and actively participate in the next promotion of our salon. This fact would certainly ensure the popularity of the salon.

On the other hand, our company must take into account various threats, such as low attendance of customers or various economic changes in our state. However, we believe that we are able to assume these unfavorable situations and take appropriate solutions.

Finally, the main aim of this bachelor thesis is to prove whether this beauty salon would be viable. Based on the information contained in this bachelor thesis, I dare to say that miracle beauty salon would be viable and successful. It is necessary to mention, that in this work I also utilized knowledges and information which I gained at Tomas Bata University in Zlín.

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APPENDICES

P I Logo

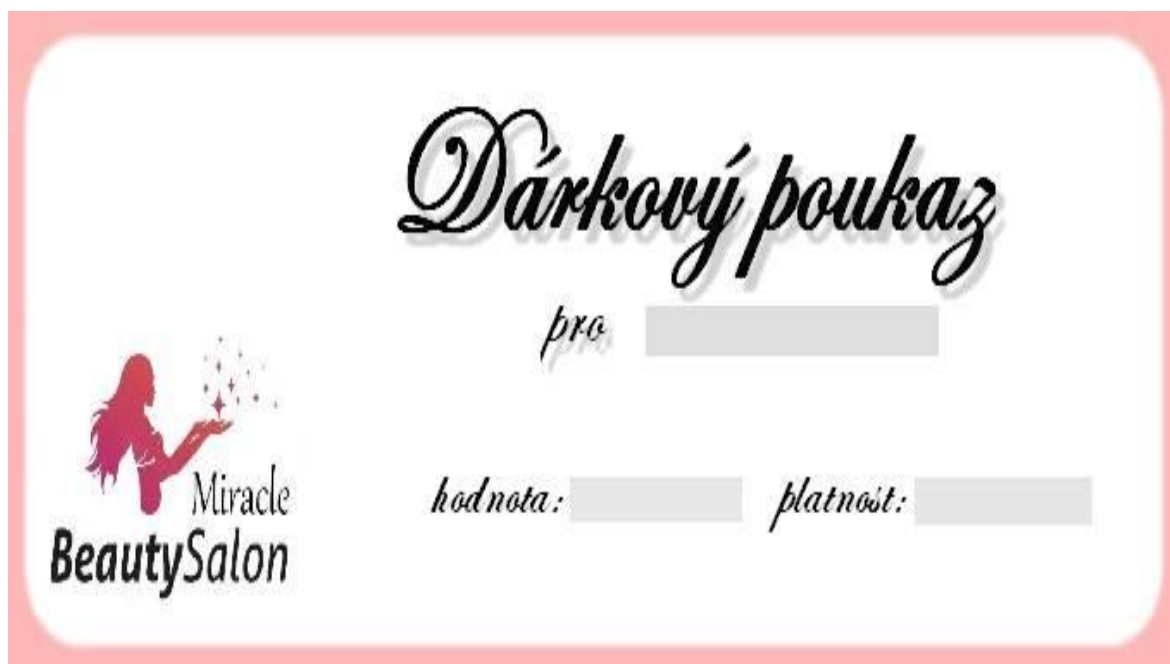
P II Gift voucher

P III Questionnaire

APPENDIX P I: LOGO



APPENDIX P II: GIFT VOUCHER



Dárkový poukaz

pro

hodnota: *platnost:*



Miracle
BeautySalon

APPENDIX P III: QUESTIONNAIRE

DOTAZNÍK

Vážení spoluobčané,

v našem městě Strážnice bychom rádi založili nový kosmetický salón a z tohoto důvodu je pro nás Váš názor velmi důležitý. Tento dotazník je zcela anonymní. Vyplnění následujícího dotazníku Vám zabere pár minut a ovlivníte tak budoucnost naší společnosti.

1. Jste:

- muž
- žena

2. Jaký je Váš věk?

- méně než 20
- 20 - 29
- 30-39
- 40 - 49
- 50 - 59
- 60 a více

3. Jste:

- pracující
- nezaměstnaný/á
- student/ka
- podnikatel/ka
- na mateřské dovolené
- důchodce

4. Jak často navštěvujete salón krásy?

- 1x měsíčně
- 1x za 2 měsíce
- 1x za 3 měsíce

- 1x za rok
- jinak

5. Kolik jste ochotni zaplatit za vybrané služby za jednu návštěvu?

- méně než 500 Kč
- 500 - 999 Kč
- 1000 - 2500 Kč
- více než 2500 Kč

6. Uvítali byste otevření nového kosmetického salónu krásy ve Strážnici?

- ano
- ne

7. Uvítali byste provádění kosmetických služeb v pohodlí Vašeho domova?

- ano
- ne

8. Vyhovovalo by Vám umístění tohoto salónu v centru města?

- ano
- ne

9. Jak často navštěvujete solárium?

- každý den
- alespoň 1x týdně
- občas
- nenavštěvuji