

A Business Plan for a New Company

Simona Vašutová

Bachelor's Thesis
2021



Tomas Bata University in Zlín
Faculty of Humanities

Univerzita Tomáše Bati ve Zlíně

Fakulta humanitních studií

Ústav moderních jazyků a literatur

Akademický rok: 2020/2021

ZADÁNÍ BAKALÁŘSKÉ PRÁCE

(projektu, uměleckého díla, uměleckého výkonu)

Jméno a příjmení: **Simona Vašutová**
Osobní číslo: **H180027**
Studijní program: **B7310 Filologie**
Studijní obor: **Anglický jazyk pro manažerskou praxi**
Forma studia: **Prezenční**
Téma práce: **Podnikatelský plán pro novou společnost**

Zásady pro vypracování

Zpracování literární rešerše k vybranému tématu
Provedení analýzy relevantního trhu
Sestavení podnikatelského plánu
Posouzení rentability předloženého plánu
Zhodnocení rizik a omezení navrženého plánu

Forma zpracování bakalářské práce: **Tištěná/elektronická**
Jazyk zpracování: **Angličtina**

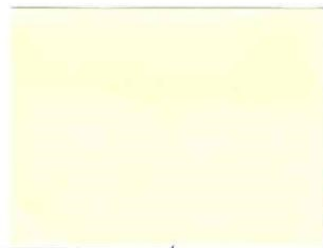
Seznam doporučené literatury:

Abrams, Rhonda. 2019. *Successful Business Plan: Secrets & Strategies*. 7th ed. Palo Alto, CA: PlanningShop.
Červený, Radim. 2014. *Business plán: krok za krokem*. Prague: C. H. Beck.
Finch, Brian. 2010. *How to Write a Business Plan*. 3rd ed. London: Kogan Page.
McKeever, Mike P. 2012. *How to Write a Business Plan*. 14th ed. Berkley, CA: Nolo.
Synek, Miroslav, and Eva Kislingarová. 2015. *Podniková ekonomika*. Prague: C. H. Beck.

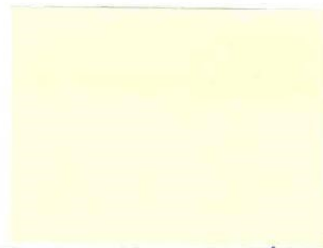
Vedoucí bakalářské práce: **Ing. Jiří Dokulil**
Ústav krizového řízení

Datum zadání bakalářské práce: **9. listopadu 2020**

Termín odevzdání bakalářské práce: **10. května 2021**



Mgr. Libor Marek, Ph.D.
děkan



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

Ve Zlíně dne 5. března 2021

PROHLÁŠENÍ AUTORA BAKALÁŘSKÉ PRÁCE

Beru na vědomí, že

- odevzdáním bakalářské práce souhlasím se zveřejněním své práce podle zákona č. 111/1998 Sb. o vysokých školách a o změně a doplnění dalších zákonů (zákon o vysokých školách), ve znění pozdějších právních předpisů, bez ohledu na výsledek obhajoby ¹⁾;
- beru na vědomí, že bakalářská práce bude uložena v elektronické podobě v univerzitním informačním systému dostupná k nahlédnutí;
- na moji bakalářskou práci se plně vztahuje zákon č. 121/2000 Sb. o právu autorském, o právech souvisejících s právem autorským a o změně některých zákonů (autorský zákon) ve znění pozdějších právních předpisů, zejm. § 35 odst. 3 ²⁾;
- podle § 60 ³⁾ odst. 1 autorského zákona má UTB ve Zlíně právo na uzavření licenční smlouvy o užití školního díla v rozsahu § 12 odst. 4 autorského zákona;
- podle § 60 ³⁾ odst. 2 a 3 mohu užit své dílo – bakalářskou práci - nebo poskytnout licenci k jejímu využití jen s předchozím písemným souhlasem Univerzity Tomáše Bati ve Zlíně, která je oprávněna v takovém případě ode mne požadovat přiměřený příspěvek na úhradu nákladů, které byly Univerzitou Tomáše Bati ve Zlíně na vytvoření díla vynaloženy (až do jejich skutečné výše);
- pokud bylo k vypracování bakalářské práce využito softwaru poskytnutého Univerzitou Tomáše Bati ve Zlíně nebo jinými subjekty pouze ke studijním a výzkumným účelům (tj. k nekomerčnímu využití), nelze výsledky bakalářské práce využít ke komerčním účelům.

Prohlašuji, že

- elektronická a tištěná verze bakalářské práce jsou totožné;
- na bakalářské práci jsem pracoval samostatně a použitou literaturu jsem citoval. V případě publikace výsledků budu uveden jako spoluautor.

Ve Zlíně 3. 5. 2021

1) zákon č. 111/1998 Sb. o vysokých školách a o změně a doplnění dalších zákonů (zákon o vysokých školách), ve znění pozdějších právních předpisů, § 47b Zveřejňování závěrečných prací:

(1) Vysoká škola nevydělečně zveřejňuje disertační, diplomové, bakalářské a rigorózní práce, u kterých proběhla obhajoba, včetně posudků oponentů a výsledku obhajoby prostřednictvím databáze kvalifikačních prací, kterou spravuje. Způsob zveřejnění stanoví vnitřní předpis vysoké školy.

(2) *Disertační, diplomové, bakalářské a rigorózní práce odevzdané uchazečem k obhajobě musí být též nejméně pět pracovních dnů před konáním obhajoby zveřejněny k nahlížení veřejnosti v místě určeném vnitřním předpisem vysoké školy nebo není-li tak určeno, v místě pracoviště vysoké školy, kde se má konat obhajoba práce. Každý si může ze zveřejněné práce pořizovat na své náklady výpisy, opisy nebo rozmnoženiny.*

(3) *Platí, že odevzdáním práce autor souhlasí se zveřejněním své práce podle tohoto zákona, bez ohledu na výsledek obhajoby.*

2) *zákon č. 121/2000 Sb. o právu autorském, o právech souvisejících s právem autorským a o změně některých zákonů (autorský zákon) ve znění pozdějších právních předpisů, § 35 odst. 3:*

(3) *Do práva autorského také nezasahuje škola nebo školské či vzdělávací zařízení, užije-li nikoli za účelem přímého nebo nepřímého hospodářského nebo obchodního prospěchu k výuce nebo k vlastní potřebě dílo vytvořené žákem nebo studentem ke splnění školních nebo studijních povinností vyplývajících z jeho právního vztahu ke škole nebo školskému či vzdělávacího zařízení (školní dílo).*

3) *zákon č. 121/2000 Sb. o právu autorském, o právech souvisejících s právem autorským a o změně některých zákonů (autorský zákon) ve znění pozdějších právních předpisů, § 60 Školní dílo:*

(1) *Škola nebo školské či vzdělávací zařízení mají za obvyklých podmínek právo na uzavření licenční smlouvy o užití školního díla (§ 35 odst.*

3). *Odpírá-li autor takového díla udělit svolení bez vážného důvodu, mohou se tyto osoby domáhat nahrazení chybějícího projevu jeho vůle u soudu. Ustanovení § 35 odst. 3 zůstává nedotčeno.*

(2) *Není-li sjednáno jinak, může autor školního díla své dílo užít či poskytnout jinému licenci, není-li to v rozporu s oprávněnými zájmy školy nebo školského či vzdělávacího zařízení.*

(3) *Škola nebo školské či vzdělávací zařízení jsou oprávněny požadovat, aby jim autor školního díla z výdělku jím dosaženého v souvislosti s užitím díla či poskytnutím licence podle odstavce 2 přiměřeně přispěl na úhradu nákladů, které na vytvoření díla vynaložily, a to podle okolností až do jejich skutečné výše; přitom se přihlédne k výši výdělku dosaženého školou nebo školským či vzdělávacím zařízením z užití školního díla podle odstavce 1.*

ABSTRAKT

Tato bakalářská práce je zaměřena na sestavení podnikatelského plánu pro e-shop Happiness in a Box, kde zákazníci mohou objednávat předplatné boxů s vínem. Práce je rozdělena na teoretickou a praktickou část. Obsahem teoretické části je vymezení základních pojmů spojených s podnikáním, jako je podnikatel, podnik a jejich členění. Dále je popsáno, jakou strukturu by podnikatelský plán měl mít. Druhá část uplatňuje znalosti z teoretické části do praxe a aplikuje je na podnikatelský plán. Praktická část je věnována samotnému podniku a vytvoření podnikatelského plánu, zabývá se analýzou trhu a zhodnocuje rizika navrženého plánu. Výsledkem této práce bylo zjištění, že je tento projekt realizovatelný a ziskový.

Klíčová slova: podnikatelský plán, podnikání, podnikatel, e-shop, analýza trhu

ABSTRACT

This bachelor's thesis is focused on creating a business plan for an e-shop Happiness in a Box, where customers can order a subscription to wine boxes. This work is divided into two parts – theory and analysis. The theoretical part's content defines the basic concepts related to entrepreneurship, such as entrepreneur, enterprise, and their division. It describes a business plan structure. The second part applies the knowledge from the theory to the business plan. This part is devoted to the company itself and the creation of a business plan. It deals with market analysis and evaluates the risks of the proposed plan. The finding of this bachelor's thesis is that this project is profitable.

Keywords: business plan, entrepreneurship, entrepreneur, e-shop, market analysis

ACKNOWLEDGEMENTS

I would like to thank my supervisor Ing. Jiří Dokulil for his valuable advice, help, and professional guidance during the process of writing my bachelor's thesis that significantly helped me with improving the quality of my work. Furthermore, I would like to thank my family for their never-ending support during my studies.

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

CONTENTS

INTRODUCTION	9
I THEORY	10
1 BUSINESS.....	11
1.1 ENTREPRENEURSHIP	11
1.2 ENTREPRENEUR	12
1.3 ENTERPRISE	13
2 TYPES OF BUSINESSES.....	15
2.1 BUSINESS OF A NATURAL PERSON	15
2.2 BUSINESS OF A LEGAL ENTITY	16
2.2.1 Joint-stock company (a.s).....	16
2.2.2 General partnership (v.o.s).....	17
2.2.3 Limited liability companies (s.r.o).....	17
2.2.4 Limited partnerships (komanditní společnost).....	18
2.2.5 Co-operatives (družstva)	18
3 BUSINESS PLAN	19
3.1 GOALS AND BENEFITS OF A BUSINESS PLAN	19
3.2 CHAPTERS OF BUSINESS PLAN	20
3.2.1 Company description	20
3.2.2 Industry analysis, trends, and health	21
3.2.3 Target market	22
3.2.4 Competition.....	23
3.2.5 Marketing strategy	24
3.2.6 Operations	26
3.2.7 Management.....	27
3.2.8 Financials	27
3.2.9 Risk analysis.....	28
4 ANALYSES USED IN THE BUSINESS PLAN	30
4.1 PORTER'S FIVE FORCES OF COMPETITIVE POSITION	30
4.2 PEST ANALYSIS	31
4.3 SWOT ANALYSIS	32
II ANALYSIS	33
5 MARKET ANALYSIS	34
5.1 COMPANY INTRODUCTION	34
5.2 PEST ANALYSIS	35
5.2.1 Political environment	35
5.2.2 Economic environment	35
5.2.3 Social environment.....	36
5.2.4 Technological environment.....	37
5.3 PORTER'S FIVE FORCES OF COMPETITIVE POSITION	37
5.3.1 Industry competitors.....	37
5.3.2 The power of suppliers.....	38
5.3.3 The power of buyers.....	39
5.3.4 Threat of new entrants.....	39

5.3.5	Substitutes	39
6	BUSINESS PLAN	40
6.1	MARKETING PLAN	40
6.1.1	Target market	40
6.1.2	4P Marketing mix.....	40
6.1.3	SWOT analysis.....	43
6.2	ORGANISATIONAL PLAN	44
6.3	FINANCIAL PLAN.....	45
6.3.1	Start-up costs.....	45
6.3.2	Fixed costs.....	46
6.3.3	Variable costs	46
6.4	EVALUATION OF PROFITABILITY	48
6.4.1	Optimistic view	48
6.4.2	Realistic view	49
6.4.3	Pessimistic view	49
6.5	RETURN ON INVESTMENT (ROI)	50
6.5.1	ROI (optimistic)	50
6.5.2	ROI (realistic).....	50
6.5.3	ROI (pessimistic)	50
7	RISK ANALYSIS	51
	CONCLUSION	52
	BIBLIOGRAPHY	53
	ONLINE SOURCES.....	54
	LIST OF ABBREVIATIONS	55
	LIST OF FIGURES.....	56
	LIST OF TABLES.....	57

INTRODUCTION

Although entrepreneurship offers many advantages such as independence, flexibility, and being able to do what you love, it also comes with plenty of risks, especially at this time when the market is not stable. Some companies survive, some are going to fail. To make sure our business will be successful, we should create a business plan. This bachelor's thesis aims to create a business plan for an e-shop with wine boxes and examines whether this project is potentially profitable.

The author of this thesis decided to create a business plan for a new company called Happiness in a Box. The idea came into her mind when she was browsing Instagram and a similar company to hers appeared on her feed. She loved the idea, thought that it is something she would buy herself and decided to establish a similar company where customers order boxes with wine that is selected by their preference. It will be delivered to them four times a year with surprises in the box. This exact type of company was not found in the Czech Republic, so this company will be filling a void in the market. This project enables activity even in the state of emergency and economic closures, so the business plan is not sensitive to possible further waves of the pandemic. The author also conducted informal research among her friends and family, with the question if they would be interested in this kind of product and how much money they would be willing to spend on it and she determined the prices based on these answers.

This bachelor's thesis is divided into two parts, that is, theory and analysis. The theoretical part deals with basic concepts of entrepreneurship. It explains the terms entrepreneur, entrepreneurship, its forms, and division of businesses. It also describes the structure of a business plan and market analysis methods. The second part applies the knowledge from the theoretical part to the business plan. First, the author performed a market analysis. Then the plan focuses on the company itself, its marketing and financial plan. The financial plan includes three different versions (optimistic, realistic, and pessimistic) of evaluating the proposed plan's profitability. This is followed by the return on investment calculations for each version. At the end of the thesis, the author evaluates the limiting factors and risks of the proposed plan.

I. THEORY

1 BUSINESS

Nowadays, we see a growing number of people who are dreaming about starting their own business. Entrepreneurship gives us plenty of opportunities (self-realisation, high earnings), but as the situation we are in these days shows us, it could also be very risky. This discipline is growing fast, and it is continuously changing. People of all ages, nationalities, and ethnicities are starting businesses and are reshaping the economy. Owning a business gives entrepreneurs independence and the opportunity to achieve or make a difference in something important to them.

1.1 Entrepreneurship

Entrepreneurship is essential to a strong global economy. New businesses introduce innovative products and services, create new jobs, and open new markets. Starting a business has many benefits, and it comes with many opportunities. But anyone who is thinking about entering the world of entrepreneurship should be aware of its potential drawbacks. Operating a business has never been easy. Some small business owners even say that running a business now is more challenging than five years ago. Entrepreneurs claim that the biggest difficulty in business is keeping pace with technology and more competition. Entrepreneurship is not a suitable path for everyone. Individuals that prefer the security of a steady paycheck probably should not go into the business themselves because there is no guarantee of earning enough money to survive when opening a new business. (Scarborough and Cornwall 2016, 18)

The motives for establishing a business can be various. The most common reason for starting a business is a financial motive (money). The results from a 2015 study of SME's business environment in the Czech Republic show another reason, for example, to perceive business as some kind of a mission. (Kozubíková 2017, 46)

But what exactly is entrepreneurship? It is more than just creating a business or a social enterprise. That is undoubtedly an important aspect, but it is not the complete picture. Not being afraid of taking risks, seeking new opportunities, and pushing ideas through to reality make people great entrepreneurs. (Frederick 2016, 9)

According to Synek and Kislingerová, entrepreneurship is characterised by several essential features. The main motive is to increase the value of invested capital, which means achieving a profit. You will achieve profit by satisfying customer's needs through the market, which leads business owners to face risks. Any business entity tries to minimise those risks. When starting a business, the entrepreneur invests capital in his company,

whether it is his own capital or borrowed. The size of this capital depends on the type of business you are starting. If the invested capital value were not rising, the purpose or meaning of entrepreneurship would not be fulfilled. (Synek and Kislingerová 2015, 3)

Veber and Srpová say that the interpretation of the word entrepreneurship is not as easy it seems. Entrepreneurship has different aspects, such as economical, psychological, or sociological. However, no matter on what concept we are looking at, the general features of entrepreneurship are the same, and they include (Veber and Srpová 2012, 14):

- Purposeful activity
- Initiative and creative approaches
- Organising and managing
- Repetition, cyclic process
- Utility, added value
- Calculating the risk of a failure

1.2 Entrepreneur

The word entrepreneur is very flexible in the English language. Scarborough and Cornwall say that an entrepreneur is a person who creates a new business and is willing to take risks to achieve profit. In the Civil Code, entrepreneur (also referred to as businessman) is defined as: “A person who, on his own account and responsibility, independently carries out a gainful activity in the form of a trade or in a similar manner with the intention to do so consistently for profit is considered, with regard to this activity, to be an entrepreneur.” An entrepreneur is also a person that is registered in the Commercial Register. (Scarborough and Cornwall 2016, 21; Czech Civil Code 89/2012 Sb., 2012, 53)

According to Veber and Srpová (2012, 15), there are many definitions of an entrepreneur:

- A person carrying out business activities with the risk of expanding or losing his own capital.
- A person who is able to identify opportunities and use resources to achieve the goals set and willing to take appropriate risks.
- A person who is the initiator and bearer of the business - this person invests his resources, time and effort into the business. He takes responsibility and bears the risk in order to achieve his personal and financial satisfaction.

Synek and Kislingerová think of an entrepreneur as a person who carries and creates innovations and changes. It is a strongly motivated individual that uses his potential. His

personality features are creativity, the ability to come up with new ideas, take advantage of opportunities that arise or even create his own. (Synek and Kislingerová 2015, 4)

Frederick distinguishes two types of entrepreneurs: business and social. Business entrepreneurs seek growth and profit. They are constantly innovating and trying to capture larger market shares. Social entrepreneurs may have the same personality as business entrepreneurs, but they are also driven by a mission. They address problems that are not being handled by the market or the public sector and try to find innovative ways to solve them. Both social and business entrepreneurs seek growth and innovation. (Frederick 2016, 8)

Entrepreneurs have a particular enterprising mindset. Entrepreneurship is a discipline, and like any other discipline, it can be learnt. Some people are simply born with an entrepreneurial mindset, while others can develop it. Risk-taking, planning, setting goals, decision making, independence, innovation, and not being afraid to come back from failure are typical entrepreneur skills. (Frederick 2016, 9)

One clear pattern among successful business owners is their focus on opportunity rather than strategy. Entrepreneurs are dedicated to success. They think that focusing on advantages can overcome any setback. They are not afraid of difficult situations and are optimistic and self-confident. Nothing is impossible for them. They are good at recognising what they can and cannot do by themselves and are not afraid of asking for help. (Frederick 2016, 45)

1.3 Enterprise

Enterprise is one of the economic entities in a market economy that with its activities forms the main part of gross domestic product (GDP). It plays the role of the main creator of the supply of goods and services in the market. It engages production factors in its activities to increase their original value. This dynamic process is called creating added value. The result of involving economic resources is the supply of specific goods and services that meet the needs of other economic entities. (Kozubíková 2017, 12)

Enterprise is according to Veber and Srpová:

- An entity in which resources (inputs) are transformed into goods (outputs).
- An organised set of resources, rights, and other assets that entrepreneurs use to operate business activities.
- Set of tangible and intangible components of a business. The company includes belongings, rights and other property values that belong to the entrepreneur and are used to run the business.

- Enterprise is any entity engaged in economic activity. (Veber and Srpová 2012, 15)

An enterprise is defined as an economically and legally independent entity that exists for the purpose of doing business. Economic independence, which is a manifestation of freedom in industry, is related to the responsibility of owners for specific business results. By legal independence, we mean the possibility for a company to enter legal relations with other entities in the market and conclude contracts with them. Both rights and obligations arise for the business owner. (Srpová and Řehoř 2010, 35)

The features of an enterprise can be divided into two groups – general and specific. The general features are the combination of production; the principle of economy, where a company tries to maximise inputs and outputs and the principle of financial equilibrium, meaning that a company fulfils its payment obligations on time and in a given amount. The principle of private ownership, autonomy and profitability all belong to the specific features of an enterprise. (Srpová and Řehoř 2010, 36)

Enterprises can be divided according to (Synek and Kislingerová 2015, 87,409):

1. Industry and sectors of the national economy (CZ-NACE)

- Primary – obtaining raw materials from natural resources (mining, agriculture)
- Secondary – manufacturing industry
- Tertiary – services (transport, culture, healthcare, education)
- Quaternary – knowledge intensive services, research and development, science

2. Type of performance

- Production of goods
- Businesses providing services

3. Size (according to the European Commission Recommendation 2003/361/EC)

- Micro – fewer 10 employees, annual turnover smaller than 2 million euros
- Small – 10 to 49 employees, annual turnover not larger than 10 million euros
- Medium-sized – 50 to 249 employees, annual turnover not larger than 50 million euros
- Large – more than 250 employees, annual turnover higher than 50 million euros

4. Legal form

- Business of a natural person
- Business of a legal entity

2 TYPES OF BUSINESSES

We distinguish two types of businesses according to the legal form – business of a natural person and a business of a legal entity. Business of a natural person is managed by an individual. It is the easiest and least expensive form of ownership, and it is very simple and fast to begin. If we decide to start a business of a legal entity, we must consider that it will be more administratively demanding and, in some cases, we must put share capital into the company at the beginning. Also, all types of legal entities must be registered in the Commercial Register. (Srpová and Řehoř 2010, 67-68)

2.1 Business of a natural person

The definition of trade stands in the Trade Licensing Act as following: “A trade shall mean a systematic activity carried out independently under the conditions laid down in this Act, under a person’s own name and liability, intending to make a profit.”

Systematic activity does not mean continuous activity, but one that is carried out with the vision that it will continue in the future. It cannot be a random or occasional activity, that is not entrepreneurship. However, being employed and doing business only in one’s spare time is considered a systematic activity.

Independently means that the person who runs the business can himself make his own decisions about the time and place of performance of the activity and organisation of work. He must also financially ensure the business’s operation and decide how to use the profit from the activity itself. It is the ability to manage a business.

Entrepreneur carries out their activity *under their own name* or under the company’s name (only if he is registered in the business register). With this, his anonymity is gone, and anyone acting on entrepreneurs’ instructions must act on his behalf or behalf of the enterprise.

A natural person is *liable* for all liabilities coming from his business with all his assets, meaning not only the company’s assets but also their own. They have complete responsibility for their business activities.

Making a profit is the primary goal of an entrepreneur. If you do not have the intention of making a profit, then you are not doing business. (Kozubíková 2017, 15-16)

To become a self-employed person (OSVČ), one must meet several criteria. The general criteria are impeccability (cannot have any criminal record), legal capacity, age of 18 years, and not having any tax debts. Practical training, studying in the field, professional or other qualification belong to the specific criteria. A trade license is a document that allows its holder to work as a self-employed individual. The registration fee is CZK 1,000, and it is

better to choose more trades related to your field of work. Any trade added later will cost CZK 500. The Trade Licensing Act distinguishes trades into notifiable and permitted trades (concession).

Notifiable trades can be carried on once they have been notified and when the conditions stated are met. Those are according to Synek and Kislingerová 2015, 80):

- Unqualified trades – no need for professional competence, only to meet the general criteria (Wholesale and retail trade, photographic services, translation, interpreting)
- Vocational trades – when professional competence is acquired by apprenticeship in the field (catering services, hairdressing, bricklaying, plumbing)
- Professional trades – professional competence is determined for each trade separately, and there are some laws we must obey (geological work, optician, construction design).

Permitted trades can be performed based on a permit (concession) granted by the Trade Licensing Office. The applicant should have the required education, complete special courses, etc. Permitted trades are for example production of alcoholic beverages, sale of explosives or road transport. (Synek and Kislingerová 2015, 80)

2.2 Business of a legal entity

Businesses of a legal entity are divided into institutes, foundations and corporations. Corporations are further subdivided into joint-stock companies, general partnership, limited liability companies, limited partnerships and co-operatives.

2.2.1 Joint-stock company (a.s)

A joint-stock company can be founded by one or more people. The capital must be at least CZK 2 million or €80 000 if the bookkeeping is kept in euros and English. If the company has a public offering of stocks, the capital must be CZK 20 million. The capital share in a joint-stock company is divided into a certain number of shares of a particular nominal value. The company is liable with all its property for any violation of its obligations, but the shareholders are not liable for the company's liabilities. Joint-stock company does not occur among small and medium-sized companies. (Veber and Srpová 2012, 74)

We distinguish two types of internal structure systems in a joint-stock company, that is monistic and dualistic structure. The highest authority in both types is the General Meeting. In the dualistic structure, the General Meeting elects the Board of Directors and the Supervisory Board that oversees the Board of Directors' activities. Both the Supervisory

Board and the Board of Directors must have at least three members. If we choose the monistic model, the Administrative Board must be established. The company's name must include the designation "akc. spol." or "a. s.". (Synek and Kislingerová 2015, 84, Business Corporations Act 90/2012, section 396)

The main advantage of a joint-stock company is the limited liability and the fact that the company can continue even after their founders leave (unlimited company life). The disadvantages include a more difficult establishment, control by the state (bookkeeping) and the double taxation. Company taxes its profits at a corporate tax rate of 19% and then distributes it to the shareholders. Dividends are a subject to additional taxation, the personal income tax of 15%. (Synek and Kislingerová 2015, 83)

The characteristic feature of a joint-stock company is stock. Stock is a security that allows shareholders to participate in the management of a company, elect the Board of Directors and decide on the distribution of profits. Stocks are traded for a market price on the stock exchange. The market price is formed by the supply and demand for shares of a particular company. We can find out the current market price of the stock from the exchange rate list of the stock exchange. (Synek and Kislingerová 2015, 84)

2.2.2 General partnership (v.o.s)

It is a company in which at least two entrepreneurs do business under a joint name. The shareholders are liable for the company's liabilities with all their assets. A shareholder can be a natural or legal person. A natural person must meet the general criteria of a trade. (Veber and Srpová 2012, 72)

Shareholders make both monetary and non-monetary deposits in the company, which become the property of a company. The profit is divided equally between the shareholders unless it is stated otherwise. The statutory body of an unlimited partnership is shareholders. There is no specified amount of capital when establishing a company or the obligation for deposits. (Synek and Kislingerová 2015, 81-82)

2.2.3 Limited liability companies (s.r.o)

Limited liability company is the most common form of ownership. It can be established by both natural person and legal entity, and the number of shareholders is unlimited. The capital is made from the deposits of shareholders. The minimal amount of deposit is not specified. The company is liable for its liabilities with all their assets and shareholders are liable in the amount of the unpaid deposit (Veber and Srpová 2012, 74)

The highest authority of the company is the General Meeting. The statutory body is executives. Supervisory Board can be elected as well if it is specified in the Founder's Deed. This form of ownership is popular and very widespread mainly because the establishment and administration of this company is very easy and because the shareholders are only liable in the amount of the unpaid deposit. (Synek and Kislingerová 2015, 82)

2.2.4 Limited partnerships (komanditní společnost)

When establishing a limited partnership company, there must be at least two shareholders. One or more shareholders are liable for the company's liabilities up to the amount of the unpaid deposit; we call them *limited partners (komanditisté)*. Furthermore, one or more shareholders are liable with all their assets; they are called *general partners (komplementáři)*. The position of general partners is similar to the position of shareholders in the general partnership company. The position of limited partners is similar to the position of shareholders in the limited liability company. (Synek and Kislingerová 2015, 82)

If the company's name includes the name of a limited partner, he is liable for the company's liabilities the same way as general partner, with all his assets. In a limited partnership company, there is no need for significant capital. The partnership agreement says how the profit will be divided between the general and limited partners. The profit of general partners is taxed by the personal income tax of 15%, and the profit of limited partners is taxed first by the corporate income tax of 19%. Then it is divided between limited partners, and they must tax it again by 15%. (Veber and Srpová 2012, 73)

2.2.5 Co-operatives (družstva)

Co-operatives are organisations whose purpose is not making a profit but to meet the needs of their members and their mutual support. It is established for the purpose of providing social and economic needs to its members. Co-operatives in the Czech Republic must have at least three members or two legal entities. The company is liable for all its liabilities with all its assets. The members are not liable for anything if not stated otherwise. (Synek and Kislingerová 2015, 85)

Stanovy is the fundamental document of the company. They bind all the bodies in the company. The highest authority is the members meeting. All members of the co-operative come to the meeting. The company's statutory body is the Board of Directors which elects the chairman and co-operatives also have the control commission. In small companies, the members meeting can fulfil all the duties of the Board of Directors and control commission. (Srpová and Řehoř 2010, 82-83)

3 BUSINESS PLAN

In this chapter, I will mention why I think it is essential to create a business plan, what goals we are trying to pursue and how this plan can help us gain investors. I will cover what chapters are needed when creating a business plan and explain what needs to be included in each chapter. The chapters of a business plan are company description, industry analysis, target market, competition, marketing strategy, operations, management, financials, and risk analysis.

3.1 Goals and benefits of a business plan

Everyone who thinks about entering the world of business should create a business plan. The purpose of a business plan is to have a successful business. We must determine who is the target audience, and what do we want from them. Do we want them to help us run our business, invest in our company, or buy our business? Or are we writing the plan to help us run our own company? If we are looking for investment, it is important to highlight all the important figures (returns, profitability) when attracting potential funder or buyer. (Abrams 2019, 4; Finch 2010, 2-3)

A business plan shows us how to run our company. Without a plan, you do not know where you are going. A business plan is simply a document showing how a company will achieve its goals. It can describe a new company or a new product of an already existing business. It includes the company's mission, market, plans, team, financials, objectives and more. (Abrams 2019, 4)

Writing a business plan is a lot of work, but according to McKeever, there are many benefits that it can bring. It helps you get money. Most investors will require seeing your business plan before investing money in your company. They want to see that you have thought through about possible issues you might face and that your company has a chance to succeed. Another point he mentions is that it can help you decide whether you want to stop or continue with your idea. It will show what the strengths and weaknesses in your concepts are and whether it is worth it to proceed with the plan. (McKeever 2018, 5-6)

A plan for your business also improves your odds of success. Many new small businesses do not have a plan when entering the market, which is why they do not last very long. We should not just estimate if we will succeed, with a business plan, we will see actual figures and numbers that support our success. It will also keep us on track. A plan gives you a clear course on how to proceed in the future and makes it easier for you to make decisions. (McKeever 2018, 7)

Those who read business plans are looking for evidence to persuade them that what they read is true. That is why we should put verifiable facts and data in the text that support our idea. We should provide evidence for what we say. It can be hard to find reliable data, but without them, we might not be able to convince the investors to invest in our company. You can gather your data from government statistics, university departments, market research reports and others. (Finch 2010, 9-12)

Factors of a successful business

Entrepreneurs usually get their ideas or inspiration for a new business from four sources: education or training, previous work experience, hobbies or personal interests and recognition that something is missing on the market. Successful businesses include at least one of these elements (Abrams 2019, 4-5):

- Something new – bringing a new product/service on the market
- Something better – improving already existing product/service by adding new features, lowering the price, making it faster, etc.
- New market – finding a market where is greater demand, unexploited niche market
- New delivery or distribution – making delivery less expensive, expand the area, make the choices bigger
- Increased integration – offer more services/products

3.2 Chapters of business plan

3.2.1 Company description

Describing a company can look like a simple task to do, but it requires a lot of planning and thinking. In the company description, we must include the name of our company, legal form of our business, goals and objectives, the product/service we are going to offer, what customer groups we are going to serve, our strategy, and basic financials. When choosing our company's name, we should think about something that meets our current needs and gives us flexibility. If we choose a narrowly descriptive name, it might limit us when changing our company's focus. It is also important to mention where our business will be based, where it will operate and sell. (Evans 2016, 30-31; Abrams 2019, 68-69)

According to Evans, a goal is something our business aims to be, and objectives help us measure whether the goal has been achieved or not. Our goals should be SMART, that is, specific, measurable, achievable, relevant, and time limited. A mission statement helps us to focus on our goals and should be the defying concept of our company for the next few years.

It includes the nature of our business, financial goals, business principles, and how you expect your business will be seen in the market. (Evans 2016, 32; Abrams 2019, 70)

It is good to mention in what we see our business opportunity. We have to convince the readers that exactly now is the best time for our idea. We will state who needs our product/service and how our concept will be transferred into profits. We must explain our products and services briefly and clearly. We do not have to focus on all the technicalities in the company description, but rather on benefits. Is our product unique in some way? What does the product do? How will it be helpful to our target audience? We have to make people intrigued and wanting to buy/use our product/service. (Srpová et al. 2011, 16; Finch 2010, 28)

When talking about a business opportunity, we focus on:

- Description of a product – aspects and features of a product, characteristics of a service; state whether it is a new product or a product that is already offered on the market; additional services to a product (installation, customer service support, maintenance work, etc.)
- The competitive advantage of the product – we have to prove that we are better than our competitors (we have better offer, service or solve customer problems better)
- Product benefits for the customer – what is the use of purchasing our product and why they should choose our company rather than our competitors (Srpová et al. 2011, 16-17)

If you are starting a business, you will not have any history about sales, but even in this case, you can mention costs that have occurred, probably self-financing your business and summarise it. As well as how much time you have invested in your company. Even start-ups can have their accomplishments; maybe you have managed to get some funding already or developed some partnership. When you show your progress, you will prove to the investors that you can further develop your company. (Abrams 2019, 77)

3.2.2 Industry analysis, trends, and health

An industry consists of all businesses offering a similar product or service. The conditions that affect the overall industry also affect your business. The key issue that we deal with these days is the cyclicity of industry. In other words, how sensitive is a business plan to economic fluctuations. In the industry analysis, we focus on describing our industry,

its trends, strategic opportunities, and health. There are four economic sectors; those are service, manufacturing, retail, and distribution. Your business may belong to more than one sector. We should pay attention to the expansion of our industry and compare its growth rate with GDP growth. If the industry growth percentage is higher than the one of GDP, you are in an industry with many opportunities. (Abrams 2019 88-89)

With industry trends, we try to predict what is going to be popular and trendy in the next few years. You will have to look into the future and try to predict where the trends are going. Research can help us with understanding it. We can talk to people in similar businesses, read about our field or visit trade shows. The goal is to know enough about our field so we can recognise the trends that will continue into the next decade. (McKeever 2018, 40-41).

Another factor of a successful business is industry health. Investors are very sensitive to industry health issues. It is possible to make money in an industry that experiences some troubles, but we have to make an effort to position our company appropriately. We should be prepared to act and change our focus anytime. Opportunities in troubled fields exist, but it is hard to get money for starting a business. Investors are not happy about the increased risks that a company can face in such industry. If we need funding, we must reassure them that we understand all possible industry health issues and that we considered them when developing our strategy. (Abrams 2019, 7)

3.2.3 Target market

Target market is a group of people or businesses that are most likely to purchase our product/service. When writing a business plan, we can only succeed if there is an existing market that will be interested in our product. That is why investors are interested in potential markets. We must prove that these potential markets exist based on the field and market analysis. We try to get as much information as we can about the target market. Investors are expecting facts and concrete numbers from us. We will use data about market size, industry profitability, barriers of entry and customers. (Srpová et al. 2011, 19-20)

In our business plan, we must define what the whole market is and on which target market within the whole market we want to focus on. You need to identify particular market segments rather than describing the market in the broadest terms. The better we define our target market, the better we will understand our customers and have better sales. (Abrams 2019, 107)

Segmentation is dividing a market into groups of buyers that have different needs or buying habits. We can use geographic segmentation (regions, country, climate),

demographic segmentation (age, gender, income) or psychographic (personality, lifestyles, motives). Our target market must be definable, meaning to identify what our potential customers have in common, it must be big enough to keep your business on the market and reachable so you can effectively and affordably market to your potential customers. (Abrams 2019 107-110)

Investors like bigger markets because you have a better chance of expanding your sales, but growing markets also attract more competitors and with this, what can happen is that the prices will be falling. These issues should be addressed in your plan. You can predict some changes in the market, and the investors might know them too, that is why you should address them first. (Finch 2010, 40)

It is essential for business success that we understand our customers. We must determine who should be our typical customer, how they behave, how to communicate with them, what problems we are solving for them and what they can afford. If you know who you serve, you build confidence and might disarm potential questions. As mentioned earlier, we do not describe the whole market in business plans, neither we describe all the potential customers. We choose customers that are willing to pay for our product/service, customers that will benefit from our product and those who have easy access to it. (Finch 2010, 36; Srpová et al. 2011, 20)

3.2.4 Competition

Most creators of business plans believe that in their segment, there is no competition, and that is why in most business plans, the competition chapter is frequently dismissed. This, of course, is not true. Usually, it is the founders of new products who do not understand that some problems can be solved in different ways; therefore, there can be competitors on the market, or they do not see the competition at all. It would be nice to be the only provider of your product or service, but that is not how it works. There will always be a competition, so we need to analyse it thoroughly and make a separate chapter about it – face our competition. (Srpová et al. 2011, 21; Evans 2016, 66)

Understanding the competition is the key to success. To know who we are up against, we must assess the competition by using competitive analysis. In a competitive analysis, we will state our current and potential competitors, what market share they have, on what basis we compete with them and what are the barriers of entry for new potential competitors. It is very time and financially demanding to analyse all the competitors. We do not analyse them separately but divide them into groups. We have direct and indirect and current and potential

competitors. Remember only to analyse competitors that operate on the same target market. (Abram 2019, 125; Srpová et al. 2011, 22)

If we have a competitive advantage, we should make a big thing out of it. Competitive advantage means to be unique somehow, to differ from competitors, to have something they do not have that they cannot copy immediately. The first advantage is costs – producing something cheaper than our competitors. Other competitive advantages are technological, brand, local monopoly, or location. Most of these advantages have a limited life; competitors will catch up, which is why you need to address this in your plan. How long your competitive advantage will last for? You can also mention that you might be able to establish another advantage over time. You might be able to build a strong brand awareness so your customers will buy your product even after you will not have the cheapest product or after your patents will expire. (Finch 2010, 40-42)

You cannot compare yourself and think you are better than your competitors only based on the fact that your product is better than theirs. Many factors can determine your success in comparison to other companies. The features and benefits of your product, price, customer preference and service form only a small part of the competitive analysis. The other part includes examining the internal strengths of your competitors. Companies that have creative employees, operational assets and good financial resources are the toughest competition. (Abrams 2019, 125)

It is also important to include barriers of entry in your plan. Investors like it when a company is protected from competition. This protection results in protected income and usually high profits. Some barriers last for a long time. You need to guess how long it is going to take competitors to breach these barriers. Barriers of entry include patents, know-how, access to scarce resources, licensing, location, and high costs (small competitors cannot enter the market). (Abrams 2019, 134; Finch 2010, 45)

3.2.5 Marketing strategy

Marketing and sales connected with it have a huge impact on the company's successful future. We need to convince the reader that our company has good marketing and business strategy. Marketing strategy deals with three problems: choosing the target market, determining the product's position on the market and decisions about the marketing mix. We described the target market and position on the market in the previous chapters. Segmentation of the market will help us choose our target market and determine the position

on the market means how our product is perceived by customers and its position among the other products. (Srpová et al. 2011, 22)

Marketing is about increasing awareness and delivering a message. We need to communicate, motivate, and secure customers to be successful. Reaching customers costs money, so we need to make a budget for a marketing strategy, this way we will know what we can afford and what channels we can choose. In our marketing plan, we need to mention how we plan to make customers aware of our product/service, what message we want to convey to them and how we are going to deliver that message. (Abrams 2019, 164)

Marketing mix consists of four components, also known as the four P's, that is, price, product, place, and promotion. Some companies use a marketing mix with seven components; they add people, politics, and public opinion. There are also other marketing mix concepts, for example, the 4C model, which includes customer, costs, convenience, and communication. For my bachelor's thesis, I chose the 4P model because it is a marketing mix from the company's perspective. Product is the most important aspect of our mix. It is what we offer to customers, how it meets their needs, what quantity we are planning to sell and the product's life cycle. Customers do not only buy the simple, functional aspect, but they are interested in the complexities (packaging, brand, price, psychological associations). There are three different product forms, the core, embodied and augmented. (Baines et al. 2013, 204; Srpová et al. 2011, 23)

Price is defined as the amount a customer pays in exchange for a product or service. To price a product properly, we need to know what the product costs us to produce or buy. A price can also be demand oriented. In the case of luxury goods, customers are willing to pay extra money that often exceeds the production costs. When pricing a product or service, we must look at a number of factors such as the company's goals, demand, competition, and costs. We divide costs into fixed and variable. Fixed costs do not change when the production is higher or lower. It includes rent, salaries, loans, or advertising. Variable costs vary depending on the number of products produced. It includes material, delivery, or packaging. The price and cost relationship is very important. Costs should be lower than the price assigned to a product; otherwise, we would not get any revenues, therefore no profit. (Baines 2013, 236-237)

Another component of a marketing mix is place. It is about how we distribute a product and how available is our service. Place includes channels, coverage, location, transportation, and logistics. It is about distributing the right number of products to the target market at the location and time that it is wanted. Promotion is about how the product or service is conveyed

to its buyers and persuading them to purchase. It is about communicating with customers and building the company's reputation. It does not include only advertising but also public relations, sales promotion, direct marketing, and personal selling, which are known as the promotional mix. We need to choose the right channels to communicate our message to customers. (Baines et al. 2013, 264,277; Armstrong et al. 2017, 62-63)

The fastest growing form of promotion is digital and social media marketing. Digital platforms can engage consumers anytime and everywhere via their devices. We are talking about email, videos, websites, social media, and mobile apps. Nowadays, most companies promote online and create their social media accounts. It helps to engage customers and get them to talk about your brand. The most popular platforms are Facebook and Instagram. (Armstrong et al. 2017, 550)

A brand is also an essential aspect of marketing. But what exactly a brand is? It can be the name of a company, symbol, icon, design, or combination of all. It is not that simple to understand what a brand is and its importance. Branding expert Marty Neumeier says that "Marketing people often talk about managing their brands, but what they usually mean is managing their products. To manage a brand is to manage something much less tangible—an aura, an invisible layer of meaning that surrounds the product." (Armstrong et al. 2017, 322)

Brand helps both customers and sellers. Customers like brands because it helps them identify their favourite products, avoid brands they do not like and reduce their decision-making time. It helps them develop a relationship based on trust. Manufacturers use branding for differentiating a product from competitors, and it can also help them with cross selling their other products. Another thing about brands is that well-known brands can afford to set so-called "premium prices", meaning the price is higher than the average price in their product category. Branding is also helpful for developing customer loyalty. (Baines et al. 2013, 221-222)

3.2.6 Operations

You have to explain how your company operates. This is where you show how your company will function on a daily basis and put theory into practice. If the readers are not familiar with your industry, you need to explain the key factors. You need to cover sourcing of supplies, customer service, main issues that could affect your company and your production plan. Do not forget to mention even the most basic operations. Every step is worthy of evaluation but do it briefly. (Abrams 2019, 196; Finch 2010, 47)

Suppliers are very important for us. We should not rely only on one supplier because sooner or later, some difficulties can arise; therefore, it is good to explore alternatives to our current distributors. We need to find someone who is reliable, communicates well and understands our needs. After this, assess your operation process. How do you make a product with value that is useful and desirable? How many employees will you need? How long it takes you to manufacture a product? Explain how you maintain the same quality for every product (quality control). (Abrams 2019, 201, 205-206)

The next problem is how we distribute products to our customers, meaning what marketing (distribution) channels we are going to use. We can sell our goods straight to the customer, do it via sales agents, wholesalers, use the drop shipping method and many more. We need to make sure that customers are satisfied with our product; therefore, we must offer them the best customer service. It is important to listen to customers' needs, make them feel important and listen to their feedback. Customer service can include fast delivery, longer warranties or 24/7 online support. (Armstrong 2017, 392,395)

3.2.7 Management

Briefly explain what key positions you need in your business. Employees are the heart of your business, and they determine the success of it. You should give a serious thought about how you will choose the right people for your company. You have to find skilled, educated and experienced people. Usually, founders are the most important people in start-ups, so first evaluate the founder/s even if it is yourself. Then show your management structure and style. Mention who are the key employees, decision-makers, who is responsible for creating strategies, how your company is going to run, who oversees sales, and so on. (Abrams 2019, 236-237)

3.2.8 Financials

Financials include an income statement, cash flow, balance sheet, break-even analysis and sources and use of funds. Say how your business is funded. There is no history of sales in a start-up, so we try to predict what the numbers are going to be when our company is on the market. You know your target market, analysed the competition, so you should be familiar with how many per cent of the market share you can capture and how much money you can possibly make. Be realistic. What can happen is that the first year there will be no profit, because of the huge costs and investments made. (Evans 2016, 146)

Cash flow is something that investors are most interested in. It shows the movement of money into and out of the company. It is about how much money you have in the bank, not

if your company will have a profit. You should keep your previous cash flow accounts because they can help you with cash management. You will know what months will be strong and weak so you can plan accordingly. The income statement shows how profitable the company is, meaning how much money you will make after deducting all your expenses and losses. As I mentioned earlier, even a company that is losing money might be worth investing in. Maybe they just have cash flow problems and cannot pay their bills, but they still could be profitable soon. (Abrams 2019, 310-31; Evans 2016, 141)

The balance sheet shows the assets and liabilities in our business. Every asset must be paid for by a source of finance. It shows from where you acquired the needed money, whether it is your own, from a shareholder, or you took a loan from a bank. It shows how much in debt your company is. Sources of finance must be in balance with assets. At last, we need to know how much money we must earn to pay our expenses, at what point we break even. Break-even is a point in which you do not make a profit but also not losing money. You need to know your fixed and variable costs. We need to divide our fixed costs by a gross profit margin to get the number of total sales to break even. (Abrams 2019, 320-321; Finch 2010, 100)

3.2.9 Risk analysis

The last chapter of a business plan should be dedicated to risk assessment. There are always some risks involved when establishing a business, and investors know it. If you want to pretend that there are not any, they will not take you seriously. By assessing the risks, we do not show the investors that our business is weak. On the contrary, if you show them that you understand there might be some risks involved in your business activity, it can actually strengthen your case. It will reassure the investors that you understand that threats or concerns might appear and know how to approach and deal with them. (Finch 2010, 109; Abrams 2019, 154)

So, what risks can we encounter? Market risks tell us that the market might not be prepared for our product, or there is no need for it. With competitive risks, we think about the market's situation and how it can change (new competitors entering the market, competitors repositioning their products). When entering a market, you should give a thought about how your competitors might respond. Technology risks are about product design, its technology and if these will work as we envisioned. Technology risks are closely related to product risks, which are about products not being finished in time or not working properly. (Abrams 2019, 154)

If we underestimate our costs or income, we can run out of money; this is called capitalisation risk. To avoid this, we need our budgets to be realistic. Of course, these are not the only risks that we can encounter. Other risks are, for example, a downturn in the economy, low sales, inability to manage the growth of your company or problems with suppliers. Remember to always mention how you would avoid these risks or how you would deal with them. (Abrams 2019, 155; Finch 2010, 110-111)

4 ANALYSES USED IN THE BUSINESS PLAN

In the last chapter of my theoretical part, I will describe analyses that I will later apply in my thesis's second part. I will focus on Porter's five forces model and the PEST analysis, which are both used for analysing the external environment of an industry. The external environment elements do not have an immediate impact on our company, they have a long-term nature, and we cannot control them. I will also mention SWOT analysis which focuses on both the internal and external environment of a company.

4.1 Porter's five forces of competitive position

Porter's analysis can be very useful for creating a business strategy for our company. It is used for determining the competitive position of a company or SBU in the industry where it operates. It will help you find threats that can harm your company and get worse in the future and opportunities that could improve your company's position in the industry. (Červený et al. 2014, 75)

Remember, as every external analysis is also focused on the future, Porter's analysis is no exception. We do not focus only on the situation that was or is now in the industry, but how the situation will be developing in the future, what trends there will be. Porter introduces five forces that shape competitive intensity. Those are industry competitors, the threat of new entrants, the power of buyers, the power of suppliers, and the threat of substitution. (Červený et al. 2014, 79; Porter 1980, 4)

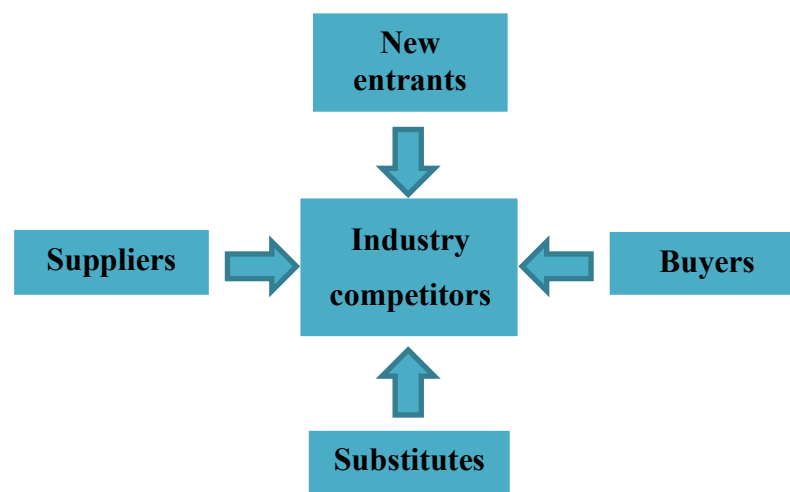


Figure 1: Porter analysis of competition

Adapted from Michael E. Porter, *Competitive Strategy: Techniques for Analysing Industries and Competitors*, The Free Press, 1980

When analysing competition, we must know what companies operate within our industry. It is good to look at our competitors' details about their development and the latest financials. We are also interested in how much of a market share they have because that is a good indication of their profitability. Last, we look at the market responses to developments that are initiated by our company. (Baines 2013, 55)

The threat of new entrants includes barriers of entry which makes it hard for new competitors to enter the market. Barriers of entry can be, for example, economies of scale, government policy, capital requirements or new entrants will have to develop or acquire new technology, operational processes or train their employees. In every industry, you will find products or services that are the same or similar to what you sell, and they fulfil the same or similar functions. Those are called substitutes. We try to guess how big is the threat that we will lose our shares to substitutes. (Baines 2013, 53-54; Evans 2016, 71)

Last, we will have a look at the power of buyers and suppliers. With buyers, we look at how much sales go to individual companies. If they are buying in large quantities, they might demand price concessions, especially if there are plenty of suppliers on the market. The more choices there are on the market, the higher is the power of buyers. Other factors we look at are how price-sensitive the companies are and backward integration. If there are only a few suppliers in an industry with plenty of competing companies, they have a strong bargaining advantage. Suppliers could be threatening to increase prices or reduce the quality of their products. Another way to improve the bargaining situation is to have unique products/services or forward integrating. (Baines 2013, 54-55; Evans 2016, 72)

4.2 PEST analysis

Another of the most popular analysis to examine the external environment is the PEST analysis. The acronym refers to the political, economic, social, and technological environment. This analysis will help us determine how these factors will affect our company's performance and future activities. It is often used together with other analyses such as the SWOT analysis and already mentioned Porter's analysis to understand the environment of a company even better. (Baines 2013, 37; pestleanalysis.com)

The political environment is mainly about legislative bills, laws, and regulations. For example, when expanding a business to other states, we must be aware of the laws. Tax guidelines, employment laws, health and safety laws, and FDA regulations all belong to the political environment. Economic circumstances have an impact on prices within a particular industry. Our firm can be affected by inflation. If there is a rise, it will affect how companies

price their products and customers' purchasing power. Economic factors also include GDP, exchange rates, taxes, and interest rates. (Baines 2013, 39-40; pestleanalysis.com)

Companies need to recognise changes in the social environment, including trends, demographics, values, and lifestyles. We need to try to keep up and monitor these changes to stay on the market. The last environment is technological. Innovation in technologies can affect even non-technology businesses. It is tough for companies to decide whether they should invest in new technologies, but it is essential to innovate to stay ahead of the competition. The technological environment includes research and development, automation, trends, or reverse engineering. (Baines 2013, 41-43; pestleanalysis.com)

4.3 SWOT analysis

After every analysis like Porter's or PEST, it is good to do some recapitalisation. We use the SWOT analysis in which we only summarise the results of previous analyses. In SWOT analysis, we identify the company's strengths, weaknesses, opportunities, and threats. Strengths and weaknesses deal strictly with the internal environment of a company, and opportunities and threats deal with the external environment. The analysis must be relevant and focused only on the substantial and proven facts related directly to the analysed strategic area. Including too many factors in the analysis makes it more complicated. When creating a SWOT analysis, do not express your subjective views; it needs to be done objectively. It is a good idea to analyse the company in a group - in the form of brainstorming. This way, the analysis will be automatically objective. SWOT analysis is also used in a marketing plan. (Červený et al. 2014, 135-137)

II. ANALYSIS

5 MARKET ANALYSIS

The aim of market analysis is to analyse the external environment and identify whether there is room in the market for our company and potential demand for the offered product. In order to put the market analysis into context, the first subchapter consists of the description of the company and a brief product introduction.

5.1 Company introduction

Name of the company:	Happiness in a Box
Legal form:	Limited Liability Company
Address:	5. května, 720/20 Nový Jičín
Date of establishment:	1. 3. 2022
Website:	www.happinessinabox.cz

Happiness in a Box, s. r. o. is a start-up company that is focused exclusively on online sales. Our main products are boxes that include local wine and are also filled with different types of goods – food, cosmetics, accessories, etc. Customers can either make a single order of a box or order a subscription. Subscription means that we will deliver you four boxes throughout the year with fun surprises. Of course, every box you will receive will differ in its content. Currently, there are only boxes with wine that you can find on our e-shop, but as the company will be growing, we are planning to introduce a broader range of products. We believe that everyone will find happiness in our boxes.

Our company aims to offer unique and original products that people can buy for themselves or their loved ones as a gift that is different and not boring. In Happiness in a Box, we support local wine producers, and we are delivering the best quality products to our customers. Our company's goal is to make our products accessible and affordable for everyone.



Figure 2: Logo (own creation)

5.2 PEST analysis

The pest analysis assesses the factors of the external environment that the company needs to adapt to. The company usually does not have the power to change them.

5.2.1 Political environment

The company will be situated in the Czech Republic, so it is essential to be aware of the laws and regulations. The legal form of a limited liability company (s. r. o.) was chosen for this business. Legal form of the business is regulated by the Business Corporations Act 90/2012, where we can find all the necessary information. When establishing a legal entity business, we need to draw up the deed of incorporation that must have the form of notarial deed. Next, we deposit the share capital to our bank account, and after this, we check if a company with a similar or identical name already exists. If not, then we can register our company in the Commercial Register. This could be done by the registry court or by a notary.

The obligations in a limited liability company include doing bookkeeping (documenting financial transactions) defined by the Accounting Act 563/1991 and paying taxes. In a limited liability company, we must pay the income tax of 19%. Another obligation is to keep financial statements and write down proposals on how to distribute profits.

It is mandatory to pay health and social insurance when doing a business. In 2021, the minimum payment for social insurance is CZK 2,588 and CZK 2,393 for health insurance per month. We also need to pay our employees' health and social insurance (9% for health insurance and 24.8% for social insurance). These amounts are calculated from their gross salary. Our employees must earn at least CZK 15,200 per month, which is the minimum wage in 2021. The labour relations between employees and employers are regulated by the Labour Code No. 262/2006 Coll (Zákoník práce). As the company is based on online sales only, we do not accept payments in cash; therefore, there is no need for the Electronic Records of Sales (EET). We also need to be aware of the workplace's health and safety measures regulated by the Labour Code and the Public Health Protection Act. (Finance.cz)

5.2.2 Economic environment

The economic situation in the Czech Republic was heavily affected by the last year's outbreak of the coronavirus. There was a deep recession in the first half of the year 2020 caused by the measures preventing the virus from spreading. In the 4th quarter of 2020, the year-on-year GDP declined by 4,7%, according to the Czech Statistical Office. It is impossible to predict when the GDP will be growing again, but according to the minister of

finances, we will not return to the GDP level of 2019 (an increase of 1,7%) until 2023. (czso.cz, mfcf.cz)

The measures adopted because of the coronavirus also caused many businesses to close and going bankrupt. According to the analysis carried out by the Bisnode company, nearly one hundred thousand businesses closed in 2020, which is 43 % more than in the previous year. In January 2021, over 25,000 businesses suspended their activity, which is a record number. Those who had an e-shop were at an advantage. There is a possibility that our government will declare a state of emergency, and as my company is doing business online, it will not affect it. Many people also lost their jobs, especially in the gastronomy sector. The unemployment rate was in January 2021, 3.3% compared to the end of the year 2019, only 2%. High unemployment could be an advantage in finding employees but also a possible risk that people will not have money to spend. The last year's average annual inflation rate was 3.2%, which can be considered healthy inflation. (czso.cz; bisnode.cz)

According to the Social Progress Index, the Czech Republic ranks to be the 25th country globally in quality of life, examining three indicators – basic human needs, foundations of well-being, and opportunity. With a high standard of living, people tend to spend more money. There is a possibility that if there will be more waves of this pandemic, household consumption will decrease as it was in the first half of the previous year, where it declined by 4.8%. It is essential to look at people's preferences and their buying habits. The company will be focusing mainly on younger generations, for whom it is more convenient and preferred to shop online and easier to reach via social media. (czso.cz, socialprogress.org)

5.2.3 Social environment

Social environment deals with the habits of the population in the area in which we plan to operate our business. We have to be aware of the consumer behaviour in our market. Alcohol consumption in the Czech Republic is considered to be quite high. The latest study done by the WHO ranked the Czech Republic to be the third in the world in alcohol consumption. According to the Czech Statistical Office, in 2019, the consumption of alcoholic beverages per capita was 173.4 litres, from which 20 litres was wine consumption. (czso.cz; praguemorning.cz)

The reason why Czech people would be interested in this product is that in our culture, people often give their friends and family gift baskets (dárkové koše) for their birthdays that they've purchased in a supermarket or made by themselves. These are usually very plain and do not contain anything interesting. This product could be a better alternative. It will be more

convenient for the customers – the boxes will be sent to their homes and also, they would not have to choose what products they want to include, because this is already done for them. There will be also an element of surprise, the customer will not know what they are getting in each box. The product is not only aimed to be given as a gift but also you can buy it to treat yourself.

5.2.4 Technological environment

As the company is not a manufacturing one, there will be no machine production. The focus will be mainly on the quality of products, and that is why most of them will be from domestic suppliers. However, as mentioned earlier, innovation in technologies can affect even non-technology businesses. We need to try to innovate and improve our products in order to stay ahead of the competition. It is necessary to be aware of the trends in the market and to recognise new opportunities.

The creation of websites is also connected with technology. The websites will be bought from the company strankonos.cz, where it is now offered for a discounted price of CZK 7,000. Another thing connected with technology that is needed in my business is internet connection. The price of a router is CZK 500, and an internet connection will cost the company CZK 300/month.

5.3 Porter's five forces of competitive position

Before starting a new business, it is appropriate to identify all the strengths and weaknesses of my competitors. We need to evaluate their portfolio so we can identify what is missing in the market.

5.3.1 Industry competitors

Few companies on the market have wine boxes in their offer. Their boxes are usually very expensive, and there are not enough options to choose from. My competitors are the companies Manboxeo, Superbedny, and Sablio. These competitors offer wine boxes, but its content is always the same – one or two bottles of wine and some food. Here, there is an opportunity to fill in a void in the market – we will offer boxes with cosmetics, food, and more (mugs, wine glasses, etc.). As there is no company focusing exclusively on wine boxes, it is the perfect time to introduce my company to the market and that the market is ready for these products.

My main competitor is the company Manboxeo, s. r. o., which has been on the market since 2013. This company offers three kinds of wine boxes with prices starting at CZK 2,000.

They do not offer only boxes with wine, but also with other alcohol, coffee, sweets, and others. This company's customers do not pay for shipping; it is already included in their products' price. As the Manboxeo has a long history of being on the market, it will be tough to compete with them. The advantage of my company could be already mentioned subscription of the boxes they do not offer, focusing on local products and offering customers lower prices. (manboxeo.cz)

Another competitor offering the same products is the company Superbedny. Although they offer wine boxes, the company promotes itself mainly for men, and the boxes' content proves it. Their prices are also high, around CZK 2,000. The last competitor is Darbox, which has more affordable prices. It is also important to mention that indirect competitors could also be wine shops, where people can buy wine from local producers.

5.3.2 The power of suppliers

Sooner or later, problems with suppliers might arise. That is why it is not good to be dependent only on one supplier. The wine will be bought from South Moravian producers and other things that the boxes will be filled with from stores and e-shops, preferably Czech firms. Suppose one of my suppliers would decide to increase prices significantly, reduce their quality, or other problems. In that case, the company will be prepared to switch suppliers as the market is full of local producers of good quality wines. The power of suppliers is low in the industry in which the company operates.

The wine suppliers for my company will be Vinařství Jakubík and Vinařství Sedláček. Another supplier will be Čokoládovna Troubelice, which is a small family company. Pretzels and sticks will be bought from the company Vest Zlín. There will also be items that need to be purchased from IKEA, like candles and wine glasses. Last, for cosmetic products, the Czech company Purity Vision was chosen as a supplier, and occasionally there will be some shopping done in local chemist shops. The boxes and filling (shredded paper to protect my products from breaking) will be bought on e-obaly.cz.

What we would like to also include in our boxes are vouchers for wine tasting in the cellars of my suppliers. There will be an arrangement to buy them for less than their usual prices with the promise of a certain amount bought each month. This could be beneficial for both the company and suppliers. As mentioned earlier, alternatives for all current suppliers are prepared so the firm will not get in trouble for not being able to deliver its products in time.

5.3.3 The power of buyers

The products that my company is offering can be already found on some competitor's websites. However, there are not many alternatives to choose from, so the power of buyers is not as high. As my company's prices are lower than those of my competitors, there is an opportunity that the customers might try our products due to the lower prices, because price is an important factor in purchasing decisions. If they are satisfied, they will stay with us. Our products also differ in that we do not offer only boxes with food and cosmetics, accessories, and others; therefore, if customers are looking for a broader range of products, they will choose us. Our firm emphasises that most of the products included in our boxes are produced by Czech companies, this might be another reason people would buy our products to support local producers.

5.3.4 Threat of new entrants

The threat of new entrants depends on the barriers of entry. These include, for example, economies of scale, large capital requirements, or government regulations. These barriers are based on theory and do not apply to this market. As there are no significant barriers of entry in my industry, it is necessary to accept the fact that the threat of new entrants is characteristic of this sector. The plan is to establish a well-known brand with a good reputation among customers. This could be done, for example, by offering unique and good quality products, having an excellent promoting strategy, and offering low prices. So, if a new company enters the market, the customers will stay loyal to my brand and not flee for a competitor's offer.

5.3.5 Substitutes

Substitutes are the alternatives to the products my company offers and that fulfil the same or similar function. Sometimes it might be hard to recognise our substitutes because they are usually not from the same industry where our company operates. Substitutes for my products could be gift baskets (dárkové koše) that can be bought in supermarkets. Those usually do not contain something special, only some food that can be bought anywhere.

6 BUSINESS PLAN

In this chapter, the findings from the market analyses are applied to a specific business plan. This chapter deals with the marketing, financial and organisational plan of the company.

6.1 Marketing plan

Marketing plan is the fundamental plan on which all the other plans are based. First, we need to define the customer segments and recognise how big our market is. Only after this, we can think about how we are going to organise and finance our business.

6.1.1 Target market

It is essential to have a target market that is big enough, so we have a better chance at expanding our sales. As proved in the analyses, the target market for my company exists. My company can target almost everyone from the age of eighteen to older people. However, it is essential to do segmentation and divide the market into groups of buyers. The customer segment my company plans to serve will be mainly working women from 18 to 50 years old. This, of course, does not mean that no one else will buy our products. We want to also aim our advertisement on men, because it is very likely that they will order our products as gifts for their friends, partners, etc. So, the two main segments the company will try to aim its advertisement at are working women from the age 18-50 and men within the same age range.

6.1.2 4P Marketing mix

Marketing mix is a set of tactical tools in the marketing area. The 4P model chosen for this plan is from the company's perspective. It is a very important tool because it deals with all the necessary information about the company's product – what it is, what pricing strategy we chose, and how we are going to distribute and promote our products.

Product

As mentioned earlier, the company offers boxes that include local wine and are also filled with different types of goods like food, cosmetics, and accessories. Our products can be purchased only in our e-shop. The wine in our boxes come from local producers, and we also try to buy other products strictly from Czech companies. Happiness in a Box offers a subscription, where customers are delivered four boxes throughout a year. They will not know what they are getting, that is why we also introduced a single box to our offer, so customers can try out our products first, before ordering a subscription. With this box, they will know precisely what they are getting. Every box will contain a bottle of wine from a

local producer. In the subscription, one box will be cosmetic, one will be filled with food, and the other two will be mixed. There is also a possibility to add a wine tasting voucher to any order. Customers can choose what kind of white, red, or rosé wine they want in their boxes. Our offer includes Rulandské Šedé, Hibernál, Pálava, Rivaner, André, Cuvé, Zweigeltrebe, Cuvé Rosé and many more. The boxes could, for example, include the following:

- **Food box** – a bottle of wine, chocolate, pretzels, pralines, peanuts, cashew nuts, olives
- **Cosmetic box** – a bottle of wine, bath bomb, body lotion, soap, candle, facial mask, chocolate
- **Mixed box** – a bottle of wine, wine glass, cream, chocolate, candle, nuts, facial mask



Figure 3: Photo of a box (taken from vineoh.com)

Price

The prices of goods are demand-oriented, which means that they reflect the situation on the market. The prices of my main competitors are very high. In Google reviews about the competitors, the customers mainly complained about prices being and that the content of boxes does not match the price. Our competitors have very high margins set, so there is certainly room to go with prices below their level. This way, the company can maybe attract the customers that complained about the competitors' prices but liked their products and would buy it again for a lower price. Customers can pay for our products only beforehand by a bank transfer or a card. The wine tasting vouchers will be bought for CZK 200, which is lower than they offer on their websites. As previously mentioned, we came to a deal that they will promote my company by having my company's leaflets in their cellars, and we promised to buy a certain number of bottles of wine from them each month. The vouchers will be sold for CZK 250.

Price list (in CZK)

Single box	1,100
Subscription (4 boxes)	4,200
Wine tasting voucher	250

Table 1: Price list (own creation)

Place

At the beginning of entrepreneurship, there will not be a need for any big space for my business. The company will be operated from small premises located in Nový Jičín on street 5. května, which is very close to the city centre. The advantage of an e-shop is that the products could be reached by anyone, and it is not limited to a specific area. For now, the premises will not serve as a shop, where customers can come in and buy our products, but we are happy to prepare their orders to be picked up here. The other option is that the products will be distributed through Zásilkovna for CZK 65. Our products will be distributed in white cardboard boxes with a logo sticker.

Promotion

No company can go without social media these days; that is why accounts on the most used platforms, which are Facebook and Instagram, will be set up. Both accounts are free, and it is easy to connect with customers. Those accounts will be used for promoting products, writing reviews, addressing queries, and customer support. The company will also pay for promoting on Instagram in the form of sponsored advertising in the first month, which costs CZK 6,000. Instagram allows us to choose who will see our posts. The company's post will be shown to people from 18-50 years living in the Czech Republic. There is also a need for keywords such as "wine, wine and food". From this information, Instagram calculated that the post would be potentially seen by 70,000 – 190,000 people.

Social media promotion is mainly aimed at women. According to the research done by the Pew Research Center on "How Women and Men Use the Internet", women generally spend more time on social media platforms. Men, on the other hand, usually spend their time on the internet reading news and checking sports information. Therefore, we decided to target this segment by online advertisement on a package of serves about cars and sport (auto, F1 sport, Autorevue). The CPT (cost per thousand) is CZK 400. If we want at least 20,000 people to see the advertisement, we have to pay CZK 8,000.

The websites for my company will be bought for CZK 7,000 from strankonos.cz. Another form of promotion could also be through influencers. The company will choose few smaller influencers and send them my boxes for free to do an unboxing and review my products, hoping it will attract new customers. In the beginning, 1,000 business cards will be printed. It will have a promo code that will give my customers 5 % off the next purchase. The business cards will be ordered from the company Printworld and cost CZK 420. The author also decided to print leaflets although this form of promotion is not used that much nowadays. The leaflets will be given to the wine suppliers, and they will put them in their cellars for people to see when they will come for wine tasting.



Figure 4: Business card (own creation)

6.1.3 SWOT analysis

Strengths	Weaknesses
<ul style="list-style-type: none"> • Having an e-shop • Local and high-quality products • Products accessible for everyone • Lower prices than competitors • Excellent customer service 	<ul style="list-style-type: none"> • New company on the market, no reputation • Only focusing on wine • Distribution only through Zásilkovna
Opportunities	Threats
<ul style="list-style-type: none"> • A good relationship with my suppliers • The market is not that saturated; not many competitors • Company expansion, opening a store • Adding new products to my offer (beer, other alcohol) • Something new on the market 	<ul style="list-style-type: none"> • New companies entering the market • A decline in demand after the pandemic • Increase in prices of wine • Customers being loyal to my competitors • Change in customer preferences • No barriers of entry in my industry

Table 2: SWOT analysis (own creation)

Having an e-shop is considered to be a strength. This way, the products are accessible for everyone, and customers do not have to travel anywhere to purchase them. This is also an

advantage if a state of emergency will be declared and companies will be forced to close their shops or offices. Offering local products also may reach out to some people. Our prices are lower than those of our competitors, and we offer excellent customer service. Although some competitors offer similar products, my company offers a more comprehensive range of wine boxes, and the subscription of boxes is something new on the market.

As for the company's weaknesses, being new on the market and not having any customer base is a weakness. Another weakness could be that we focus only on wine boxes as to my competitors who also offer boxes with other kinds of alcohol, so customers can choose what they like. A potential problem could also be that the products will be sent on Zásilkovna points, maybe for some customer would be more convenient for them to have it delivered to their homes.

That the market is not saturated puts the company in a great position. An opportunity can also be an expansion of the business by opening a store. Cooperating and having a good relationship with suppliers is beneficial for both parties. The company will be selling their vouchers for wine tasting, and they will promote the company by having leaflets in their cellars. Adding new products to offer could give more chances to reach out to more people. New companies entering the market, not having enough customers, and them being loyal to my competitors are another threat. Also, increasing prices of wine and changes in customer preferences could be problematic.

6.2 Organisational plan

The company will be owned by a single natural person. For the company, the legal form limited liability company (s. r. o.) was chosen, which is commonly used for small businesses. The author chose this form mainly because there is no need for capital at the beginning (only symbolic CZK 1 paid to the bank account of the new company), no minimum amount of deposit and no personal liability of members for the company's obligations.

At the beginning of entrepreneurship, there will not be a need for an employee. If the company will prosper and the number of customers will be growing, it will start looking for employees. The author will consider employing students, as for the work, there are no particular skills or experience needed. The author will be responsible for the company's bookkeeping, finances, and promotion.

6.3 Financial plan

Financial plan deals with all the costs that arise in our entrepreneurship. This chapter covers how much money we need to start a new company, how our business is funded, and the fixed and variable costs.

6.3.1 Start-up costs

When it comes to start-up costs, as there is no need to buy any machines or special equipment for the business, it will be pretty much starting with minimal expenses. In the beginning, the author will open a bank account in Fio bank, a. s. where she will deposit CZK 70,000, which will cover the initial expenses. Opening and managing the account is free of charge.

For establishing an e-shop, we have to pay a CZK 1,000 fee for establishing a notifiable trade. E-shop falls into unqualified trades, meaning we do not need any professional competence. Other administrative fees include a notarial deed, report of criminal record, bank confirmation of the deposit obligation, and others, which do not usually exceed CZK 10,000. In the start-up costs, we can also find sponsored advertising on Instagram for CZK 6,000, which will be used for promotion only the first month. As my office will be empty, it needs to be refurbished by buying furniture such as a table, chair, and shelves.

Start-up costs (in CZK)

Trade fee	1,000
E-shop	7,000
Administrative fees	10,000
Sponsored advertising on Instagram	6,000
Online advertising	8,000
WiFi router	500
1 000 business cards	420
1 000 leaflets	630
Furniture	3,900
Total	CZK 37,450

Table 3: Start-up costs (own creation)

6.3.2 Fixed costs

Fixed costs are called fixed because they are the same every month. Fixed costs include rent, social and health insurance, mobile phone fees, and advertisement.

Fixed costs (in CZK)

Rent	7,000
Energy	3,320
Social insurance	2,588
Health insurance	2,393
Mobile phone + internet	550
Advertisement (business cards + leaflets)	300
Total per month	CZK 16,151
Total per year	CZK 193,812

Table 4: Fixed costs (own creation)

The required money for starting the business is CZK 53,601. This includes the start-up costs (CZK 37,450) plus fixed costs for the first month (CZK 16,151). The CZK 70,000 that will be deposited into the bank account came from my savings, so there is no need to borrow any money from a bank. The difference (CZK 16,399) between the money on the bank account and the money needed for the start of this business will be used for any unexpected costs and for the purchase of inventory.

6.3.3 Variable costs

Variable costs will always be different based on the number of orders. This includes packaging, material, wine, and other things that will be in the boxes. The wine prices differ from CZK 200 to CZK 250, so the higher price was chosen for the calculation. Below, the tables show what the boxes will include and what could be added to each box.

Mixed single box

Wine	250
Dark chocolate	74
Wine glass	50
Facial mask	80
Purity vision rose water 50 ml	120

Cashew nuts	30
Candle	30
Pretzels	14
Packaging (box + filling + logo sticker)	23+10+2 = 35
Total	CZK 683

Table 5: Single box (own creation)

Food box

Wine	250
Olives	50
Dark chocolate	74
Bruschetti	25
Salami Golosetto 100g	70
Pretzels	14
Mixed nuts	80
Paté 100g	100
Packaging	35
Total	CZK 698

Table 6: Food box (own creation)

Cosmetic box

Wine	250
Facial mask	80
Hand cream Barnängen	90
Purity vision lip balm	89
Bath salt	30
Purity vision raw bio coconut oil 120ml	129
Packaging	35
Total	CZK 703

Table 7: Cosmetic box (own creation)

The costs of each box, including packaging, will not significantly exceed CZK 700. The boxes will be sold for CZK 1,100 so that the margin will be CZK 400 on every single box. The subscription is sold for CZK 4,200, so the margin is CZK 1,400 per order.

6.4 Evaluation of profitability

The prediction of demand is based on a qualified estimate, which among other things, takes into account information from discussions in various Facebook groups. The gross margin is a difference between the earnings and costs on sold goods. The gross margin per month is calculated by the predicted number of customers and what they will buy. Let us say that the realistic number of customers that will buy from our websites per month is fifty. Twenty of these customers will buy the subscription, and thirty will buy the single box. Among these customers, ten of them will add a voucher to their order. The optimistic version counts with 100 customers and pessimistic with 25. Below, in the table, you will see what gross margins there will be with the pessimistic, realistic, and optimistic view on the number of customers.

GROSS PROFIT (per month)

Item	Optimistic	Realistic	Pessimistic
Single box	60	30	15
Subscription	40	20	10
Wine tasting voucher	20	10	5
Variable costs per month	158,000	79,000	39,500
Fixed costs per month	16,151	16,151	16,151
Revenues per month	239,000	119,500	59,750
Revenues per day	7 966	3,983	1,991
Gross margin per month (revenues – variable costs)	81,000	40,500	20,250
Gross margin per year	972,000	486,000	243,000

Table 8: Gross margins of my products (own creation)

6.4.1 Optimistic view

This version considers that there will be around 100 customers ordering from our e-shop per month. This view is not so likely to happen at the beginning of my entrepreneurship, but it is possible to get to this state once we are known on the market.

PROFIT/LOSS

	First month	Other months	First year
Gross profit	81,000	81,000	972,000
Fixed costs	16,151	16,151	193,812
Start-up budget	37,450	-	37,450
Total Expenses	53,601	16,151	231,262
Profit/loss (EBT)	Profit 27,399	Profit 42,849	Profit 740,738
Profit/loss (EAT)			Profit 599,998

Table 9: Optimistic view on sales (own creation)

6.4.2 Realistic view

This version seems to be likely because my company will be new on the market. Not so many people will know about it, so having fifty customers visiting our websites per month seems realistic, and the profits are decent for a starting company.

PROFIT/LOSS

	First month	Other months	First year
Gross profit	40,500	40,500	486,000
Fixed costs	16,151	16,151	193,812
Start -up budget	37,450	-	37,450
Total expenses	53,601	16,151	231,262
Profit/loss (EBT)	Loss 13,101	Profit 24,349	Profit 254,738
Profit/loss (EAT)			Profit 206,337

Table 10: Realistic view on sales (own creation)

6.4.3 Pessimistic view

This version shows what the profit/loss will be with 25 customers buying from our e-shop. As you can see below, the company will be at a loss only the first month. Other months there is a profit, but very little. If this scenario with only 25 customers per month lasts longer than one year (when the company should already be known on the market and have its customer base), it is not worth starting the business.

PROFIT/LOSS

	First month	Other months	First year
Gross profit	20,250	20,250	243,000
Fixed costs	16,151	16,151	193,812
Start-up budget	37,450	-	37,450
Total expenses	53,601	16,151	231,262
Profit/loss (EBT)	Loss 33,351	Profit 4,099	Profit 11,738
Profit/loss (EAT)			Profit 9,507

Table 11: Pessimistic view on sales (own creation)

6.5 Return on investment (ROI)

Return on investment is a performance measure that is used to evaluate the profitability of an investment. The cost of my investment is CZK 70,000, which is the sum of start-up costs, fixed costs, and the extra money saved for any unexpected costs that might arise in my entrepreneurship. Return on investment is calculated as follows:

$$\text{ROI} = \frac{\text{gain from the investment} - \text{cost of the investment}}{\text{cost of the investment}} * 100$$

6.5.1 ROI (optimistic)

In the optimistic version, the indicator shows us that our investment we put into this new company will return by 757,14 % within one year.

$$\text{ROI} = \frac{599,998 - 70,000}{70,000} * 100 = 757,14 \%$$

6.5.2 ROI (realistic)

This version shows that our investment will return within one year, almost double what was invested in the company.

$$\text{ROI} = \frac{206,337 - 70,000}{70,000} * 100 = 194,76 \%$$

6.5.3 ROI (pessimistic)

If this version becomes a reality in our business, the investment will not return in the first year of our activity. It is not worth even starting the company.

$$\text{ROI} = \frac{9,507 - 70,000}{70,000} * 100 = -86,41 \%$$

7 RISK ANALYSIS

Every business will sooner or later face some risks or uncertainties during their activity. As mentioned previously, we should not lie about the risks but rather face them. There might be a risk that the market is not ready for this product and that the demand for the product will be low. Low demand is connected with low profitability. Nobody can guarantee that your business will be profitable, especially in the first year.

The very nature of this plan reduces the impact of possible risks of business failure. We are talking about an e-shop without any large investments into tangible assets, so even the entry costs for our business are relatively low. Thus, in the event of a business failure, the loss would not be as significant. In the case of low demand for the products, there is a possibility of trying to focus and target other customer groups, such as gift boxes for seniors or boxes for different occasions or holidays, such as Mother's Day or International Women's day.

Overall, the business plan indicated that there is a place on the market for the company, and if it manages to gain a good customer base, it will be profitable.

CONCLUSION

The aim of this bachelor thesis was to create a business plan for a new company called Happiness in a Box and find out whether this project is profitable. For this company, the legal form of limited liability company was chosen. In order to create a business plan, the author needed to write a theoretical part that comprises topics connected with a business plan, such as forms of entrepreneurship, business division, structure of a business plan, or market analysis methods. The knowledge from the theoretical part was then applied to the second part of the business plan – analysis. First, the author performed a market analysis. The Porter and PEST analyses were then followed by the marketing plan that describes the product, its promotion, and price in the 4P marketing model. This is followed by the organisational and financial plan that describes the costs of the company. After this, a chapter is dedicated to evaluating the plan's profitability with three versions of predicted profit/losses. The last chapter assesses the risks that the company might face.

Based on the numbers and results of the plan, we can see that the business will be profitable if there will be around 50 orders per month. The calculations in the plan are based on predictions, therefore it does not mean that this will be the reality. The predicted costs for establishing the company are CZK 53,601 (start-up budget CZK 37,450 + fixed costs CZK 16,151). The author deposited CZK 70,000 on the bank account, and the difference of CZK 16,399 will be used for buying inventory and any unexpected costs that might arise. With 50 orders per month, the company's net profit in the first year will be CZK 206,337.

The ROI of the realistic version showed a return of investment in the first year of activity by almost double what was invested in the company (194,76 %). Based on this, it can be said that the project will be profitable, and the aim of the thesis has been fulfilled.

BIBLIOGRAPHY

- Abrams, Rhonda. 2019. *Successful Business Plan: Secrets & Strategies*. 7th ed. Palo Alto, CA: PlanningShop.
- Armstrong, Gary, Philip Kotler, Valerie Trifts, Lilly Anne Buchwitz, and David Gaudet. 2017. *Marketing: An introduction*. 2nd ed. Toronto: Pearson.
- Baines, Paul, Chris Fill, and Kelly Page. 2013. *Essentials of Marketing*. Oxford: Oxford University Press.
- Červený, Radim. 2014. *Business plán: krok za krokem*. Prague: C. H. Beck.
- Evans, Vaughan. 2016. *Writing A Business Plan*. 2nd ed. Harlow, England: Pearson.
- Finch, Brian. 2010. *How to Write a Business Plan*. 3rd ed. London: Kogan Page.
- Frederick, Howard, Allan O'Connor, and Donald F. Kuratko. 2016. *Entrepreneurship*. 4th ed. Melbourne: Cengage Learning.
- Kozubíková, Ludmila. 2017. *Významné atributy podnikatelské orientace v segmentu malých a středních podniků*. Zlín: Univerzita Tomáše Bati.
- McKeever, Mike P. 2012. *How to Write a Business Plan*. 14th ed. Berkley, CA: Nolo.
- Porter, Michael E. 1980. *Competitive Strategy: Techniques for Analysing Industries and Competitors*. New York: The Free Press.
- Scarborough, Norman M., and Jeffrey R. Cornwall. 2016. *Essentials of Entrepreneurship and Small Business Management*. 8th ed. Essex: Pearson.
- Srpová, Jitka, and Václav Řehoř. 2010. *Základy Podnikání*. Prague: Grada.
- Srpová, Jitka, Ivana Svobodová, Pavel Skopal, and Tomáš Orlík. 2011. *Podnikatelský plán a strategie*. Prague: Grada.
- Synek, Miroslav, and Eva Kislingerová. 2015. *Podniková ekonomika*. Prague: C. H. Beck.
- Veber, Jaromír, and Jitka Srpová. 2012. *Podnikání malé a střední firmy*. 3rd ed. Prague: Grada.

ONLINE SOURCES

- Bisnode. 2021. "V lednu přerušilo podnikání přes 25 000 živnostníků, o polovinu víc než v roce 2020". Accessed April 28, 2021. <https://www.bisnode.cz/o-bisnode/o-nas/novinky/vlednu-prerusilo-podnikani-pres-25000-zivnostniku/>.
- Bisnode. 2021. "Masa téměř 100 000 živnostníků loni přerušila podnikání". Accessed April 28, 2021. <https://www.bisnode.cz/o-bisnode/o-nas/novinky/masa-temer-100000-zivnostniku-loni-prerusila-podnikani/>.
- Český statistický úřad. Accessed March 3, 2021. <https://www.czso.cz/csu/czso/domov>.
- Finance.cz. 2021. "Jak vzrostou minimální zálohy pro OSVČ v roce 2021?". Accessed March 3, 2021. <https://www.finance.cz/529315-minimalni-zalohy-osvc-2020/>.
- Ministerstvo financí ČR. 2020. "Ekonomika se letos propadne o 6,6 %. Příští rok poroste o 3,9 %". Accessed March 3, 2021. <https://www.mfcr.cz/cs/aktualne/tiskove-zpravy/2020/ekonomika-se-letos-propadne-o-66-pristi-39434>.
- Ministerstvo spravedlnosti ČR. "Civil Code 89/2012 Sb." Accessed October 27, 2020. <http://obcanskyzakonik.justice.cz/images/pdf/Civil-Code.pdf>.
- Ministerstvo spravedlnosti ČR. "Business Corporations Act90/2012". Accessed December 4, 2020. <http://obcanskyzakonik.justice.cz/images/pdf/Business-Corporations-Act.pdf>.
- PESTLE Analysis. 2021. *What Is Pestle Analysis? A Tool for Business Analysis*. Accessed February 12, 2021. <https://pestleanalysis.com/what-is-pestle-analysis/>.
- Prague Morning. 2021. "Czechs Third in the World in Alcohol per Capita." Accessed April 19, 2021. <https://praguemorning.cz/czechs-third-in-the-world-in-alcohol-per-capita/>.
- The Social Progress Imperative. Accessed March 4, 2021. <https://www.socialprogress.org/>.

LIST OF ABBREVIATIONS

FDA	Food and Drug Investigation
GDP	Gross Domestic Product
OSVČ	Osoba samostatně výdělečně činná
ROI	Return on investment
SBU	Strategic Business Unit
SME	Small and medium-sized enterprises
WHO	World Health Organization

LIST OF FIGURES

Figure 1: Porter analysis of competition.....	30
Figure 2: Logo (own creation).....	34
Figure 3: Photo of a box (taken from vineoh.com).....	41
Figure 4: Business card (own creation)	43

LIST OF TABLES

Table 1: Price list (own creation).....	42
Table 2: SWOT analysis (own creation).....	43
Table 3: Start-up costs (own creation).....	45
Table 4: Fixed costs (own creation).....	46
Table 5: Single box (own creation).....	47
Table 6: Food box (own creation).....	47
Table 7: Cosmetic box (own creation).....	47
Table 8: Gross margins of my products (own creation)	48
Table 9: Optimistic view on sales (own creation)	49
Table 10: Realistic view on sales (own creation)	49
Table 11: Pessimistic view on sales (own creation)	50