

A Business Plan for a Bar

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Bachelor's thesis
2022



Tomas Bata University in Zlín
Faculty of Humanities

Univerzita Tomáše Bati ve Zlíně
Fakulta humanitních studií
Ústav moderních jazyků a literatur

Akademický rok: 2021/2022

ZADÁNÍ BAKALÁŘSKÉ PRÁCE

(projektu, uměleckého díla, uměleckého výkonu)

Jméno a příjmení: Denisa Papierniková
Osobní číslo: H170158
Studijní program: B7310 Filologie
Studijní obor: Anglický jazyk pro manažerskou praxi
Forma studia: Prezenční
Téma práce: Podnikatelský plán baru

Zásady pro vypracování

Zpracování literární rešerše zaměřené na založení podniku a tvorbu podnikatelského plánu
Formulace cílů práce
Analýza konkurence a segmentace trhu
Vytvoření podnikatelského plánu
Shrnutí navrženého plánu a vyvození závěrů bakalářské práce

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

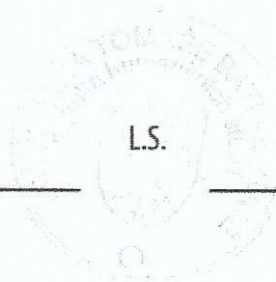
Seznam doporučené literatury:

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Vedoucí bakalářské práce: **Mgr. Petr Dujka**
Ústav moderních jazyků a literatur

Datum zadání bakalářské práce: **8. listopadu 2021**
Termín odevzdání bakalářské práce: **9. května 2022**

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ABSTRAKT

Táto bakalárska práca sa zaoberá vytvorením podnikateľského plánu baru. Jej cieľom bolo zistiť, či bude v budúcnosti ziskový a bude ho možné zrealizovať. Práca je rozdelená na dve časti – na teoretickú a analytickú časť. Teoretická časť sa venuje pojmom podnikateľ, podnik a jeho druhy a k nim daná definícia. V poslednej časti teórie sa venuje popisu podnikateľského plánu a ako by mal správny podnikateľský plán vyzerat'. To slúži ako predloha na vypracovanie analytickej časti bakalárskej práce. Analytická časť sa zaoberá konkrétnym podnikateľským plánom baru Neon Night.

Kľúčová slova: podnik, podnikateľ, podnikanie, podnikateľský plán, marketingový mix, konkurencia, bar

ABSTRACT

This bachelor's thesis deals with creating a business plan for a bar. Thesis's aim was to see if it would be profitable in the future and could be realized. The thesis is divided into two parts – the theoretical and analytical part. The theoretical part deals with the concepts of entrepreneur, enterprise and its types and their definition. In the last part of the theory, the description of the business plan and what the right business plan should look like can be found. This serves as a template for the preparation of the analytical part of the bachelor's thesis. The analytical section deals with the specific business plan of the Neon Night bar.

Keywords: business, entrepreneur, business, business plan, marketing mix, competition, bar

ACKNOWLEDGEMENTS

I would like to thank my supervisor Mgr. Petr Dujka, for his patience and support during the process of writing this thesis. I would also like to thank to my family, friends and colleges for their much-needed motivation and constructive criticism while studying at TBU and writing the Bachelor's thesis.

“Life is like riding a bicycle. To keep your balance, you must keep moving.”

Albert Einstein

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

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INTRODUCTION

The topic of this bachelor's thesis is the bar's business plan. Opening a bar has been my dream since I was sixteen years old, when I tried my own job in gastronomy as a bartender and waitress. I also graduated from the Hotel Academy in Trenčín, thanks to which I had the opportunity to travel through various cities and countries and see what the trends are around the world.

The thesis is divided into two parts. The first part deals with the theory of the business while the second part is the specific analysis of the company. The theoretical part focuses mainly on entrepreneurship, enterprise and entrepreneur. In particular, it describes these forms of business and conditions in the Czech Republic. The second part of the theoretical works deals with the business plan. It is explained what the business plan serves for and what it should look like. The analytical part mainly focuses on creating a business plan for the Neon Night bar. It deals mainly with market analysis, SWOT and PEST analysis and its financial plan.

The aim of this work is to create a business plan and to determine whether the company will be profitable in the future or not.

I. THEORY

1 ENTREPRENEURSHIP

According to Srpová (2010), entrepreneurship is the foundation of the development of human culture and its civilization. The term “entrepreneur” was first used in the 18th century. This word has a French origin and it simply means “mediator” or “someone who is in-between”. It is very important to understand the principle of entrepreneurship to understand business plan. According to the Commercial Code (2001), a business is defined as a systematic activity operated independently by an entrepreneur under own name and responsibility to make a profit. However, there is another definition in the Trade Licensing Act. (2010) “A trade is a systematic activity operated independently, in its own name, under its own responsibility, for the purpose of making a profit and under the conditions laid down by this Act.”

There are a lot of definitions of entrepreneurship. It is also the case of business conditions that Piperopoulos (2012) explains as follows:

Finally, entrepreneurship exists under conditions of risk and uncertainty. Risk refers to the variability of outcomes and/or returns while uncertainty refers to the fact that the environment around the entrepreneur, society, economy and organizations cannot be perfectly known. Hence, entrepreneurs rely on their understanding of the causes and effects in their environment and have confidence in their estimates on how the world works. (Piperopoulos 2012)

This definition explains that it can be a new venture or firm, a network of independent organizations or non-profit organizations. The purpose of economic organization is to allocate scarce resources.

Another important part of the business is products and services which are offered to target customers. On the other hand, a service is intangible and can be exchanged for money. Service is mostly an activity or ability. (Mariotti 2013)

Majduchová (2018) explains, that the term business is commonly associated with the term profit. The entrepreneur injects capital into the enterprise but the main part of entrepreneurship is the type of product or the service which the company offers to its customers. However, a large part of the business world also consists of a non-profit sector that performs business as a non-profit activity.

According to Majduchová (2018), the main factors of entrepreneurship are:

- Principle of a combination of factors of production – almost every enterprise uses basic factors of production

- Principle of the economy – expresses the effort of the enterprise to the most effective relationship between the inputs and outputs of the company
- Principle of financial equilibrium – expresses the company liquidity

An entrepreneur can be a natural or legal person who knows what people need and creates products. An entrepreneur also seeks to make the best use of potential resources and thus creates employment opportunities. (Majdúchová 2018)

According to Srpová (2010), an entrepreneur is a natural person or a legal person who:

- Entered in the Commercial Register,
- Runs a business based on a trade license,
- Runs a business based on a non-trade license according to special regulations,
- Operates agricultural production and is registered in a special regulation.

Kuratko (2014) defines entrepreneurs as individuals who seek for a change within the marketplace and see opportunities where others see disorder and distraction. Entrepreneurs apply their detailed knowledge and their visions to create a brand-new idea. They usually challenge themselves to break new barriers in a sense of creating new job positions thanks to which the world is experiencing the most significant force for economic evolution.

According to Mariotti and Glackin (2013), there are many benefits of becoming an entrepreneur such as independence, satisfaction, financial reward, self-esteem and contribution to society. However, there are also the costs of becoming an entrepreneur which are:

- Business failure – Many businesses fail because of unskilled entrepreneurs, or because they become discouraged and give up. When it comes to business, there is a huge risk of losing the financial investment of others and also their own money.
- Obstacles – Problems that have to be solved by an entrepreneur.
- Loneliness – To be responsible for the success or failure of a business and also its employees.
- Financial insecurity – To feel insecure about future payments, salaries, etc.
- Long hours / Hard work – It is necessary to work more hours a day to achieve the set goals.
- The strain on a personal relationship (Mariotti 2013)

1.1 Types of business entities in the Czech Republic

Any natural or legal person who complies with the conditions laid down by law has the right to conduct business in the Czech Republic. Therefore, every citizen has the right to freely choose the way of his economic security. The entrepreneur is the person who is allowed to operate trade and has a trade license. The natural person is not the only one who can operate a trade but also a legal person is allowed to business activity. (Kunšátová 2019)

The main features of the entrepreneurship are:

- **Self-reliance** – It means that the entrepreneur decides on the way and the form of business and is not subordinate to another entity whose orders he must fulfil.
- **One's name** – An entrepreneur acts in his name, which is also his business name. The business name is his name and surname.
- **One's liability** – The entrepreneur shall be liable for any breach of the obligations he has assumed.
- **Profitability** – Profit is the main motive of the business and the entrepreneur does everything possible to achieve it. (Majdúchová 2018)

1.1.1 Natural Person

A person's ability to have rights and duties arises at the time of birth and ceases by his death. However, legal capacity is acquired only after the eighteenth year of life. Citizens who have a mental disorder or are legally incapacitated due to excessive use of narcotic drugs and alcoholic beverages are legally unfit, have limited or total inability to perform legal acts. One of the main conditions for running a trade is 18 years of age. If the person meets all the conditions set by the Trade Licensing Office, the Trade Licensing Office issues a business license. A natural person can run a business under his name and surname. The income tax of the natural person is 15%. (Majdúchová, Neumannová 2014)

According to Srpová and Rehoř (2010), the reporting of the Trade originates and is operated on the basis of the announcement. They must also be certified by an extract from the Trade Register. They are divided into:

- **Craft Trade** – It is necessary to have an apprenticeship certificate, a school-leaving certificate, a diploma or a six-year internship. Examples of this trade are, for example, wall making, plumbing, catering, assembly, repairs, etc.

- **Bounded Trade** – In order to obtain Bounded Trade, it is necessary to prove the professional competence stipulated by the Trade Code. For example, massage services, bookkeeping, construction, operation of driving school.
- **Free Trade** – The entrepreneur does not need any professional competence to obtain it. The entrepreneur selects from the list of eighty activities the one he / she will operate. Examples of this trade are wholesale and retail, accommodation services, photographic services, etc.

The business of a natural person also includes a licensed trade. Its establishment and operation depend on the right decision. It is certified by an extract from the Trade Register and their conditions include professional competence and a positive statement of the state administration. For example, funeral services, travel agency operation, motorway, taxi services. (Srpková 2010)

1.1.2 Legal Person

A legal entity arises on the day of its entry in the Commercial or other register designated by law. A legal person is a legal structure designed to allow a particular social unit to be viewed as a whole capable of acquiring rights and obligations. It can be made up of a group of people and property, property or just a group of people. Only one or a group of natural persons is always acting on its behalf. A legal person has its name and registered office and also it must divide his assets into those who personally serve their consumption and those intended for business. The Registered Office of a legal person is an address registered as a registered office or place of business in the Commercial Register. The income tax of the legal person is 19%. (Majdúchová, Neumannová 2014)

According to Majdúchová and Neumannová (2014), the legal person means:

- Entities of natural and legal persons
- Special-purpose entities (foundations, state funds, non-investment funds)
- Units of local government
- Other entities stipulated by law

2 A BUSINESS

Dvořáček and Slunčík (2010) define a business as any entity engaged in the activity of offering services and goods in the market. A crucial thing to every business is to reach potential customers with its unique offer rather than make a profit. The main goal of the entity is to survive and stay in the market.

Srpková and Veber (2012) defines an enterprise as:

- The entity in which the resources are converted into assets,
- An organized set of resources, rights and property values that serve the entrepreneur to operate business activities,
- From a legal point of view, an enterprise is defined as a set of tangibles, intangible and personal components of a business that serve the entrepreneur to run the enterprise.

2.1 Legal Forms of Companies in Czech Republic

In the Czech Republic, the general regulation of the legal form of business consists of three norms which contain basic definitions, concepts and relationships:

- 1) Act no. 89 /2012, Coll., Civil Code
- 2) Act no. 455/ 1991, Coll., Trade Code
- 3) Act no. 90/ 2012, Coll., Act on Business Corporations (Drážilová 2019)

Klein (2020) states that the basic criterion in choosing the legal form of business is the number of partners and their mutual relations. Another decisive factor is to choose the right type of a business activity.

2.1.1 Limited Partnership

According to Klein (2020), a limited partnership must be established by at least two natural or legal persons who do not have the same status. The limited partners are liable for the company's liabilities only up to the amount of their unpaid deposit. General partners guarantee all their assets and do not invest any capital. The general partners are therefore the statutory authority of the company, but it can also be a limited partner if it is specified in the contract. The profit is divided according to the joint contract or in half between the company itself and the general partners. The part of the profit that accrues to the company is first taxed

by the corporate income tax and then is distributed among the limited partners in proportion to their shares, according to the Act No. 586/1992 Coll. (1992). The advantage of a limited partnership is the possibility to combine limited and full liability.

2.1.2 Limited Liability Company

Outlá (2012) explains that the limited liability company is the most popular form of capital business in the Czech Republic. The limited liability company has been amending the Act on Business Corporations since 2014 but relevant amendments can be found in the new Civil Code. (Josková et al. 2014) It can be established by only one person with a minimum share capital of CZK 1.

The company is liable for its liabilities with all its assets and the partners only up to the amount of their unpaid deposits. The highest authority of the company is the General Meeting of which all partners are members. In it, decisions are made by voting according to the size of the share on fundamental issues such as the change of share capital, profit distribution and so on. The operation of the company is provided by a statutory body, whose executives are listed in the Commercial Register. In some companies, a supervisory board may also be appointed to oversee the executives. (Drážilová 2019)

2.1.3 Joint Stock Company

According to Klein (2020) the joint stock company is one of the basic legal forms of business with the minimum registered capital of CZK 2,000,000. The share capital is divided between individual shares, the owners of which can participate in the company's profit and partly in its management. The highest body is also the General Meeting which elects the Board of Directors. The Board of Directors is the statutory body of the joint stock company which manages the company and decides on operational matters. Drážilová (2019) says that their activities are supervised by the Supervisory Board which is also elected by the General Meeting.

2.1.4 SMEs in European Union

According to the European Commission (2019), businesses can be divided according to their size to the following categories – microbusinesses, small businesses, medium-sized businesses and large businesses. Those enterprises operate mainly on national level and only a few of them are interested in cross-border business within the European Union. However, these companies are also affected by European Union's legislation which includes taxation,

commercial law and competition. The aim of EU policy is to ensure that Union policies and measures have a positive impact on small and medium-sized enterprises, and to help make Europe a more attractive place to start the business.

2.1.5 Financial support for small and medium-sized businesses

Thanks to financial subsidies from the state funds or EU funds, beginners as well as experienced entrepreneurs can successfully devote themselves to their business activities without financial losses. (Srpová and Veber 2012)

In the Czech Republic, businesses are financially supported from public funds created by a ministry and a governmental and regional institution. Direct financial support is provided mainly by:

- Czech-Moravian Guarantee and Development Bank,
- CzechInvest,
- Ministry of Labor and Social Affairs, Ministry of Regional Development, Ministry of Agriculture,
- The City of Prague,
- Regions.

Indirect financial support is provided by:

- Czech Export Bank,
- EGAP – Export Guarantee and Insurance Corporation. (Database 2021)

3 A BUSINESS PLAN AND ITS ROLE

According to Červený (2014) the business plan should be a concrete statement of the entrepreneur's intentions, his strategy and also a tool for its implementation in everyday practice. The strategy at all levels should point to existing business conditions, mainly due to the external environment of the organization and its current internal situation. An important factor is also the specific stages of the life cycle in which the company or the products or services themselves are located. It is important to think before starting the business plan itself mainly about these questions:

- What is a goal of a business plan?
 - Who will be its target group?
 - What is the value for customers?
 - What are its strengths for the business and whether they are sufficient?
 - What is a specific market for the business, not just now, but also in the future?
- (Srpková Jitka, Svobodová Ivana, Skopal Pavel, Orlík Tomáš 2011)

Abrams (2010) says that the main reason for creating a business plan is to have a successful and prosperous business. It is important to make sure and identify long-term business needs and also to devise strategies that will improve overall company performance and overall satisfaction.

2.2 The Business Concept

Identifying business needs is essential to business success. The concept should be something that potential customers need and it is important to them. The entrepreneur must be inspired by something, preferably from four main sources which are according to Abrams (2010) "previous work experiences, education or training, hobbies, talents, or other personal interests and recognition of an unanswered need or market opportunity". Successful businesses are linked by at least one of these factors:

- Something New – For example, new product, service, element, or technology.
- Something Better – For example, an improvement of an existing product or service.
- An Underserved or New Market – For example, a niche market, unserved location, a small market, etc.
- New Delivery System or Distribution Channel – With new technologies, you can reach customers faster and reach a larger group of people efficiently. It is a cheaper way to provide products or services.

- Increased Integration – If the product is manufactured and sold by the same company or if the company offers several services or products in one place. (Abrams 2010)

2.3 Understanding the Market

It is important to understand the market and find one that is big enough, reachable and responsive. The first step is to find out if the market demand is capable to support the business. When creating a new product or service, it is important to be aware of whether the market needs it and how the market demand will accept it. Therefore, it is important to do a little market analysis at the beginning and find out the receptivity of a particular market. (Mansfield 2019)

2.4 Trends and the Industry

According to Abrams (2010), a company is subject to the same conditions and these affect the overall industry. It is crucial to respond to industry factors affecting the company's performance. To make a profit, it is important to try to position the company correctly. Investors and lenders are the ones who are sensitive the most if the company has financial issues. That is the reason why companies with financial issues have problems with expending their company.

On the other hand, companies which are healthy and they are growing quickly are really attractive for investors. Therefore, an analysis of the major trends can influence industry health in the future as well as identifying the current condition. (Srpková et al. 2011)

2.5 Strategic position

According to Mansfield (2019), a decisive factor for a successful business is developing a clear strategic position that sets the company apart from its competition and it also helps with maintaining focus on that position.

To distinguish the company from its competitors, it is necessary to define a clear strategic position. For example, two companies can sell a similar product but they may have a different opinion about what business is. Another important point is to develop a company style to position and maintain the focus of the company. It gives a sense of trust to employees and its customers. (Abrams 2010)

2.6 Capable Management

According to Papula (2017) competent management is one of the most important things in business success. One of the most important tasks before creating the business plan is to find a good management team. A skilled manager should share some of these traits:

- *Experience* – People with a solid management background or people who have experience working in the company.
- *Realism* – People who understand the needs and challenges of the business.
- *Flexibility* – People who can adapt to new changes quickly.
- *Ability to Work Well with People* – Fair people who can motivate and guide other employees.

2.7 Financial Control

According to (Moriss 2017), one of the main elements of financial control is good cash-flow management. It is important to think about financial plans and receive detailed financial statements at least monthly. Regular financial checks should be carried out. This will make it easier to navigate and decide on finances monthly.

2.8 Anticipating Change and Adaptability

Those kinds of conditions can affect the business:

- *Technological Changes* – Almost all types of businesses will face technological changes over time. For example, it can be characterized by changes in inventory control software, food storage, changes in production, etc.
- *Sociological Changes* – Lifestyle trends have also influence on business. It is important to learn about the company's changes and be ready for them.
- *Competitive Changes* – Through the Internet, there are even more competitors all around the world. It is important to find something different and attract customers. (Abrams 2010)

2.9 Company's Value and Integrity

Abrams (2010) explains that business success is mostly achieved by companies that have set goals over those whose only motivation is money. Realizing the company's values towards its employees, suppliers, and even customers can enhance their commitment to the business. Value-oriented companies often have a greater advantage in recruiting and retaining good

employees and can cope with financial obstacles, because employees and managers have a common commitment and goal, together with financial reward.

The company is strengthened by maintaining integrity in all aspects of its actions, e.g. employees, customers, suppliers, and the community. Immediate disadvantages are outweighed by long-term maintenance and earning a reputation for integrity. What inspires the customers and its employees the most is mainly a policy of honesty and fairness. (Papula 2017)

3 HOW TO WRITE A BUSINESS PLAN

To write a successful business plan and to have an orientation in finding different pieces of information, it is better to divide it into sections. Also, there are many types of business plans but Gattis (2010) has divided them into three main categories: “Formal, Informal and Summary”.

- **FORMAL:** Is the most complete and detailed form of Business Plan. This type of Business Plan is mostly used for presentations to bankers, investors or other partners. As was mentioned above, a formal business plan is more detailed which consists of the information about the industry, competition, customer, SWOT analysis and financial projections. The choice of the plan depends only on the situation and the audience.
- **INFORMAL:** It is similar to the formal business plan thanks to the same research, conclusion, goals, and objectives. However, this plan is commonly used for the management team. The informal plan is also known as a strategic plan because it gives a lot of details in the areas of marketing and promotion.
- **SUMMARY:** The summary business plan is typically used for marketing purposes. It shows indications of the overall goals and plans of the company.

According to Srpová et al. (2011), another important thing is to choose the right sample table of contents which will help to write your business plan.

- Title Page
- Executive Summary
- Company Description
- Market Analysis
- The Competition Analysis
- Marketing Plan
- Financial Plan
- Risk Analysis

3.1 Title Page

The title page of the business plan should consist of logo of the company, business name owner's name, contact information (phone number, address, email, etc.) and last but not least it should consist the date of establishment. (Srpová et al. 2011)

3.2 Executive Summary

According to Abrams (2010), an executive summary should be written last even though it is the first page of the business plan. It should be short, probably only one-page summary, and it should include a summary of other main sections, such as the market analysis, a mission, a vision, target market, marketing and sales strategy and a competitive advantage.

It is crucial to state the financial need of the business, because many readers of the business plan (investors, bankers, etc.) will read only the first page and then skip to the financial statements. It is very important to describe the business, the problem which will solve and also how to find its customers. Executive Summary should be determined by how much cash you need to create a profitable business. (Moriss 2017)

3.3 Company Description

The second part of the business plan is more likely an introduction of yourself and the business. This section should consist of a description of the business model in broad terms and also it should describe how the product or service will reach customers. It should be clearly stated why they should choose us. (Gattis 2010)

The description of the business opportunity should mainly focus on:

- Product description
- Competitive advantage of the product
- Product benefit to the customer. (Srpová Jitka, Svobodová Ivana, Skopal Pavel, Orlík Tomáš 2011)

According to Gattis (2010), this part needs to describe the specific product or services which will be delivered by the company. It should also clearly state where the company will be located. It is important to see if it has any impact on future customers and sales. A regional and/or local street map should be included too. Thanks to the map many important geographical points can be identified. An organization section can also include pictures of the interior of the facility. It is very important to include ownership information and their

background, for example, their previous job activities and if they are capable of running the business.

3.4 Market Analysis

Blackwell (2017) recommends to start the main body of the business plan with market analysis because he believes that the part will be the most interesting part to the readers. Even future investors can realize that the market is large enough that it is worth investing in.

The market analysis should consist of an understanding of the market in which the business will operate. It should describe the data about the size of the market, its growth expectations, new technology trends and the development of the market. (Gattis 2010)

Osterwalder and Pigneur (2010) advise to describe the strengths and weaknesses of each major competitor which will help with the business. Market analysis also consists of research. This analysis should find out the services or products of the competitors and their prices. Thanks to this information it is easier to identify opportunities and threats to your business

3.5 Competition Analysis

A very important factor is to determine the competition right from the start of the business. Even a new company with unique products or services can have competition in the market. The first step is to determine which companies are competitors, especially those that offer a similar or the same product. Further more, there may be companies that do not offer a similar product, but in the future they may and they are called *potential competitors*. (Srpková et al. 2011)

Abrams (2010) advise to create a plan which contains the list of all competitors, defining both direct and indirect competitors with its market share. This part should contain description of all different types of competitors and also specific categories of competitions.

According to Gattis (2010), it is useful to design a strategic analysis by using a SWOT analysis.

3.5.1 SWOT Analysis

SWOT Analysis consist of:

- **S** – strengths - may include many aspects such as experienced management, qualified staff, higher quality of services or products.

- **W** – weaknesses – its aim is to show the potential investor the weaknesses, for example lack of experience in marketing, pricing policy, etc.
- **O** – opportunities – it focuses mainly on the company's surrounding, e.g. lack of dominant competition, new technologies, new markets, etc.
- **T** – threats – e.g. new or increased competition, adverse demographic changes, economic slowdown, etc. (Srpová et al. 2011)

It should consist of a description of the product or service, e.g. if it is a new product on the market, or if it has similar competitors. It is also very important to write down different ways how to approach future customers and how to solve an existing problem. The main goal of S.W.O.T. Analysis is to evaluate the company's strengths, weaknesses, opportunities and threats and thanks to them identify the key internal and external factors that help the business to become successful. It is really important to think about the specific parts of the business and to use that information to take advantage of the market. (Gattis 2010)

3.5.2 PEST Analysis

PEST Analysis contains of four components:

- **Political** – such as government policies, regulation of trade, amount of control in government
- **Economic** – inflation, interest, import/exports regulations, tax laws
- **Social / Cultural** – education, population, new interests
- **Technological** – new technologies, opportunity for innovation, speed of growth
- **Legal** – employment legislation, environmental legislation, pandemic legislation, European law

These categories describe where is the business located – usually at national or regional level. It is important to consider long-term trends in PEST analysis, as they may be considered as a whole before their effects are felt in specific sectors. (Mansfield 2019)

3.6 Marketing Plan

According to Srpová et al. (2011), marketing has a big impact on the future success of the whole company. The marketing strategy should solve three problems:

- Selection of the target market.
- Determination of the market position of the product.
- Decision on marketing mix.

The marketing mix, also known as 4Ps, consist of the product, price, place, and promotion of product or service. However, another three sections were recently added for service businesses. Those are people, packaging and positioning. According to Healthcaresuccess.com (2022), the “seven P formula” should be used to continually grade and rethink the business activities. As the market, products and customers’ needs change rapidly, these 7Ps must be continually revisited.

- *Product* – what product will be offered, its qualities, uniqueness, the life cycle of the product,
- *Price* – corporate goals and pricing policy, demand, costs, legal and regulatory measures,
- *Place* – sales strategy and a use of distribution channels
- *Promotion* – advertisement, public relations, direct marketing, sales support (Srpková et al. 2011)
- *People* – ability to select, recruit, hire and retain skilled people,
- *Packaging* – the way the product / service appears from the outside
- *Positioning* – what people think about the company, its product, what position it has on the market (Healthcaresuccess.com 2022)

3.7 Financial Plan

According to Gattis (2010), the last section should be divided into two parts – *Financial Background* and *Financials*. Financial Background deals with the goals and needs of the business:

- **Financial Background** – this part should consist of sales goals, resources needed, summary of financial need and financial statement assumptions
- **Financials** – this part should include income statement and cash flow projection, break-even analysis and balance sheet.

The financial plan transforms the previous parts of the business plan into numerical form, thus proving the reality of the business plan from an economic point of view. It is crucial to define the terms fixed and variable costs to fully understand the financial plan of the company. Fixed costs do not change with sales or production increase or decrease because they are stable. On the other hand, variable costs are changing, they can rise or fall as production decreases or increases. (Osterwalder and Pigneur 2010)

3.8 Risk Analysis

According to Smejkal and Rais (2009), from the point of view of the business risk management, the risk can be understood as the possibility that an event will occur with a certain probability that differs from the expected state or development.

Business risks can be divided into five categories:

- *Strategic risk* – this type of risks can occur with operating in a particular industry.
- *Compliance risk* – the risks associated with adhering to laws and regulations.
- *Financial risk* – the risks which may occur through the transactions of the business, financial system or can be associated with the financial structure.
- *Operational risk* – allied to operational and administrative procedures
- *Market / Environmental risk* – the company has little control, mostly storms or natural disasters, global financial crisis, wars, government policies (the CFO Centre, 2022)

II. ANALYSIS

4 TITLE PAGE



Figure 1 The logo of the Bar (own creation)

Name of the company:	Neon Night bar
Name of the owner:	Denisa Papierniková
Legal form:	Limited liability company
Location:	Sadová 3053, 760 01 Zlín
Date of establishment:	1.10. 2022
Contact:	+420 7211 763 237
E-mail:	management@neonnight.cz

5 EXECUTIVE SUMMARY

The Business

The business is aimed at opening a bar in the center of Zlín near Tomas Bata University. The bar is still in planning stage and has not been established yet. The founder of the business will be Denisa Papierniková. The bar will be inspired by Y2K era with wide range of alcoholic and non-alcoholic beverages, friendly and bright atmosphere which will attract young people.

Mission

Our mission is to create a place with Y2K aesthetics, relaxed atmosphere and live concerts for young people to meet and create new memories together. We would like to guarantee our future customers a new gastronomic experience thanks to a wide range of mixed drinks offered at affordable prices. Also, it is our priority to provide our employees with constant employment and financial security. The business with its employees will try to offer the best products and services as possible.

Vision

The vision of our bar is to provide quality and professional services for our future customers. Since there is a huge competition in the city of Zlín, we will try to get the bar to the forefront on the market and thus gain a permanent position. The bar should appeal mainly to Generation Z and Millennials, as the Neon Night bar has nostalgic vibes – in popular culture from 1995 to 2004.

Target Market

According to CZSO (2022), 15,556 students' study in Zlín. Therefore, the Neon Night bar will mainly focus on students and students of Tomas Bata University. This means that the target group will mainly be Millennials and Generation Z, a group of people who seek for new experiences, entertainment and to spend time with their friends.

Marketing and Sales Strategy

Our marketing strategy will focus mostly on social media such as Instagram and Facebook. Because we want to attract mostly young people and students, we will use posters and leaflets which will be situated in the Tomas Bata University's premises. We will also try to reach out customers through prepaid ads on the Instagram and Facebook social networks.

Competitive Advantage

The bar will offer various types of alcoholic and non-alcoholic beverages at affordable prices, as our target group is mainly young people. The bar will play pop music every day to create relaxing and friendly atmosphere. The bar will organize 90s themed parties and also live concerts.

Finances

I will supply 250,000 CZK to the business from my own resources and the remaining 350,000 CZK from my father, Milan Papiernik.

6 COMPANY DESCRIPTION

The name of the business is the Neon night which is situated in the center of Zlín. Neon lights represents bright versions of colors such as purple, green, red, or blue and are connected with fun, nightlife, clubbing and cities after dark. Our intention is for our bar to be fun, mysterious, but at the same time attractive for our customers. The bar Neon night is described more in details in next chapters.

6.1 Legal form

The business's legal form will be limited liability company. The bar will be owned by one person – Denisa Papierniková, who meets all general conditions for obtaining a trade license. The owner also meets the conditions of skilled trade thanks to graduating from Hotel Academy in Trenčín in 2017. A proposal for the registration to the Commercial Register will be filled.

6.2 Location

The Neon Night bar will be located in Sadová Street, 760 01, Zlín. The premises can accommodate 50 people at the same time. This area is visited by many people mainly due to the fact that it is situated right in the center of Zlín. In the vicinity of the bar there are many cafes, restaurants and patisseries. The Golden Apple department store and the Faculty of Humanities are only a few meters from this place, so many students and young people pass by every day. As the bar is located in the city center, there is no problem with the means of transport. There is a bus stop nearby and also a parking lot.

6.3 Descriptions of products and services

As the Neon Night bar belongs to the category of night bars, the bar will provide specialized services aimed at entertainment and longer stay of guests. In our offer we will focus mainly on spirits, liquors, various types of whiskey and brandy and we will also include various types of wines from Czech winemakers. There are also various mixed drinks in the menu. For abstainers, we will offer a non-alcoholic version of mixed drinks or soft drinks. When selecting suppliers, we will focus mainly on the Czech and Slovak markets to help the economies of these countries after the global pandemic.

As our main goal is to serve drinks, no food will be cooked in our bar. However, we will only add quick delicacies to our menu, such as panini or sandwiches, which are very easy to prepare and are no time-consuming.

We would like talented people who are interested in performing to perform at the bar during Friday nights. Young talented artists can show their talent through singing, playing a musical instrument or perform a stand-up comedy.

6.4 Opening hours

We assume that our bar will be visited mainly by students and young people after work, so we have adjusted our opening hours to suit everyone. The bar will open at 13 o'clock and close at 24 o'clock from Monday to Thursday and Sunday. Opening hours for the weekend are different. On Fridays and Saturdays, the bar will open at 15 o'clock and close at 2 o'clock.

The opening hours may change due to pandemics and government measures.

OPENING HOURS	
MONDAY	1 p.m. – 12 a.m.
TUESDAY	1 p.m. – 12 a.m.
WEDNESDAY	1 p.m. – 12 a.m.
THURSDAY	1 p.m. – 12 a.m.
FRIDAY	3 p.m. – 2 a.m.
SATURDAY	3 p.m. – 2 a.m.
SUNDAY	1 p.m. – 12 a.m.

Table 1 Opening hours (own cration)

7 MARKET ANALYSIS

Before the global pandemic broke out, Czech gastronomy was really doing well (CZSO 2021). Due to the fact that customers have become accustomed to changes in the law, such as smoking bans or electronic records of sales, many businesses have been able to continue to flourish.

7.1 Size of the Market

According to the analysis of Bisnode (2019) published by novinky.cz and e15.cz servers, there was 21,072 businesses operating in the Czechia in the catering and hospitality industry back in 2019. More than 1,000 new businesses were added every year before the pandemic. Due to measures against the spread of COVID 19, 25,534 businesses went bankrupt or had to close their establishments (Novinky.cz 2021). However, this will be our great advantage, because the competition in the market will decrease. It will attract many customers who will want to socialize with their friends again after the lockdown.

According to the Czech Statistical Office (2021), in the Zlín Region in the years 2019 to 2020, before the global pandemic, 15,183 students studied at universities. This number has not changed much in previous years either. According to the official TBU website (UTB 2022), this university has approximately 9,000 students and just 10% come from abroad.

7.2 Market Need

After a thorough examination of the surrounding companies, which are also our direct and indirect competitors (more about our competitors in Chapter 8), we have come up with what other companies are missing and thanks to this we can become a unique and successful bar in the Zlín city.

Each of the surrounding bars offers a variety of coffees, alcohol, soft drinks, and even delicious food. Each of these bars also has nice interiors which is very common these days. Some of them even offer various discounts for their customers or happy hours. Since the city of Zlín has approximately 9,000 students (as was stated in 7.1), we would like to build a relationship with a certain group of people who will return to us regularly and will take our company as a family.

Because the family is exactly what some students miss while studying in college. Many of them live hundreds of kilometers from home and do not have the opportunity or finances to go home every weekend. Many of them are housed in dormitories, some of them

live in sublets. It would be for this group of people that we would like to create a second home in our bar.

7.3 The Target Group

Our target group are mostly students of Tomas Bata University, ie people aged from 19 to 27. This includes in particular groups such as Millennials and Generation Z. We want to attract young people who want to relax after long hours of studying and meet up with their friends with a glass of well-chilled distillate or cocktails.

According to research of Larson (2017), Millennials seeks for creating a new experience. She advises to involve the staff more, have personalized service (e.g. collect information of specific audience than celebrate birthday with them), create 90's parties because Millennials love nostalgia. That is the reason why the Neon Night bar will have Y2K themed design. Buzztime (2019) recommends to organize a live concert for customers because this generation loves live music. We are happy to welcome various artists who can perform and show their talent during Friday nights.

Due to the smoking ban - Act No. 65/2017 Coll. (zakonyprolidi.cz), non-smokers are welcome as well as smokers who can smoke outside of the bar.

8 COMPETITION ANALYSIS

As was mentioned in previous chapters, the Neon Night bar will be located in Zlín. Therefore, in the subchapters below, I will describe only the direct and indirect competitors which are also located in this city.

8.1 Direct competitors

As direct competition I consider the bars which offers are similar to the Neon Night bar and those bars which are also located near Comenius Park and Sadová Street 3053. These bars are:

- Music Bar Pštros – 46 meters
- Infinity Cocktail Bar– 300 meters
- Lounge Bar 1931 – 450 meters

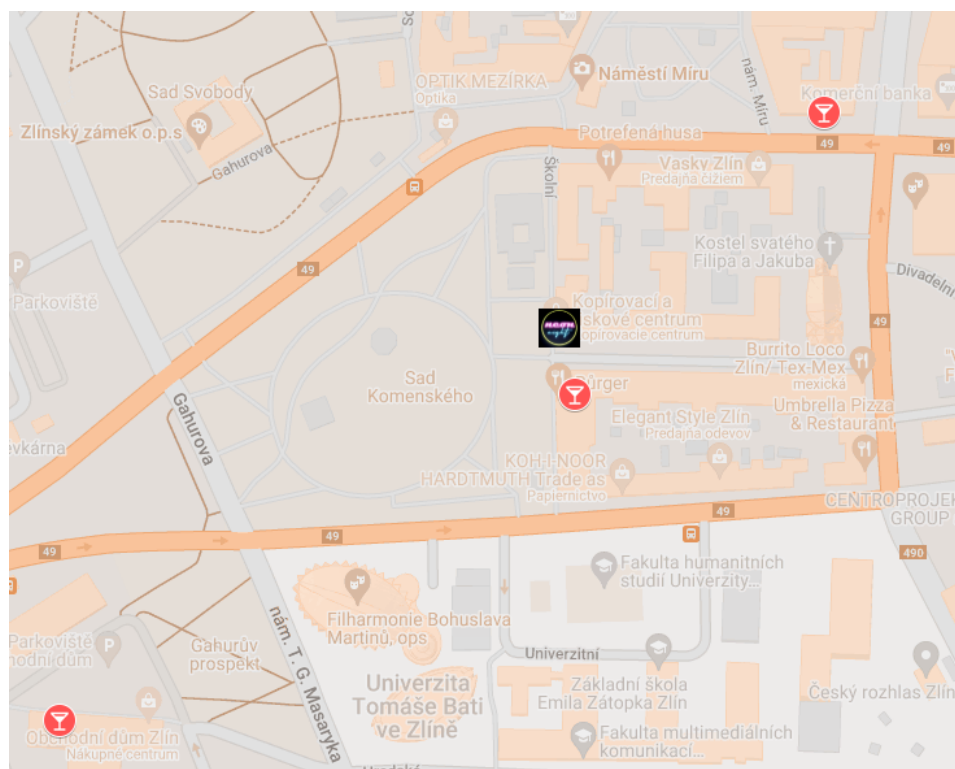


Figure 2 Direct competitors (Google Maps)

8.1.1 Music Bar Pštros

Music Bar Pštros is located only 46 meters from the Neon Night bar at Školní 3362. This bar is very popular with students, as it is located just a few meters from the Faculty of Humanities.

It offers various types of draft beer, such as Czech Pilsner Urquell, Rohozec and non-alcoholic beer Birell. Music Bar Pštros also offers a variety of wines, such as white, red or rosé, as well as currant wine and prosecco Villa Italia. Of course, they also offer various types of coffee such as espresso, ristretto, cappuccino and so on.

Music Bar Pštros attracts people mainly with its outdoor terrace, which is located next to the Comenius Park. They are open daily from 9 am to 1 am, but on Saturdays and Sundays from 12 pm to 11 pm. (Gastro Zlín 2021)

8.1.2 Infinity Cocktail Bar

The Infinity Cocktail Bar is located on Třída Tomáše Bati 4008 and only 300 meters from Neon Night. They offer various mixed drinks, as well as spirits, whiskey, liqueurs and various types of wine. The Infinity Bar is characterized by its widest range of fresh and modern cocktails such as Campari Milano, Negroni Sbagliato, Aperol Spritz, etc. Unlike the Music Bar Pštros, the Infinity bar does not have an outdoor terrace. Its premises are located on the second floor of the building next to the Golden Apple department store.

However, their price list is a bit higher and therefore their target group are not only students of TBU. They also welcome young working people. The selected bar also offers various promotions for customers, such as “Jackfriday”, discounts on drinks, or Latino or RNB parties. The Infinity Cocktail Bar is closed on Sundays but it is open from Monday till Friday from 6 pm to 2 am. (Gastro Zlín 2021)

8.1.3 Lounge Bar 1931

Lounge Bar 1931 is located in the Obchodní Dům in Zlín. It is 450 meters away from the Neon Nigh bar. The bar promises a high bar culture with its wide range of alcoholic beverages. They offer 60 types of wines, 80 types of rums and various mixed cocktails. In addition to drinks, they also serve an afternoon menu as well as bar food menu. This category includes simple dishes such as frisée salad, tartare, burgers, or various plates with salami and ham.

The selected bar organizes different types of events for its customers, for example The Botanist night, gin & tonic festival, online beverage mixing course, Italian or American afternoon menu and so on. The price list of this bar is at a higher level, so it is popular more with Generation X and Generation Y.

Lounge Bar 1931 has its own outdoor terrace and it is opened from Monday to Saturday from 7:00 to 19:00 (Bar 1931 2021)

8.2 Indirect Competitors

Indirect competition includes mainly pubs and cafes, which are located in the center of Zlín near the Neon Night bar. Even though, those competitors do not fall into the category of bars, they offer similar products. Those establishments are Retro café, Canada Pub and Potrefená Husa.

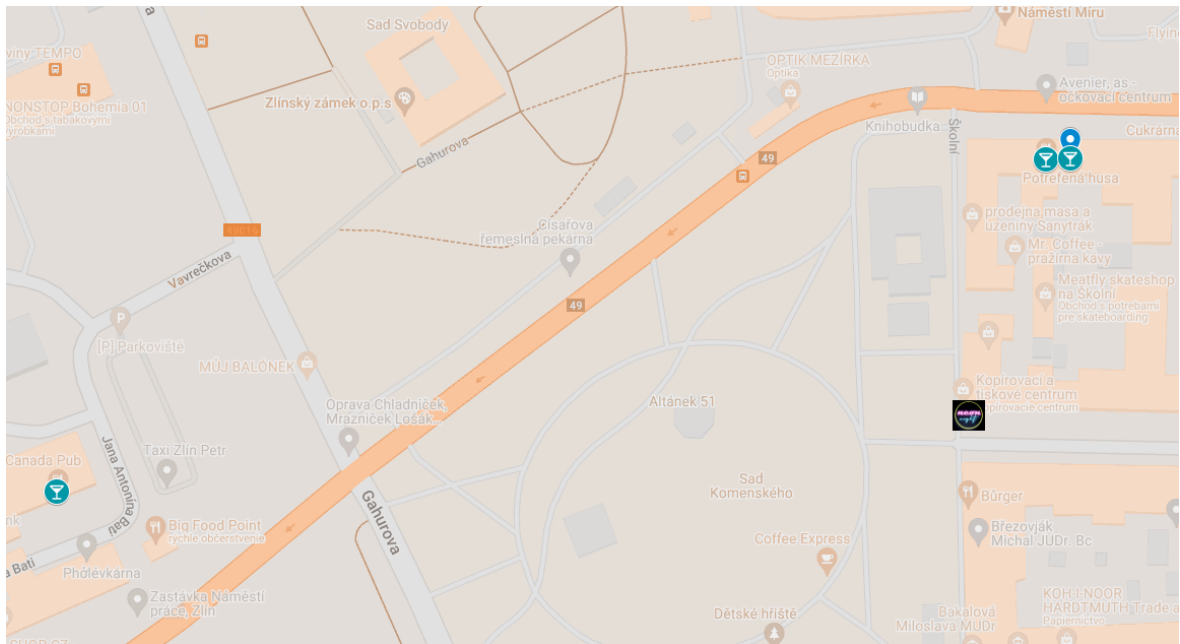


Figure 3 Indirect competitors

8.2.1 Retro

Just 180 meters from the Neon Night Bar, the Retro café specializes in coffee Pellini, hot drinks and breakfast. The café is known for its American breakfasts, which have become significant mainly due to the design of the café. The selected company has a touch of the 50s. Retro has become out indirect competition mainly thanks to the cocktails they offer such as the Frozen Daiquiri, Zombie, the Sidecar or Manhattan. They are open every day from 7 am until the midnight. (Retro Official Facebook Page 2021)

8.2.2 Canada Pub

Canada Pub is mainly a restaurant and a pub. It is only 550 meters from the Neon Night bar and is close to the main bus station, which makes it a great place, as many people pass by every day. The Faculty of Technology, which is visited by many students every day, is also nearby. In addition to their daily menu, it mainly offers many types of beer such as Desperados, Krušovice, Starobrno, Zlatopramen, Březňák and Heineken. Thanks to its low

prices and good location, the Canada Pub has become our indirect competition. (Canadapub.cz 2021)

8.2.3 Potrefená Husa

The Neon Night bar is just 150 meters away from Potrefená Husa. It is situated on Třída Tomáše Bati which is very busy street. The chosen company is a network of restaurants throughout the Czech Republic so it has a good name and reputation among citizens. As it is mainly a restaurant, it serves food according to their menu, however it also serves beer. This brewery offers 8 types of beer. The Potrefená Husa also makes beer cocktails from them, for example Hoegaarden Beer Special. (Potrefenahusazlin.cz 2021)

8.2.4 Summary

Each of these direct competitors is unique with different pricing. Each one offers different drinks and services and has a different clientele which is an advantage for the Neon Night bar. The biggest competitor would be the Music bar Ostrich, as it is located closest to the Neon Night bar and the Faculty of Humanities. It also has the most attractive offer among other direct competitors. However, the Neon Night bar brings a new style to the market, which no bar in Zlín has yet. The bar will not focus only on the quality of drinks, but the overall experience that will occur when entering the bar.

8.3 Strategic Position

A SWOT analysis is used to evaluate the current state from the different perspectives and describes company's strengths and weaknesses which are internal factors and opportunities and threats which are external factors. (Euroekonom.sk 2020)

8.3.1 SWOT Analysis

STRENGTHS	WEAKNESSES
Good location	New to the market
Affordable prices for students	No experiences in running a business
New concept	New management and staff
Unique offer	
OPPORTUNITIES	THREATS

Promotion via the social media	High competition
New business after the global pandemic	Global pandemic
Gain new customers, live concerts	The economic situation associated with the Russian-Ukrainian war
Attract a younger customer target	

Table 2 SWOT Analysis (own creation)

One of the biggest strengths of the company is its good location. The Neon Night bar is located on Sadová Street, next to the Comenius Park surrounded by the Faculty of Humanities and Třída Tomáše Bati. During the day, many students and citizens of Zlín pass by, as the bar is situated right in the centre. There is also a shopping centre, parking lot and a bus stop with many restaurants nearby. According to Tácha (2018), an average university student spends more than 500 CZK on his hobbies and entertainment. Since our target group are students, we want to create affordable price list for them. The bar wants to be different from the surrounding competition meaning its interior will have modern design elements called Y2K aesthetics.

The main weakness is that the bar is new on the market. It will take longer to build a clientele and get into people's mind. Being the new company on the market, it will be harder to earn new customers because of the strong competition and no references. Another weakness will be the owner's weak business experience as this is her first business of her own.

One of the benefits of today's modern online era are social media. Thanks to the social media and promotions through them, we can quickly and easily get into people's awareness. The bar will have its own Facebook and Instagram page as well as its own website. Due to global pandemic, many companies went bankrupt which is an advantage for the Neon Night bar because it can replace these companies and create its own group of customers. Also, people need and want to socialize after a huge number of lockdowns, so we expect a rapid increase in new customers.

On the other side, the ongoing global pandemic is still one of the biggest threads. We can still expect a fourth wave of the pandemic, and then we can expect new government regulations, such as a change in opening hours or the complete closure of the gastronomy sector. Another risk may be the crisis in Ukraine, which affects all countries of the European Union. The war and the sanctions imposed on the Russian Federation will also

have an impact on the economy of the Czechia and other countries. We can expect increased inflation, ie rising prices of the products, which may cause people to start saving more.

8.3.2 PEST Analysis

- Political Factors
- Economic Factors
- Social Factors
- Technological Factors

8.3.2.1 Political Factors

According to Credendo.com (2021), Czechia's political risk related to trade and trade transactions are in the long run at level 1, ie at a low level. The political violence risk, expropriation risk and currency inconvertibility and transfer restriction risk are at level 1. That means that the possibility of changes in a business law or political changes and government changes in the Czech Republic is at the low point.

COVID 19 has had a major impact on all the world's economies. The Czech Republic has therefore created the program called "Antivirus", which supports employment in the gastronomy sector. This program has three models – Antivirus A, Antivirus B and Antivirus A Plus. Thanks to the Antivirus program, owners of restaurants, cafes, etc. can apply for subsidies for employees. The subsidy is reimbursed for rents and expenses for the operation and maintenance of business activities, such as taxes and fees, leasing, loan, repayments, material costs and so on. (Businessinfo.cz 2021)

8.3.2.2 Economic Factors

According to Organization for Economic Co-operation and Development (2021), GDP of Czech Republic per capita is 27% lower than the best results of OECD countries. The global pandemic significantly marked in economic indicators and therefore the GDP fell by 5 % in the third quarter of 2020. The most important industry for the export is automobile industry because the Czech Republic has export-oriented market economy.

Also, the annual inflation rate rose to 3.2 % and consumer prices rose by 3.2 %. The rise in prices of alcoholic beverages, tobacco and food had influence on the increase in the price level. The group in the age of 15 to 64 are economically active the most. However, the pandemic had affected the unemployment rate too. (Europa.eu 2021)

The number of people who are looking for a job according to the Ministry of Labor and Social Affairs increased by 6.3% at the end of January 2021 compared to the previous month in the Zlín Region. The unemployment in the Zlín Region increased to 3.44% compared to the end of 2020. An unemployment among women has increased by 0.17 percentage points while unemployment of men increased by 0.27 percentage points. The Zlín Region was in the third lowest position in the month-on-month increase in the share unemployed compared to other regions in Czechia. (CZSO.cz 2021)

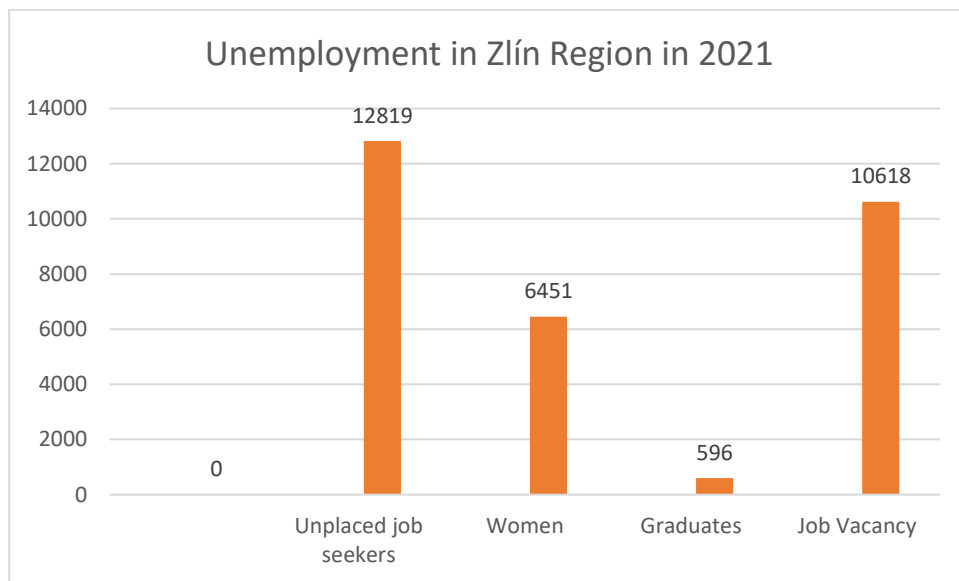


Figure 4 Unemployment in Zlín Region

The monthly nominal wage per recalculated number of employees increased by 7.1% to 33,794 CZK compared to the previous year. The average gross monthly nominal wage per recalculated number of employees in the Zlín Region reach 32,886 CZK. (CZSO.cz 2021)

8.3.2.3 Social Factors

During the pandemic, the country's tourism suffered greatly. According to Fitch Solutions, international tourist arrivals to Czech Republic decreased by 64 %. These declines may be due to the closure of borders and loss of people's income. However, the tourism sector is small compared to the given economies, so it is insignificant from a macroeconomic point of view. (Credendo.com 2021)

Demographic data

In the city of Zlín lived to 1st of January 2021 in sum 73,873 citizens. Of which 29,771 were men over 15 years and 33,452 women over 15. 5,413 men and 5,237 women were under 15. (Mistopisy.cz 2021).

One of the most intense trends in the Zlín Region is a long-term decline rate of population recovery leading to a rapid demographic aging of population. It is a global trend within other countries of the European Union. Younger generation prefers different values of life than older generation such as study, travel, career or leisure. In the Zlín Region, the population is relocating which has a negative effect in population in the region. (Zlínský kraj 2017)

8.3.2.4 Technological Factors

The Neon Night bar will have to use fridges, coffee maker, electric blender, ice crusher, juicer, glass washer, ice maker, and also jukebox, Wi-Fi connection and lighting.

According to Registration of Sales No. 112/2016 Coll., the entrepreneur is obligated to own a cash register, terminal, etc., and also to have a functional internet connection in order to be able to record his sales. The subject of the registration of sales becomes the taxpayer of income tax of natural and legal person. (Etržby.cz 2016)

9 MARKETING PLAN

To describe marketing plan of the Neon Night bar, marketing mix will be used. Marketing mix consists of the product, price, place, promotion, people, packaging and positioning which is also called 7Ps.

9.1 Product

The main product of the bar will be the service of mixed drinks and alcoholic beverages. The aim will be to offer mainly products from local suppliers. It will be based on lesser-known as yet undiscovered brands of alcohol products, non-alcohol products and beers. It is in our interest to support and at the same time promote the local producers while helping to boost Czech economy after the global pandemic.

We will try to cooperate with Czech producers and suppliers only if it is possible. For wine, we will also choose Czech winemakers from Moravia. Mixed drinks and cocktails will also be in our offer.

9.1.1 Alcoholic beverages

The drink menu will consist of vodka, gin, whiskey, rum and tequila. We have selected Czech manufacturers for these products. We will cooperate with Žufánek – who will supply liqueurs and fruit spirits. Tösh and Garage 22 will supply gin and for whiskey we would like to cooperate with Jack Daniel's, even if it is not one of the local producers, but it is very popular among young people. Rum will be supplied by Legendario and tequila by Pepe Lopez and Olmeca. Those will be distributed by JIP Cash & Carry Zlín. As a distributor for a beer, we chose Zlínský Švec.

9.1.2 Mixed drinks and cocktails

Tools that will be used to make cocktails and mixed drinks are bar mats, service mats, bar spoons, bottle opener, corkscrew, cocktail shaker, cocktail strainer, cocktail rail, cocktail pourer, cutting boards, ice bucket, ice crusher, ice kit, jigger, juicer, muddler, peeler and zester and will be distributed by tyocos.sk. Bar equipment such as glass rack, ice maker or glass washer will be also supplied by Gastro Novotný.

Most ingredients for cocktails such as syrups, fresh fruit, alcohol, soda and garnishes will be supplied by MAKRO Zlín.

9.1.3 Wine

We will serve white, red, rose and sparkling wine at the Neon Night bar. The basic varieties of white wines will be Rizling Vlašský and Chardonnay supplied by Czech winery Fabikovic Winery. The red wine will also be supplied by the Fabikovic Winery, mainly varieties such as Cabernet Sauvignon and Frankovka Modrá. André Rosé is a variety of rosé wines which will also be supplied by Fabikovic Winery. The sparkling wine, Frizzante Muškát Moravský, will be supplied by Réva Rakvice Winery.

9.1.4 Soft drinks

Soft drinks are an important item in any business. As our company is a bar and is mainly focused on serving cocktails and spirits, the offer of soft drinks will not be so wide. The non-alcoholic menu will include juices, tapped Kofola, homemade lemonade, mineral water and tonic. All of these will be supplied by JIP Cash & Carry Zlín except tapped Kofola which will be supplied by MAKRO Zlín.

9.2 Price

Product prices are set at a given level according to the competition and costs associated with the purchase price and distribution. This price, of course, includes transport, custom duties, tax, insurance costs, etc. The prices for each product are shown in the price list (Appendix P I). The prices were set to be comparable with prices of the competitors but also to attract our target group and to cover the rent of the premises and to make a profit. A profit margin was set to 20%.

9.3 Place

The place where the Neon Night bar will be located is a very busy place. It is located in the middle of Comenius Park and is surrounded by the Faculty of Humanities and the Congress centre. On the other side there is the Třída Tomáše Bati with a bus stop and a parking lot, the Golden Apple department store, the McDonald's and the square.

The design of the bar will be very modern and minimalistic. The interior design will be in Y2K theme. Y2K covers the late 90's and the start of 2000's, therefore we believe that our target group will like it and feel at home.

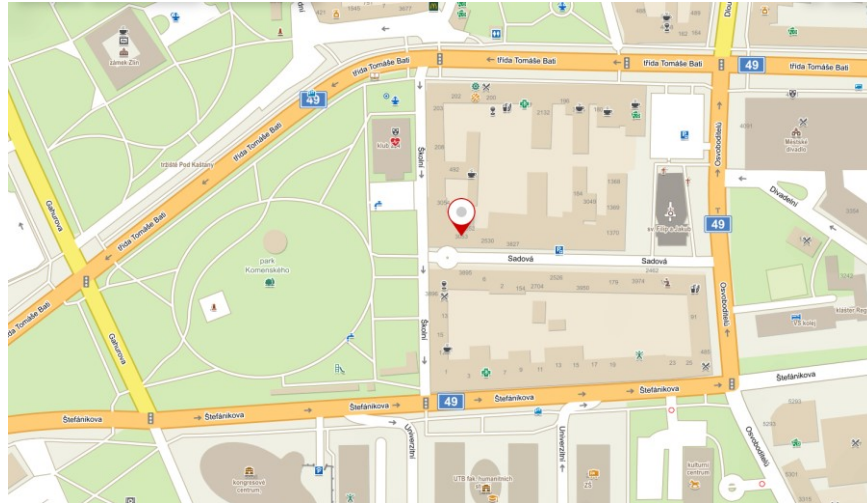


Figure 5 Location of the bar (mapy.cz)

9.4 Promotion

It is important that the new business becomes known to future customers before official opening. That is why we will be creating ads for the Neon Night bar two months before opening.

As the bar is located in the centre and right next to the pedestrian zone, during the refurbishment of the interior, there will be colourful advertisements on the windows of the company with the official opening date. A month before the official opening, we will distribute leaflets through TBU's Student Union. The leaflets will be created and printed by the online-tiskarna.cz. Leaflets will be in A5 format, the price of 5pcs is CZK 2.287. We will need 1,200 pcs of leaflets; 200 pieces will be placed in each TBU faculty and university library. This ad will cost approximately 2,744 CZK.

One week before the opening, the owner and her employee will invite their close friends for free tastings of mixed drinks to give a feedback. 1,000 CZK will be set aside for this tasting.

Finally, the bar will have its own social media such as Facebook and Instagram to reach a large audience. The social platform Facebook will be used for advertising through Feed advertising service or so called in-feed ads while Instagram will be used via Stories Advertisement. The advertising will cost 1,000 CZK for a month. The official name of Facebook and Instagram page will be "Neon Night Bar". Facebook will be used to announce the latest news regarding the offer or various events that will be organized. Instagram will be used mainly for the "stories" (features in this application) because the app became very popular among younger generation (Buzztime 2019). Our offer of cocktails, spirits,

whiskeys, etc., will appear on them daily, so that the offer becomes known to customers. Also, we will create a unique hashtag for our bar so people can reference the Neon Nigh bar on social media. We will offer special discounts for those who use this hashtag.

Lastly, the bar will sign up with Google My Business. Thanks to this platform, the bar will be added with its location to Google Maps and it will be easier for our customers to search the bar and its information on Google Search. Registration for Google My Business is for free. The manager of the bar will also cooperate with TripAdvisor thanks to which tourists will also be able to learn about the bar.

9.4.1 Other ways of promotions

Throughout the year, we will organize various events for customers. Since we want to attract especially the younger generation, we will give them various discounts on drinks and also organize so called “happy hours” on a certain day and time. The bartender will create new drinks every day to encourage the customers to try new drinks. This event will be called “Daily Specials”. The bar will offer “Seasonal Specials” inspired by different occasions, for example Halloween, Easter, Christmas, etc.

9.5 People

The goal for the success is always the company’s employees. The bar needs to find people suitable for the job’s description. The main criteria will be that the future employee is communicative with positive attitude, flexible, should have sharp memory and should be pleasant and stress-resistant because working with people may be quite challenging. The employees need to provide excellent customer service to increase customer base by referrals.

The future employees will participate in teambuilding events organized by the owner twice a year to create a strong and friendly relationship.

9.6 Packaging

The Neon Night bar comes with a unique Y2K era concept. According to The Guardian (2016), Y2K aesthetics has been famous between the Millennials and Generation Z these days. The Bar will try to bring nostalgia, create new memories associated with our live concerts and pop songs which were hits back in the 90s. It also reaches customers’ subconscious thanks to its mixed drinks such as the Cosmopolitan, Whiskey Sour, Aperol Spritz and so on.

9.7 Positioning

The main goal of the Neon Night bar will be for its customers to remember it as a bar with a unique atmosphere of the Y2K era. Students of the city who follow the latest trends can come and enjoy refreshing mixed drinks or tasty wine. Product quality and customer satisfaction is the Neon Night bar's priority.

10 ORGANIZATION AND THE MANAGEMENT

As was stated in chapter 7 *Company Description*, the bar Neon Night will have one owner – Denisa Papierníková. The owner owns a certificate from the Slovak Bartenders Association which is a part of International Bartenders Association. The owner will work in the bar as the main bartender, but it is necessary to employ a waiter, a part-time worker. The owner will hire another bartender – Lenka Zúberová, who is also classified bartender. Lenka Zúberová will have her own waitress – also the part-time worker on the second shift.

Responsibilities of the Managers

Mrs Papierníková will be the executive bar manager. She will be responsible for recruiting, interviewing and hiring new bar employees. The manager has to handle customer complaints and daily promote the bar. Mrs Papierníková has to make sure that the staff is following all food control and safety regulations. She will be also responsible for creating employee schedules. Another important part of her job description is to set a budget for all of the bar's expenses. She should maximize resources, minimize spending and comes in under budget.

The executive bar manager has to communicate with the suppliers, order supplies and be responsible for the proper functioning of the business. Her monthly gross wage is set on 28,000 CZK.

Mrs Zúberová will be the store bar manager. She will be also responsible for the proper functioning of the bar, works with the cash register and making sure that bar premises are clean. The store manager will train new staff and make sure that the part-time workers are motivated. Mrs Zúberová will help with promotions through social media like Facebook and Instagram and help with creating new ideas for special events. She has to monitor inventory level and report everything to the executive manager. Her monthly gross wage is set on 26,000 CZK.

Responsibilities of the Part-time workers

As was mentioned before, the Neon Night bar will need two part-time workers. One of them will work with Mrs Papierníková and other one with Mrs Zúberová during their weekly shifts. The part-time workers will take orders and serve drinks to guests. They have to be aware of guests satisfaction to deliver the perfect service experience. The waiters have to serve the guests in an accommodating manner and answer questions and make suggestions regarding the beverages. They have to keep the place clean and help the managers with restocking the products.

The part-time workers will be chosen by the executive bar manager based on the given criteria. They have to share the same mission and vision of the business. The employee's employment will be based on the contract called an Agreement to perform work or DPČ. This agreement is regulated in §76 of the Labour Code and allows them to work 20 hours a week for a maximum of 52 days. Their hourly rate will be 100 CZK.

	Even week	Odd Week
Denisa Papierniková	Mo, Tue, Fri, Sat, Sun	Wed, Thur
Lenka Zúberová	Wed, Thur	Mo, Tue, Fri, Sat, Sun
Part-time workers	19:00 – 00:00	19:00 – 00:00

Table 3 Working time (own creation)

11 THE FINANCIAL PLAN

The financial plan consists of the opening balance sheet, estimated initial costs and revenues of the business and the profit/loss in the first year. Through this chapter I would like to find out if my business will be feasible.

11.1 Opening balance sheet

The following balance sheet shows how much money we will need to start a business, for promotion, equipment, etc.

Opening balance sheet describes the assets and liabilities for establishment of the company. As was stated in the chapter 5 *Executive Summary*, Denisa Papierníková will supply 600,000 CZK to the business. 250,000 CZK will be from her own resources and a loan 350,000 CZK from her father, Mr Milan Papierník. Therefore, the registered capital is 600,000 CZK.

OPENING BALANCE SHEET (in CZK)			
Assets		Liabilities	
Long term assets	0	Equity	600,000
Current assets	600,000	Registered Capital	600,000
Cash	100,000	Current Liabilities	0
Bank account	500,000		
Total	600,000	Total	600,000

Table 4 Opening balance sheet

11.2 Initial costs

The initial costs are associated with the establishment of the company, the promotion of the company, the legal fees and other unclassified initial expenses. Those are mainly furniture expenses, administrative expenses, the purchase of the bartender equipment needed for preparation of cocktails, expenses on soft drinks and alcohol beverages. However, some of the electrical appliances that will be used in the bar will be received as a sponsorship gift from our suppliers. More detailed table can be found in Appendix P II.

INITIAL COSTS (in CZK)	
Establishment of the business	10,320
Equipment & Furniture	191,875
Initial inventory	26,271
Promotion	4,744
Decorations	6,632
Rent and real estate agency commission	20,000
TOTAL	260,292

Table 5 Initial costs (own creation)

The total initial costs which includes costs for establishment of the business, equipment and furniture, initial inventory (alcoholic and non-alcoholic beverages, hot drinks), promotion costs, decorations and rent are 260,292 CZK.

11.3 Costs in the first year

The costs of the first year mentioned in this subchapter are indicative and are based on predictions for the next 12 months from the establishment of the business.

Operating costs	Monthly (CZK)	Annually (CZK)
Rent	18,000	216,000
Wi-Fi	500	6,000
Payment for cash register	1059	12,708
Business Insurance	500	6,000
The super-gross wage	63,380	760,560
Part-time workers expenses	17,760	213,120
Promotion via Facebook	1,000	12,000
Inventory	38,628	463,536
Initial costs	-	260,292
Total operating costs	139,827	1,950,216

Table 6 Operation costs in the first year (own creation)

According to predictions, the annual operations costs amounted to 1,950,216 CZK. In this table, we calculated the monthly rent which is 18,000 CZK. We also included fees for Wi-Fi and cash register which has a POS system, so it is a bit more expensive. The super gross salary of employees was also included, to which the fees for the health and social insurance were added. We predict that 50 customers per day visit the bar, so the goods for the month cost 38,628 CZK. This number will be higher because we expect a higher increase in customers in following months.

The initial costs which were 260,292 CZK should also be included in the first month of costs. The cost for the first month will therefore be 400,119 CZK. Operating costs for the next following 11 months will be 139,827 CZK. However, this amount is only a prediction, as the situation may develop differently. These costs may be higher or lower in the coming months. It depends on the number of customers and the current epidemiological situation.

11.3.1 Costs in the second year

Operating costs	Monthly (CZK)	Annually (CZK)
Rent	18,000	216,000
Wi-Fi	500	6,000
Payment for cash register	1059	12,708
Business Insurance	500	6,000
The super-gross wage	63,380	760,560
Part-time workers expenses	17,760	213,120
Inventory (54 customers/day)	41,718	500,616
Total operating costs	142,917	1,715,004

Table 7 Costs in the second year (own creation)

In the second year since the opening of the bar, we expect a daily increase in customers of 8%. Therefore, the costs of the goods will increase. However, the costs of promotion via Facebook will be reduced as we assume that the bar will be already known to customers.

Initial costs were also deducted in the second year. The cost per month will therefore be 142,917 CZK.

11.3.2 Costs in the third year

Operating costs	Monthly (CZK)	Annually (CZK)
Rent	18,000	216,000
Wi-Fi	500	6,000
Payment for cash register	1059	12,708
Business Insurance	500	6,000
The super-gross wage	63,380	760,560
Part-time workers expenses	17,760	213,120
Inventory (60 customers/day)	46,354	556,248
Total operating costs	147,553	1,770,636

Table 8 Costs in the third year (own creation)

In the third year of the business, we expect an 12 % increase in customers – 60 people per day. The cost of goods will therefore increase to 46,354 CZK.

11.4 Revenue plan for the First year

The owner of the Neon Night bar counts with the average customer spending being 200 CZK with three versions of revenues which are optimistic, realistic and pessimistic. Those are based on the number of customers per day.

VERSION	Customers per day	Spending per day (in CZK)	Monthly Revenues (28 days)	Annual Revenues
OPTIMISTIC	70	14,000	392,000	4,704,000
REALISTIC	50	10,000	280,000	3,360,000
PESSIMISTIC	20	4000	112,000	1,344,000

Table 9 Revenue plan (own creation)

According to the table above, the realistic revenues will be 280,000 CZK per month and 3,360,000 CZK per year.

11.5 Profit

We determine the profitability of the bar by deducting monthly costs from monthly revenues.

The profit of the first year

VERSION	MONTHLY REVENUES	MONTHLY COSTS	MONTHLY GROSS PROFIT	MONTHLY NET PROFIT	YEARLY NET PROFIT
OPTIMISTIC	392,000	155,278	236,722	191,745	2,300,940
REALISTIC	280,000	139,827	140,173	113,540	1,362,480
PESSIMISTIC	112,000	116,650	-4,650	-3,767	-45,204

Table 10 Profit of the first year (own creation)

The table above is divided into three versions – optimistic, realistic and pessimistic version. The numbers of customer per day are the same as in Table 10 *Revenue Plan*, meaning:

- Optimistic version – 70 customers per day (the costs for the inventory are 54,079 CZK)
- Realistic version – 50 customers per day (the costs for the inventory are 38,628 CZK)
- Pessimistic version – 25 customers per day (the costs for the inventory are 15,451 CZK)

According to the table, the optimistic version of the monthly profit is 392,000 CZK which is the highest profit in comparison to others - realistic and pessimistic version. The realistic version of the monthly profit is 280,000 CZK. This means that the owner will have the finances for the possible future expenses. The tax is set to 19% and in the first year in the realistic version is 26,633 CZK.

According to the pessimistic version, we can see that the company would not be profitable in the future and would probably go bankrupt. The predictions of the profit for the second and third year can be found in Appendix P III.

12 RISK EVALUATION

As we are in the market where there is strong and growing competition, we must consider the possible risks that may arise. The entrepreneur must be aware of all these risks that may occur and try to avoid them. All of them are listed in this chapter.

Pandemic situation

Due to the long-lasting pandemic situation that has ruled the world since 2020, we have to reckon with various government regulations. Gastronomy is the sector most affected due to COVID 19. As most people meet in cafes, bars, restaurants, etc., the government is ordering several measures to prevent greater contact between people.

The entrepreneur must therefore consider possible restrictions. These restrictions can manifest themselves as a window sale of drinks or a complete closure of the company for a certain period of time. Hygienic measures must also be considered, such as frequent disinfection of the premises, wearing of masks in the interior, or table spacing of at least two meters. Limited customer capacity is also possible.

Economic impact of the Russia-Ukraine war

The sanctions imposed by the EU and the US on the Russian Federation over their invasion of Ukraine could also have a negative impact on the economies of the European countries. This can be reflected mainly in rising commodity prices. As a result, future customers of the bar may save their money more and the gastronomy sector may suffer again, as it has not yet been fully recovered after the COVID-19 crisis.

Wrong choice of employees

Customer satisfaction is driven by qualified employees. The employees are in direct contact with the customers, therefore the employees must be reliable, professional and hard-working.

Therefore, interviews and the correct selection of employees become the most important part. In our bar, it will be important for waiters to be communicative, friendly to guests and also to demonstrate their skills on a daily basis. The chief bartender will need a certificate of his bartending skills.

Lack of customers

Since our company depends on customers, one of the biggest problems may be the lack of customers. In order for our company to function healthily, we need to have at least 50

customers every day.

There are many other companies in Zlín that provide similar services as our bar. It will be difficult for a newly opened company to create a permanent clientele. However, thanks to great publicity, we will try to avoid this risk.

CONCLUSION

The aim of this work was to create a business plan for the Neon Night bar, which will be located in the center of Zlín and to find out whether this company will be profitable.

This thesis is divided into two parts – theoretical and analytical part. In the first part, I addressed the question of what a business is, an enterprise and a type of business. I have explained the types and conditions of doing a business in the Czech Republic.

In the second part of the thesis I have described the Neon Night bar. Its location and what it focused on. In the analytical part I performed a SWOT analysis and a PEST analysis. Through these analyzes, I wanted to find out what the competition of the company is, what opportunities the company has for development and growth, and also in what environment it will be located. The Czech Republic is a developing country that gives entrepreneurs many opportunities. The analytical part is also focused on the marketing analysis of the bar through marketing mix – product, place, price and promotion. Furthermore, the thesis describes the organizational structure of the company.

The last part of the thesis is focused on the financial plan of the company. Thanks to the realistic predictions, the company would spend on costs in the first year 1,950,216 CZK which is 139,827 CZK per month. Realistic revenue predictions for the first year with 50 customers per day are 3,360,000 CZK, which means that the payments per month would be 280,000 CZK. The company calculates that one customer spends 200 CZK at the bar per day. This means that if the predictions are correct, the business will be profitable in the first year.

In order for the company to be profitable, the owner will have to invest in the promotion in the first year. The location of the bar is also a great advantage. The bar will be located in the center of Zlín, which means that many people pass by every day. It is also an advantage that Zlín is the city of students and it is students who are becoming our target group. From a financial point of view, it will not be a problem to enter the market. The main goal will be to impress with quality and unique services as well as a modern concept. Thanks to the development of this business plan, it can be seen that the company will be able to survive on the market and be profitable.

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LIST OF ABBREVIATIONS

A5	Paper size
CZK	Česká koruna
DPČ	Dohoda o pracovní činnosti
Etc.	Et cetera (and other similar things)
GDP	Gross Domestic Product
ie	id est (that is)
L	liters
Pc	piece
Pcs	pieces

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APPENDICES

Appendix P I: The price list

Appendix P II: Initial costs

Appendix P III: The profit

APPENDIX P I: THE PRICE LIST

Name of the product	Supplier	Price in CZK	Amount
Slivovica 50%	Žufánek	39	0,041
Borovička 45%	Žufánek	39	0,041
Ořechovka 35%	Žufánek	39	0,041
Russian Standard Original	MAKRO Zlín	32	0,041
Vodka Finlandia	MAKRO Zlín	30	0,041
Gin 22	Garage 22	35	0,041
Tosh Gin	Tosh	35	0,041
Jack Daniel's Original	MAKRO Zlín	50	0,041
Jack Daniel's Honey	MAKRO Zlín	50	0,041
Jack Daniel's Fire	MAKRO Zlín	50	0,041
Jägermeister	MAKRO Zlín	39	0,041
Fernet Stock	MAKRO Zlín	30	0,041
Legendario Elixir de Cuba	MAKRO Zlín	35	0,041
Pepe Lopez Silver	MAKRO Zlín	40	0,041
Pepe Lopez Gold	MAKRO Zlín	40	0,041
Olmecca Altos Plata	MAKRO Zlín	40	0,041
Olmecca Altos Reposado	MAKRO Zlín	40	0,041
Brandy Ararat 5y	MAKRO Zlín	50	0,041
Ryzling Vlašský (Fabrikovic Winery	17	0,101

Chardonnay	Fabrikovic Winery	17	0,101
Frankovka Modrá	Fabrikovic Winery	17	0,101
Cabernet Sauvignon	Fabrikovic Winery	17	0,101
André ROSÉ	Fabrikovic Winery	17	0,101
Frizzante Muškát Moravský	Réva Rakvice Winery	17	0,101
Zlínský Švec	Zlínský Švec	20/ 30	0,301/ 0,501
Kofola Originál	Zlínský Švec	20/ 30	0,301/ 0,501
Cuba Libre	-	60	0,251
Sex on the Beach	-	65	0,251
Mojito	-	100	0,301
Cosmopolitan	-	70	0,201
Margarita	-	70	0,201
White Russian	-	65	0,201
Whiskey Sour	-	65	0,201
Espresso Ristretto	Grand Milano Italia	30	
Espresso Doppio	Grand Milano Italia	30	
Cappuccino	Grand Milano Italia	38	
Latte Macchiato	Grand Milano Italia	38	
Teekanne Tea	MAKRO Zlín	25	
Tonic	Garage 22	35	0,251
Relax Juice	MAKRO Zlín	30	0,251
Coca-Cola	MAKRO Zlín	35	0,331
Bonaqua	MAKRO Zlín	30	0,331

APPENDIX P II: INITIAL COSTS

ESTABLISHMENT OF THE BUSINESS	
ADMINISTRATIVE FEE FOR ESTABLISHING A TRADE	1,000
REGISTRATION IN THE COMMERCIAL REGISTER	6,000
MEMORANDUM OF ASSOCIATION	3,000
EXTRACT FROM THE CRIMINAL RECORD	104
EXTRACT FROM THE COMMERCIAL REGISTER	116
EXTRACT FROM THE TRADE LICENSING	100
TOTAL IN CZK	10,320

Table 11 Establishment of the Business (own creation)

Equipment & Furniture	
Wooden Bar (1pc)	120,000
Chairs (28 pcs) and sofas (2pcs)	20,740
Tables (9 pcs)	23,030
Rocks glasses (30 pcs)	930
Beer glasses (30 pcs)	970
Shot glasses (30 pcs)	693
Highball glasses (20 pcs)	1,170
Wine glasses (60 pcs)	2,615

Champagne glasses (20 pcs)	1,292
Martini glasses (20 pcs)	1,148
Brandy snifters (20 pcs)	512
Muddlers (2 pcs)	180
Cocktail shakers (3 pcs)	1,550
Cocktail strainers (2 pcs)	258
Cocktail pourer (2 pcs)	150
Straws (1 pc)	200
Cutting boards (2 pcs)	300
Napkins and coasters (2 pcs)	200
Bar mats (2 pcs)	360
Service mats (2 pcs)	465
Liquor bottle pourers (10 pcs)	620
Ice crusher and ice kit (2 pcs)	1,810
Ice maker (1 pcs)	11,860
Wine opener (2 pcs)	150
Peeler and zester (2 pcs)	284
Bar spoons (3 pcs)	388
TOTAL in CZK	191,875

Table 12 Equipment & Furniture own creation)

Alcoholic beverages	
Slivovica Žufánek 50% (2 pcs)	900
Borovička Žufánek 45% (2 pcs)	700

Ořechovka Žufánek 35% (2 pcs)	600
Russian Standard Original 40% (2 pcs)	778
Vodka Finlandia 40% (2pcs)	838
Garage 22 Gin 22 42% (1 pc)	569
Tosh Gin 45% (1 pc)	759
Jack Daniel's Original 40% (2 pcs)	1,000
Jack Daniel's Honey 35% (1 pc)	516
Jack Daniel's Fire 35% (1 pc)	516
Jägermeister 35% (2 pcs)	998
Fernet Stock 38 % (2 pcs)	738
Legendario Elixir de Cuba 7y 34% (2 pcs)	958
Pepe Lopez Silver 40% (1 pc)	399
Pepe Lopez Gold 40% (1 pc)	399
Olmecca Altos Plata 38% (1 pc)	699
Olmecca Altos Reposado 38% (1 pc)	699
Brandy Ararat 5y 40% (2 pc)	469
Ryzling Vlašský Fabrikovic Winery (6 pcs)	600
Chardonnay Fabrikovic Winery (6 pcs)	600
Frankovka Modrá Fabrikovic Winery (6 pcs)	600
Cabernet Sauvignon Fabrikovic Winery (6 pcs)	600
André ROSÉ Fabrikovic Winery (6 pcs)	700
Frizzante Muškát Moravský Réva Rakvice Winery (6 pcs)	900
Zlínský Švec 11 Beer (50 l)	1780

Kofola Originál (50 l)	999
TOTAL in CZK	19,314

Table 13 Alcoholic beverages (own creation)

Non-alcoholic beverages	
Coca-Cola 0,33l (24 pcs)	528
Relax Juice 0,25l (30 pcs)	535
Bonaqua 0,33l (24 pcs)	400
Tonic Garage 22 (24 pcs)	936
Monin Grenadine	500
Monin Banane sirup	500
Monin Coconout	500
Monin Curacao blue sirup	500
Monin Mojito mint	500
Monin Vanille	500
Monin Lime Juice	500
TOTAL in CZK	5,899

Table 14 Non-alcoholic beverages (own creation)

Hot Drinks	
Grand Milano Coffee	1,008
Teekanne Tea	150
TOTAL in CZK	1,508

Table 15 Hot Drinks (own creation)

OTHER (Promotions, Decorations, Rent and real estate agency commission)	
Promotions	4,744
Leaflets (1200 pcs)	2,744
Tasting	1,000
Facebook Promotions	1,000
Decorations	6,632
Lamps (4 pcs)	3,402
Paintings (4pcs)	1,550
Flowers (5 pcs)	1,680
Rent and real estate agency commission	20,000
TOTAL in CZK	260,292

Table 16 Others (Promotions, Decorations, rent and real estate agency commission) / own creation

APPENDIX P III: THE PROFIT

VERSION	CUSTOMER S/PER DAY	MONTHLY REVENUE	MONTHLY COSTS	MONTHLY GROSS PROFIT	MONTHLY NET PROFIT	YEARLY NET PROFIT
OPTIMISTIC	76	638,400	159,914	478,486	385,864	4,630,368
REALISTIC	54	453,600	143,679	309,921	251,036	3,012,432
PESSIMISTIC	27	226,800	122,058	104,742	84,841	1,018,092

Table 17 Profit of the second year (own creation)

- 8% increase in the number of the customers per day
- Average customer spending 300 CZK/ 28 days per month

VERSION	CUSTOMERS/ PER DAY	MONTHLY REVENUE	MONTHLY COSTS	MONTHLY GROSS PROFIT	MONTHLY NET PROFIT	YEARLY NET PROFIT
OPTIMISTIC	85	952,000	166,866	785,134	635,959	7,631,508
REALISTIC	60	672,000	147,553	524,447	424,802	5,097,624
PESSIMISTIC	30	336,000	124,376	211,624	171,415	2,056,980

Table 18 Profit of the third year (own creation)

- 12% increase in the number of the customers per day
- Average customer spending 400 CZK/ 28 days per month