

University of Economics, Prague

Faculty of Business Administration

International management



Developing a business plan for language school in Spain

Author:

Michal Dufek

Supervisor:

Ing. Ladislav Tyll, MBA, Ph.D.

D e c l a r a t i o n o f A u t h e n t i c i t y

I hereby declare that the Master's Thesis presented herein is my own work, or fully and specifically acknowledged wherever adapted from other sources. This work has not been published or submitted elsewhere for the requirement of a degree programme.

Prague, May 12, 2015

A c k n o w l e d g e m e n t s

I would like to thank to Ing. Ladislav Tyll, MBA, Ph.D. for his guidance and valuable remarks throughout the thesis preparation.

Also, I would like to thank to all participants of the surveys as well as to friends and family for sharing their time, experience, and knowledge with me.

Title of the Master's Thesis:

Developing a business plan for language school in Spain

Abstract:

The Master's Thesis analyses and evaluates the conditions for the development of language school in Alicante, Spain. Also, the thesis shows main concepts, as well as an illustration of specific steps and actions in a realistic business plan. Firstly, it introduces theoretical background of legal environment of Spain, business model and the business plan. Secondly, the thesis portrays the results of an empirical research conducted on the target audience that are together with the market analyses integrated into the business plan. At last, the business plan proposes marketing and financial projections that lead into final conclusion and recommendations for the business development.

Key words:

Business model, Business Plan, Language school, Spain

Content

1. Introduction.....	7
1.1. Motivation	7
1.2. Objective	8
1.3. Structure	8
2. Theoretical part	9
2.1. Spanish legislation	9
2.1.1. Conditions for establishment of business entity in Spain	9
2.1.2. Types of business entities.....	9
2.1.3. Process of establishing SRL company in Spain by non - Spanish resident.....	10
2.1.4. Spanish tax system	11
2.2. Business model.....	11
2.3. Business plan	14
2.3.1. Basic information.....	14
2.3.2. Cover sheet.....	15
2.3.3. Executive summary	15
2.3.4. General company description	15
2.3.5. Present company situation.....	16
2.3.6. Market analysis.....	16
2.3.7. Product & service plan	17
2.3.8. Management & organizational plan.....	18
2.3.9. Marketing & sales plan.....	19
2.3.10. Implementation plan	20
2.3.11. Financial plan.....	20
2.3.12. Risk analysis.....	21
2.3.13. Exit options	22
2.3.14. Appendix.....	22
3. Practical part.....	23
3.1. Empirical research	23
3.1.1. Research goals	23
3.1.2. Sample of respondents.....	23
3.1.3. Research methods.....	23
3.1.4. Research conclusion	24

3.1.5.	Research limitations	30
3.2.	Business model canvas	30
3.3.	Business plan	31
3.3.1.	Cover sheet.....	31
3.3.2.	Executive summary	31
3.3.3.	General company description	32
3.3.4.	Present company situation.....	33
3.3.5.	Market analysis.....	33
3.3.6.	Product & service plan	43
3.3.7.	Management & organizational plan.....	50
3.3.8.	Marketing & sales plan	57
3.3.9.	Implementation plan	63
3.3.10.	Financial plan.....	63
3.3.11.	Risk analysis.....	84
3.3.12.	Exit options.....	86
4.	Conclusions and recommendations	87
4.1.	Recommendations.....	87
4.1.1.	Location of the language school.....	87
4.1.2.	Location of rented flats	89
4.1.3.	Accreditation of Instituto Cervantes	90
4.1.4.	Customer service	90
4.1.5.	Customer experience	90
4.1.6.	Conversation vs. grammar ratio	91
	List of figures	92
	References.....	94
	Appendix.....	100

1. Introduction

We are living in times determining future. The economic crisis that began in year 2008 and caused the global economy recession lasted until 2012 and affected all present habits. The world has lost the assurance of stability of the economy. Lately the main global economies, along with the biggest world companies, are trying to reorganize their operations to further stability and profitability.

One of the possible key of transformation shows to be flexibility. According to one of the biggest consulting companies, a further 50% growth in mobile employees is expected by 2020 (Pwc, 2012).

Secondly, the global situation emphasizes the potential of emerging and developing countries. IMF proofs that emerging and developing countries rebounded much more strongly after the crisis than advanced economies. Therefore, we can observe a trend of geographical diversification.

Clearly, mobility and expansion to new markets require predispositions for life and work in a foreign environment, especially communication. Research conducted by European commission received same view point from employers, when 67% off employers classify language skills within categories "important" (European commission, 2010).

Developed world sends clear message for the future: "Although it appears certain that English will keep its leading role as the world business language, it is other languages that will make the difference between mainstream and excellence and provide a competitive edge" (European commission, 2010).

1.1.Motivation

The Master's thesis elaborated topic will be a business plan for a language school in Spain, Alicante. I decided for the topic for various reasons.

Since I'm a student of international university program requiring two foreign languages, I'm very enthusiastic about understanding new languages. I believe every learned language opens new possibilities for an individual, and at the same it's very exciting to have something in common with people around the globe not just within your home country. Besides, based on my own experience I know that language skills are highly appreciated by employers everywhere. Moreover, high achieving person should not overlook the possibilities, brought by globalization, especially in less developed countries.

As last, I have recently experienced poor service in one language school in Spain myself. I paid a significant amount of money for unprofessional service. Instead of satisfying experience from my stay in the beautiful country with the amazing atmosphere created by great local mindset, I was disappointed and eager to have a possibility change something. This business plan should enable me to make the change.

1.2.Objective

The principal objective of this Master's thesis should be the evaluation of a language school business plan. My personal objective is to evaluate the business plan very realistically and profoundly and utilize my personal network in Spain and around university students who are highly involved in studying new languages. The evaluation will provide clear outcome if such idea can succeed in today saturated market. Simultaneously, the business plan should serve as detailed guideline for launch of the company.

1.3.Structure

Except of the Introduction, the Master's thesis is divided into three parts; theoretical part, practical part, and conclusion. The theoretical part includes information about the legal environment in Spain and theoretical background of a business plan and business model.

The key practical part focuses on a purposeful business plan. In this part, analytic-synthetic method is used. Business plan structure concludes from a theoretical base and empirical research. The empirical research serves as a reference for creation of the business plan and suggestions made.

Conclusions summarize assessed information and final judgment whether to proceed to the project realization and alternatively under what conditions.

2. Theoretical part

2.1. Spanish legislation

2.1.1. Conditions for establishment of business entity in Spain

The establishment of companies in Spain is a subject of Spanish commercial law (Derecho mercantil), also known as the business law.

The legal conditions fundamental for conduction of any business activity are similar to Czech Republic.

- Minimum age of 18 years old
- Criminal integrity
- Legal capacity

2.1.2. Types of business entities

The Spanish commercial law offers a variety of types of legal entities that differ in characteristics. An entrepreneur can freely choose, however, the entrepreneur should approach the choice conscientiously because the choice will be related with further conditions and limitations.

We can divide three main types of business entities (Dirección general de industria y de la PYME, 2013):

- Natural person
- Legal entity
- Community Property

Community Property - has no legal personality and is governed by the Commercial Code on commercial matters and the Civil Code concerning the rights and obligations.

The detailed list of company types can be found in the (Appendix 1).

The good entrepreneur always keeps in mind possible risks; therefore our focus tends to limited liability forms of legal entities. Two most common types for our purposes are New Enterprise Limited Company (SLNE, Sociedad Limitada Nueva Empresa) and Limited Liability Company (SL, Sociedad Limitada).

Figure 1: Comparison of SLNE and SRL:

	SLNE	SL
Name	The company name will be composed of the two surnames and first name of one of the founding partners followed by an alphanumeric code. This alphanumeric code is called the ID-CIRCE and the words "New Enterprise Limited Liability Company" or the abbreviation "S.L.N.E."	The corporate name will have to be obtained through the Mercantile Registry. The corporate name cannot be identical to a name of an already existing company, but the name is given freely by the by owners.
Partners	<ul style="list-style-type: none"> • Number 1 to 5 partners • No legal entity can be partner • Natural person cannot be partner in more than one SLNE 	<ul style="list-style-type: none"> • Number of minimum partners 1 • Legal entity can be a partner of the company
Capital	3.012 EUR - 120.202 EUR (cash)	Minimal 3.006 EUR (cash or non - cash)
Liability	<ul style="list-style-type: none"> • Limited • Liable up to the capital invested 	<ul style="list-style-type: none"> • Limited • Liable up to the capital invested
Statutory body	<ul style="list-style-type: none"> • The general meeting • The administrators 	<ul style="list-style-type: none"> • The general meeting • The administrators
Tax	Direct taxation - corporate business tax (certain tax benefits in the year following its constitution)	Direct taxation - corporate business tax
Time of company formation	Up to 48 hours	50 - 60 days
Costs of company formation	1580 €	1400 €

Source: www.ipyme.org

2.1.3. Process of establishing SRL company in Spain by non - Spanish resident (Ministerio de economía y competitividad, 2015):

- 1) The person who will incorporate the company in Spain needs to be legally liable to act. In case of the entrepreneur's absence another person can be granted sufficient power of attorney.
- 2) Regarding formal requirements applicable to non-resident shareholders and directors of Spanish companies, acquisition of tax number is required. In the case of individuals, they

must have a Foreigner Identification Number (N.I.E.). In the case of legal persons, they must have a Tax Identification Number (N.I.F.).

- 3) Obtaining a certification of uniqueness of proposed company name (certificación negativa de la denominación social) from the Commercial Register.
- 4) Opening a bank account for the company; depositing capital in the bank and obtaining a deposit certificate. The quantity deposited or transferred by the shareholder/shareholders should correspond to the amount of the initial contribution.
- 5) Obtaining the registered public deed of incorporation of the company and the fiscal identification number (CIF) before a public notary.
- 6) Application for provisional Tax Identification Number for the company necessary for all consequent steps of incorporation.
- 7) Payment of the of the Capital Transfer Tax (Impuesto sobre Transmisiones Patrimoniales). This indirect tax serves as compensation for deed expenses.
- 8) Filing with the Commercial Register (“Registro Mercantil”) in order to receive legal personality and begin existence.
- 9) Legalization of official books mandatory by Spanish law.
- 10) Registration for taxes especially VAT and Tax on Commercial and Professional Activities.
- 11) Registration of the Company in Social Security and coverage of Occupational Accidents and Professional Illnesses is recommended if the company plans to hire at least one employee.

2.1.4. Spanish tax system (Deloitte, 2015)

Spanish corporate tax

Companies which are incorporated in Spain are a subject of corporation tax. The corporate tax has currently two rates. Reduced rate of 25% applies to the first 300.000 EUR of the taxable profit for small and medium-sized companies (i.e. annual turnover of less than 10 million EUR). On profit exceeding 300.000 EUR applies rate 30%. In future, specifically in 2016 tax rate 25% will apply to the entire taxable base.

Personal income tax

The progressive rates vary according to the region of residence and generally range from 20 - 47%. The range of progressive tax rates will be reduced in 2016 (19 - 45%).

2.2. Business model

Business model is defined by different sources very distinctly. One of the simplest definition made by Joan Magretta says, “The story that explains how an enterprise works.” (Casadesus-Masanell, Ricart. 2011). In other words, the ultimate goal of a business model is to explain proposed project (Verstraete, Jouison-Laffitte, 2011). Explanation of this term regarding Osterwalder (2010): "A business model describes the rationale of how an organization creates, delivers, and captures value" appears to be a copy of Drucker's explanation. Drucker does not leave out what are the customer value created and its delivery. Additionally, he completes the definition by identification of the customer and reflects that the delivery must happen under the condition of the appropriate cost.

The business model plays a decisive role in further decision-making process within the company. The business model serves as a foundation stone for further development and direction of the company. Every company has a business model electing operations, creating and capturing value for shareholders in the competitive market. Strategy, as a consequence of chosen business model, plans the creation of a unique and valuable position involving a distinctive set of activities.

Business model consist from nine blocks (Osterwalder, 2010):

- Customer segments - an organization serves one or several customer segments
- Value proposition - it seeks to solve customer problems and needs with value proposition
- Channels - value proposition are delivered to customers through communication, distribution and sales channels
- Customer relationship - customer relationship are established and maintained with each customer segment
- Revenue streams - result from value proposition successfully offered to customers
- Key resources - are the assets required to offer and deliver the previously described elements
- Key activities - key activities necessary for the viability of the business model
- Key partnerships - partner connections that make the business model work

Figure 2: Business model generation

Phases	Description	Activity	Key danger
Mobilize	Assembly all the elements for successful business model design	<ul style="list-style-type: none"> • Set up of project objectives • Test of preliminary business ideas • Plan • Team assembly 	<ul style="list-style-type: none"> • Overestimation value of initial ideas
Understand	Research and analysis of elements as customers, technology, and environment	Environment scan Study of potential customers Interviews with experts Collection of ideas and opinions	Disconnection between research and objectives Biased research
Design	Transformation of outputs from analysis to business models Testing and selection of most satisfactory business model design	Brainstorming Prototyping Testing Selection	Failing in love with ideas too quickly Suppression of bold ideas
Implement	Implement the business model prototype in the field	Execution	Fading or momentum
Manage	Adapt and modify the business model in response to market reaction	Scan the environment Managing synergies or conflicts between models Continuous assessment of business model	Failure to adapt

Source: Osterwalder, 2010

2.3. Business plan

2.3.1. Basic information

A business plan is a written statement that describes and analyzes business and gives detailed projections about its future. One of the reasons, why the business plan is a key document for starting or existing business entity, is because it also covers the financial aspects of starting or expanding business (McKeever, 2010). Other interpretation (Hazelgren, 2005) could be: “A business plan is a document that demonstrates the ability of your business to sell enough of its products or service to make a satisfactory profit and be attractive to potential investors.”

The benefits of writing a business plan by McKeever (2010):

- Improve initial idea
- Realize the weaknesses and strengths
- Anticipate problems and solve them
- Setting realistic goals
- Reconsider if to proceed or avoid the plan
- Obtain financial resources from potential lenders or investors if needed
- Keep business on the track once it is established
- Occasionally can serve to internal use

The business plan should respect following principles McKeever (2010):

- Simple
- Specific
- Easy to understand
- Realistic
- Complete

I have found different structures of business plans publicized. A complete business plan structure can be following:

- Cover sheet
- Executive summary
- General company description
- Present company situation
- Market analysis
- Products & services plan
- Organizational & management plan
- Marketing plan
- Implementation plan
- Financial plan
- Risk analysis
- Exit options
- Appendix

2.3.2. Cover sheet

“The Cover Sheet of your business plan is like the cover of a book. It provides the first impression to the reader of your business plan. It should be neat and attractive and should contain information that will grab the reader’s attention.” says (Pinson, 2008). The cover sheet should be kept as simple as possible.

Pinson (2008) suggest that the cover sheet should contain information as:

- Company name
- Company address
- Company phone number (including area code)
- Web address, if you have a website
- Logo, if you have one
- Names, titles, addresses, and phone numbers of the owners or corporate officers
- Month and year in which plan is issued
- Name of the preparer
- Number of the copy
- Confidentiality statement (optional)

2.3.3. Executive summary

The executive summary explains the entire business plan in a few paragraphs especially covering all crucial points. This part should be written as last even it will be read as first, thus it must be designed to capture the interest of the reader. Hazelgren (2005) summarizes the importance of this part, “It can make you or break you.”

Pinson (2008) sees the different perspective on executive summary:

- The plan is for internal use – the summary would be a concise overview of company goals with focus to meet them
- The plan is for investors – the summary should define the purpose of the funding you seek and justify the financial feasibility. This perspective also summarizes business, but more focus on uniqueness, strengths, risks and future goals with a plan to reach goals. Finally, this approach would state the amount, purpose, timing needs, justification for financing, and a repayment statement or statement of potential return on investment.

2.3.4. General company description

Some authors (Dufek, 2012) refer to general company description as, "Portion which gives a general perspective of the firm with full information coverage. The description prepares the reader to understand how your business fits into this picture."

History, legal form, the size of a company, primary goals and mission and value statement are necessary to be mentioned (Simoneaux, Stroud, 2011). Contrary, Hazelgren (2005) considers important information of industry background, growth potential, products and development,

economic trends and industry forecast. Besides, as important they see market specification in the definition of customer or potential of target market along with operational procedures.

Pinson (2008) mentions profitable to cover out strengths and weaknesses with conducting an analysis and examining key external or internal factors in the manner of SWOT analysis.

Regarding Simoneaux and Stroud (2011) SWOT analysis has importance because, “A SWOT analysis is an important aspect of strategic business planning and should always be performed in conjunction with the initial creation of a company’s business plan.” and, “The information learned through the analysis creates the business plan’s goals, objectives, and strategies.”

Proceeding SWOT analysis follows strategies from following table (Dufek, 2012):

Figure 3: SWOT strategies matrix

Figure 2. SWOT Strategies Matrix		
	Strengths (S)	Weaknesses (W)
Opportunities (O)	S/O strategies	W/O strategies
Threats (T)	S/T strategies	W/T strategies

Source: Simoneaux and Stroud, 2011

- S/O strategies – pursue opportunities that are a good fit to the company’s strengths
- W/O strategies overcome weaknesses to pursue opportunities
- S/T strategies identify ways that the firm can use its strengths to reduce its vulnerability to external threats
- W/T strategies establish a defensive plan to prevent the firm’s weaknesses from making it highly susceptible to external threats

A successful SWOT analysis will help you recognize areas where your capabilities and resources are strong, and your potential to capitalize on opportunities is the greatest (Dufek, 2012).

2.3.5. Present company situation

Dufek (2012) summarized what includes this part, "Whether this business plan is done by company engaged in business already or starting one, it will clear out the way to the current position. In case of operating firm, a summary of personnel, business activities, operation methods, financial circumstances and any other factors considered as important are to be introduced."

2.3.6. Market analysis

The market analysis provides core information of the business plan. It verifies the correctness of direction, where the business is heading. A good market analysis will enable you to lure investors, sidestep pitfalls, and most importantly, attract customers.

In order to persuade potential lenders and investors, the market analysis needs to demonstrate the market feasibility for the distribution of a product or service (Hazelgren, 2005).

To execute proper market analysis, Simoneaux and Stroud (2011) recommend, “ Define your external business environment and identify opportunities and threats. This section should include an industry overview, a description of market segments, market trends, and information on your competition.”

Structure guaranteeing complete market analysis regarding Hazelgren (2005) covers:

- 1) General market research
 - a) Market share and growth
 - b) Market stability
 - c) Competitors
 - d) Recent trends
 - e) Current position and potential market share
- 2) Market strengths and weaknesses
- 3) Customer profile
 - a) Individuals - income, age, sex, family, occupation, attitude etc.
 - b) Business – history, legal form, size, geographical area, business structure
- 4) Competition
 - a) Identify competitors
 - b) Information about competitors – market share, history, strategies, diversity
 - c) Strengths and weaknesses of competitors
 - d) Plan to effectively compete

SLEPT analysis

Slept analysis is a tool used to measure the effect of macro environment. The term SLEPT is an acronym for social, legal, economical, political and technological factors. These are all external factors which may affect the direction a business. Their knowledge can help evaluate the potential impacts of those factors on the project. The results of the external findings will usually have an effect on the decisions made internally in the business and may affect the organization and advancement of the business as a whole (Jobber, 2009).

2.3.7. Product & service plan

Product and service plan should introduce the core element of the business. The description should be extended and have the form of a elevator pitch.

Different approaches might be taken (Pinson, 2008):

- 1) Manufacturer or distributor of product
 - a) Manufacturer – explains the development from raw materials to finished item along with time line, which identifies the various stages of development, ordering size and quantity manner.
 - b) Distributor – reports products, source manufacturer, purchase and storing strategy
 - c) Manufacturers and distributors – combine both
- 2) Retailer – lists main types (or categories) of products sold. Describes selection process, suppliers, also demonstrates the distribution process if timing is of significance, what is connected with distribution channels.

- 3) Services provider - Tells about service, ability to provide it, the way it is provided, who does the work and where the service will be performed. Points out the uniqueness and the special to offer to your customers. If you have both. Additionally, maker considers equipment and supplies needed to perform service together with associated costs. Of primary concern to a service provider is the relationship between the amount of time spent in providing the service and the amount of time that can actually be billed to the customer. Even if the service is billed by the job, rather than by the hour, it will be necessary to plan carefully to see that compensation is adequate to cover the time spent providing the service, because time and billable hours are a key to success for a service provider.

In all cases informs about trademarks, patents, copyrights, and licenses owned or used. Besides else, it helps the lender assess the value of those additional assets.

2.3.8. Management & organizational plan

Management team decisions and executions define the success or failure of the business. The management team carries big responsibility and potential lenders or investors will finance company with management that has ability to provide four essential elements of management (Hazelgren, 2005):

- Planning
- Organizing
- Control
- Leadership

Management plan puts together the structure of the company. Generally, an organizational flowchart is used to express the hierarchy of the company. The company architecture assigns responsibilities to certain people or teams. To assign goodly, analysis of skills, education and experiences of members of the management team takes a place. Also, all management departments should behave under one type of management style, which needs to be cleared out (Hazelgren, 2005).

Personnel policy

"Business stands or falls on the strength of their personnel. Good employees can make a marginal deal go. Poor employees can destroy the best business." says (Bangs, 2002).

When the company starts or expands and plans to hire new employees, management & organizational plan serves as handbook advising especially on (Brown, 2003):

1. The number of employees required
2. Compensation methodology - define three components; money, mix, message (Michael Dennis, Graham, 2008).
 - a. Money - total amount paid to the employee
 - b. Mix - ratio between fix and variable proportion of the income

- c. Message - illustrates desired outcomes
- 3. Job description (McKeever, 2007)
 - a. Job title
 - b. Job duties
 - c. Skills required
 - d. Personality desired
 - e. Education required
 - f. Monthly total wage/salary
- 4. Key terms of employment contracts
- 5. Employees benefit plans

Better practice suggests the company to plan recruitment, assessment, training and evaluation of employees. (Brown, 2003)

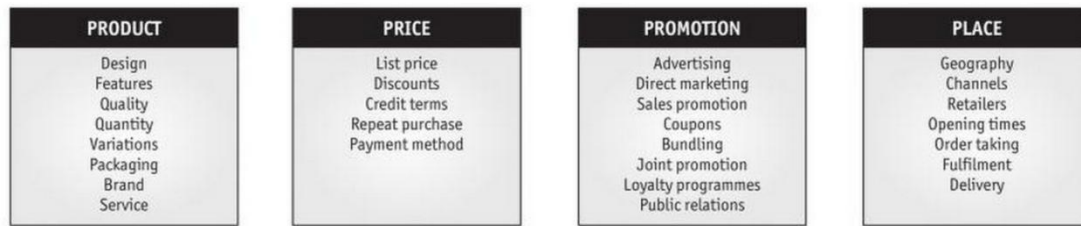
2.3.9. Marketing & sales plan

United Nations (Unctad, 2002) says: "For many companies highly effective marketing is the key to success." The marketing section of the business plan should define all of the components of marketing strategy, details as market analysis, sales, advertising, and public relations campaigns are addressed (Pinson, 2008).

In order to elaborate proper marketing strategy following steps of creation are recommended (Friend, 2004):

- 1. Market/customer analysis
 - 2. Market segmentation
 - 3. Market targeting
 - 4. Marketing mix
 - 5. Market positioning
- 1. Market and customer analysis has been described in previous section "Market analysis". All inputs gain from the market analysis should be taken to consideration.
 - 2. Market segmentation differentiates large groups of buyers with specifically needs and preferences that can be targeted with a differentiated marketing mix. Segmentation brings benefits and costs. Benefits of meaningful segmentation will outweigh the costs. The scientific literature mentions geographic, demographic, psychographic and behavioral segmentation.
 - 3. Market targeting revises attractiveness of individual segments. The potential target market can be served profitably. Specifics of target markets have to correspond with marketing communication to achieve maximum yields.
 - 4. The marketing mix is defined by 4Ps: product, price, promotion and place. All elements of marketing mix create a value proposition that satisfies customer needs.

Figure 4: Marketing mix



Source: Friend, 2004

5. Market positioning achieves the product to be perceived differently from their competitors.
"Any element of the marketing mix can be used to achieve a differentiated positioning."

Sales

Sales plan has to demonstrate that you master management of sales. Specific points to be addressed follow (Unctad, 2002):

- Selling channels - direct or indirect selling
- Selling methods - telephone, visits, mailings etc.
- Performance selling targets
- Selling aids and training
- Selling process time

2.3.10. Implementation plan

Regarding Coke (2002) implementing the plan is critical to the success of your business, because implementing puts the pure plan to the motion. Implementation schedule enables to coordinate and manage the company launch in a systematic and controlled way.

Gantt chart

"Gant chart is a simple tool which represents time as a bar or a line on a chart. The start and finish times for activities are displayed by the length of the bar and often the actual progress of the task is also indicated", says Basu (2004).

2.3.11. Financial plan

"The financial information should include current and projected information." In addition, "The business plan provides a framework for you to create and analyze financial projections, and the projections should take into account the financial impact of all identified goals and objectives.", explains (Simoneaux, Stroud, 2011).

Financial documents will be presented in following order (Pinson, 2008):

- 1) Statements of financial needs
 - 2) Pro forma statements
 - 3) Actual financial statement
- 1) Will be included only if the company seeks the funds from lenders or investors. Describes needs for capital to be infused into company. The company must prepare a Summary of the

financial needs document, which answers questions; Why the company is applying for a loan or investment funds? How much you need to accomplish your goals?

The potential lender or investor will require a statement of how the borrowed money is intended to use. The statement is called “Loan fund dispersal statement” and tells; how a company intends to utilize the loan funds and backups the statement with supporting data.

2) Pro forma statements show projection for the future. All business plans must contain following pro forma statements:

- Cash flow statement
 - ◆ Projects what business plan means in terms of dollar
 - ◆ Estimates inflows and outflows for designed period of time
 - ◆ Deals only with actual cash transactions
 - ◆ Projects the time manner of inflows and outflows
- Three-year income projection(can vary)
 - ◆ Pro forma profit and loss statement
 - ◆ Projects income and deductible expenses
 - ◆ Variation in period cover
- Break-even analysis
 - ◆ Company's costs match sales thus neither a profit or loss has been made
 - ◆ $\text{Profit} = (\text{Sales} - \text{Variable expenses}) - \text{Fixed expenses}$

3) The actual performance part reflect the past business activity, it overreaches this work.

Rule should be respected by Brealye (2008), “If a project value is greater than investment, the project is attractive financially”

2.3.12. Risk analysis

Business risk – danger that reached outcomes will deviate from outcomes expected (Valach, 2005) and risk is an integral part of the business activity (Martinovičová, 2006).

1) Risks' deviations (Martinovičová, 2006):

- Positive – gives reasons to certain business activity as success or profit
- Negative – dangerous of worst outcomes or losses

2) Diversification of risks according activities (Valach, 2005):

- Operating risks – strikes, accidents, injury
- Market risks – prices, exchange rate, demand
- Innovation risks – new technologies
- Investment risks - allocation of tangible and intangible assets
- Financial risks – liquidity, solvency

Strategies for managing risk

Specific business industry requires specific tactics and strategies for managing risks. Strategies for managing risks and their implementation are following step after risk analysis. Strategies can vary from insurance, diversification to inventory management change etc (Friend, 2004).

2.3.13. Exit options

"Exit strategy is not a plan for failure. It is a plan for success.", states Pinson (2008) in her business plan guide. Most of the investors require exit strategy, still a majority of entrepreneurs overlook exit strategy due to the excitement of launching or expanding their venture, consequently they are unprepared for an exit.

Possible exit options for private business are:

- Selling all or portion of the business
- Transfer the business to a family member
- Taking the company public
- Liquidation
- Franchising
- Management buy-out
- Management buy-in

2.3.14. Appendix

Appendix has two main roles (Dufek, 2012):

- to include all backup documents for the data already shared
 - ◆ Reports
 - ◆ Statistics
 - ◆ Publications
 - ◆ Letters of reference
- Place important information that does not belong in the main body of the business plan
 - ◆ Company accreditations
 - ◆ Employees accreditations
 - ◆ Community service awards

3. Practical part

The practical part of the Master's thesis will comment on the elaboration of the empirical research. The findings of empirical research serve for further application into appropriate parts of the business plan and creating of a viable business model.

3.1. Empirical research

Firstly, the objective of the empirical research is an interpretation of analyzed information and data from the appointed group of respondents. Secondly, the empirical research examines author's theory and should reveal valuable inputs applicable onto the actual business plan that follows.

3.1.1. Research goals

The goal of the empirical research was to collect opinions from the main potential clientele group from distinctive countries. The reasoning behind was to inspect general opinions and behavior of the directly potential clients, high school and university students, but also from respondents who are at the same stage of life and could have capability discover revolutionary ideas. Consequently, the research should verify the author's ideas of improvements and innovations.

The counterparty of teachers was represented only by one member. All the insights from this perspective were obtained from a professor Francisco Javier Delgado Báidez who contributed with his experience to this project.

3.1.2. Sample of respondents

The total number of respondents reached 93 interviewees including Francisco Javier Delgado Báidez. 92 of them filled the online questionnaire created through Survio (www.my.survio.com).

The targeted respondents' groups of high school (4%) and university students (65%) were divided into two sub-categories and approached individually; Spanish nationality students from Alicante and students of other than Spanish nationality. As a result the questionnaire had three versions; any student (47% of respondents), current foreign student of language school in Alicante (27% of respondents) and current Spanish student of language school in Alicante (26% of respondents). In the questioning participated inhabitants of various countries; Austria, Czech republic, France, Germany, Italy, Norway, Slovakia, Spain, Switzerland, Russia, Netherlands, Singapore, Ukraine, Hungary, Romania, Turkey, Brazil, India, USA, Poland, Korea and China.

The professional assessment brought Francisco Javier Delgado Báidez, the current teacher in one of the language schools in Alicante. His history lists 15 years of experiences from various private language schools in Alicante (Spain) and France.

3.1.3. Research methods

The research was done in the form of questionnaire. A questionnaire is "List of a research or survey questions asked to respondents, and designed to extract specific information. It serves four basic purposes: to (1) collect the appropriate data, (2) make data comparable and amenable

to analysis, (3) minimize bias in formulating and asking question, and (4) to make questions engaging and varied." (Webfinance, Inc., 2015). The content of the questionnaire mixes both quantitative and qualitative questions. The definition of quantitative research states, "Are "closed-ended" because the person responding to it is constricted in the range of options he or she has to choose from as answers. It is known as "quantitative" because the response options can be converted to numbers." (WebFinance, Inc., 2015). The same respected portal defines qualitative research as "Known as an "open-ended" or "qualitative" question. It is called "open-ended" because the person responding to it is free to answer in any manner he or she chooses. There are no response options specified. It is known as "qualitative" because responses are judged and measured by feel rather than by mathematics (SurveyMoneky, 2015). Both research methods contain the same value for the project.

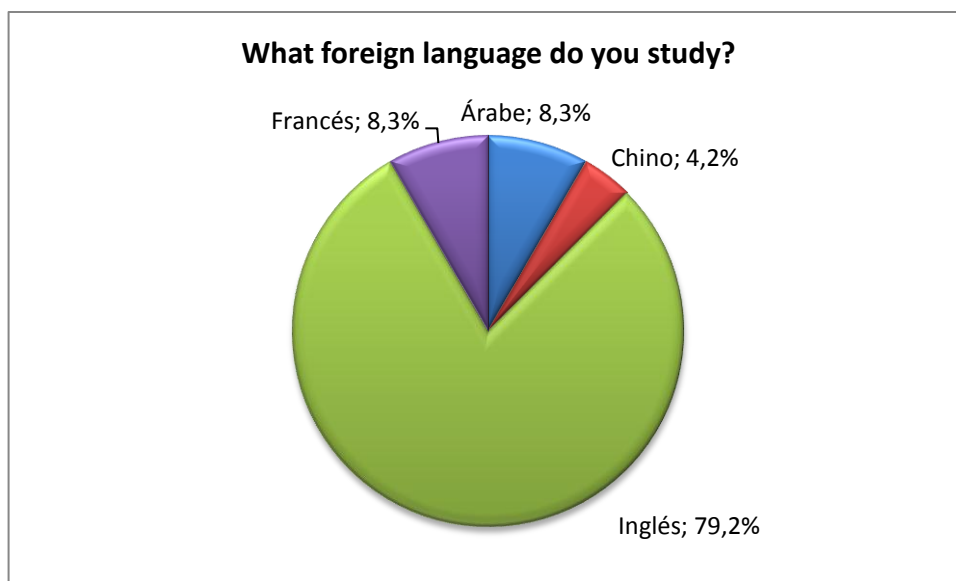
3.1.4. Research conclusion

In order to clearly identify the results, the results will differ regarding the respondent types; Spanish nationality students from Alicante and students of other than Spanish nationality.

Spanish nationality students from Alicante

As expected most demanded language is English followed by French, Arabic, and Chinese. Surprisingly, the German language was not selected, but the demand of German courses is significant in whole Spain.

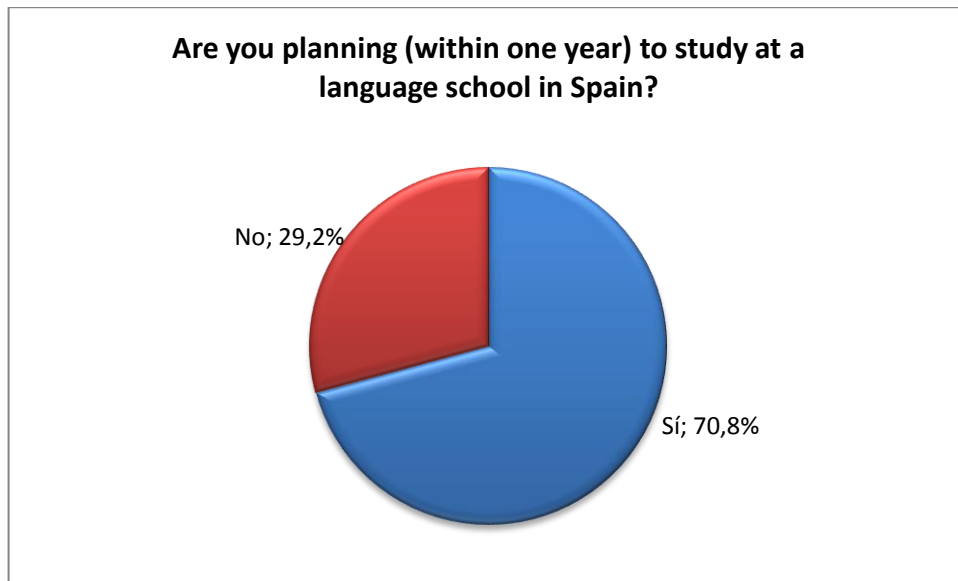
Figure 5: Questionnaire - What foreign language do you study?



Source: author

Strong demand demonstrates the fact that almost 71% plans to study any foreign language at a private language school. Majority students (87.5%) favors long term courses of 1 year (58.3%) or one semester (29.2%).

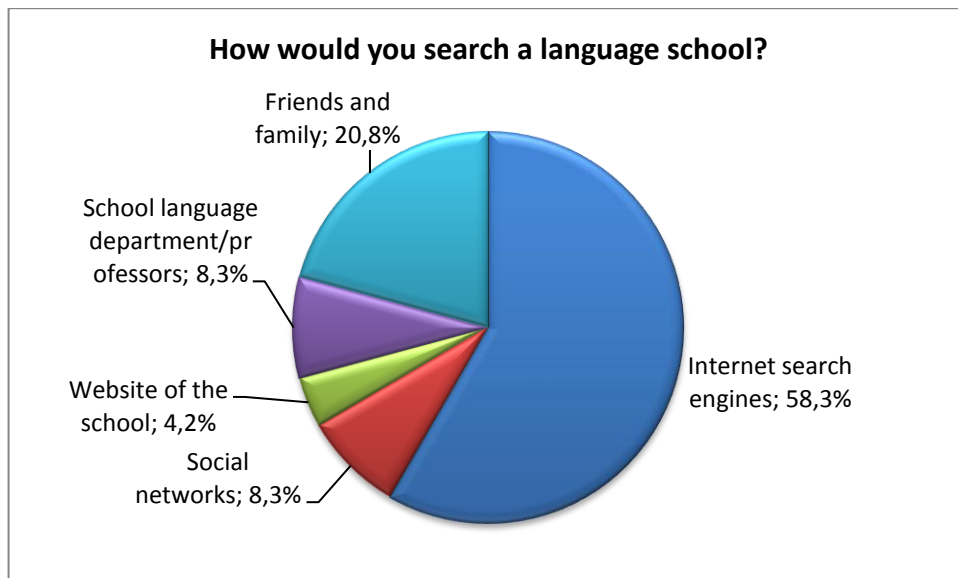
Figure 6: Questionnaire - Are you planning (within one year) to study at a language school in Spain?



Source: author

Even though Spanish students search language courses primarily using Internet search engines, they also receive information from other sources.

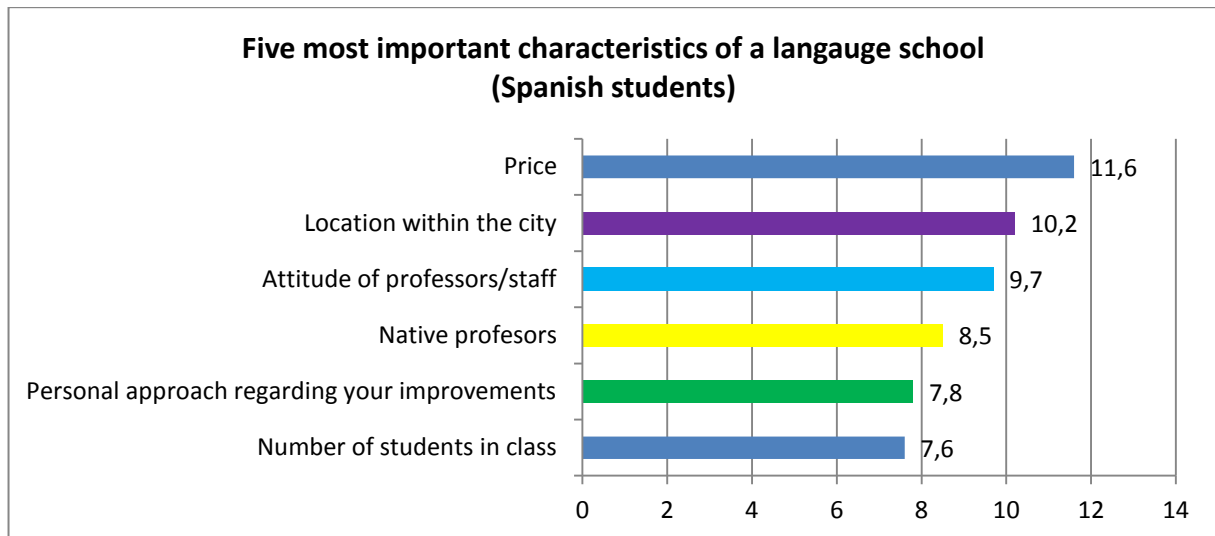
Figure 7: Questionnaire - How would you search a language school?



Source: author

As we can see on the graph the price has its importance, however, the strategy must also keep in mind other important factors.

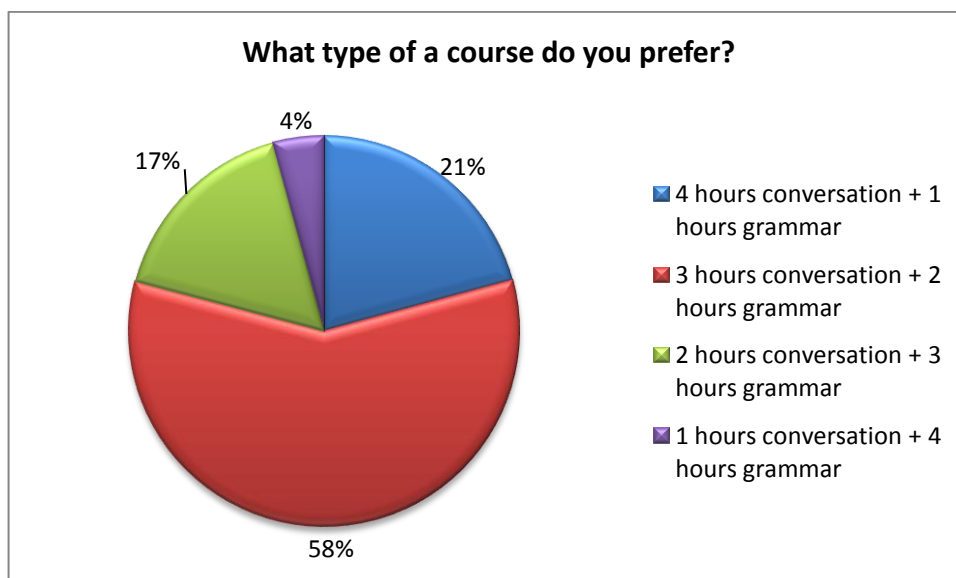
Figure 8: Questionnaire - Five most important characteristics of a language school (Spanish students)



Source: author

The following question confirms that students of foreign languages prefer conversation more than grammar. Still, grammar keeps a place in the educational process because 58% of respondents would like to have only 1 more hour of conversation than grammar. This finding opens a possibility to innovate the structure of courses because all the other schools have courses consisting of more hours of grammar and less conversation.

Figure 9: Questionnaire - What type of a course do you prefer?



Source: author

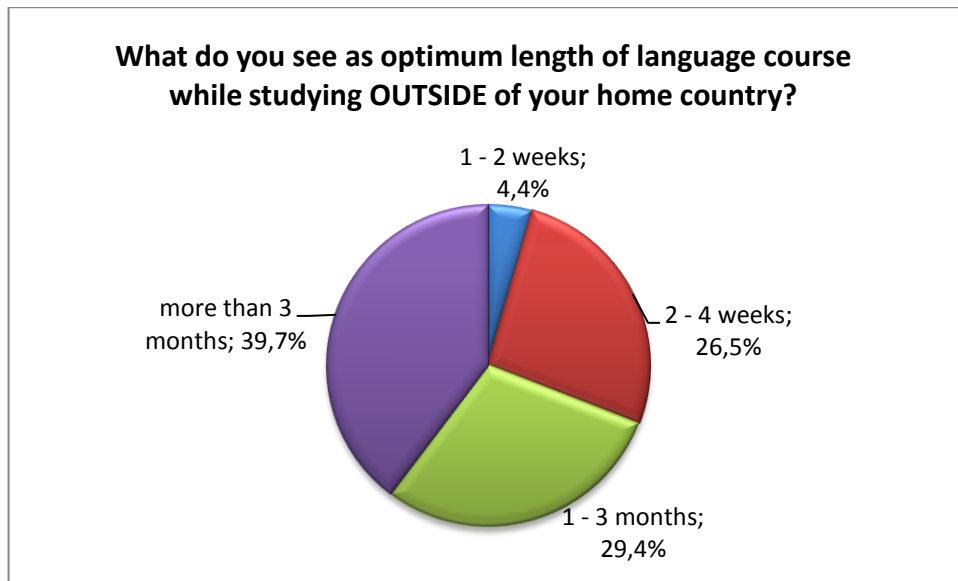
Students of other than Spanish nationality

This group confirmed the strong demand of language studies in countries where the language is declared as the national language. In other words, 71% of respondents studied the language in

Practical part

its home country. The reasons incorporated one person in his/her answer "I think it's easier to really learn a language in the country where it is spoken, because actually, to learn a language is more than just words and grammar, it's also to learn about the culture and customs. " This is connected with the preference of long-term stay, in a particular foreign country.

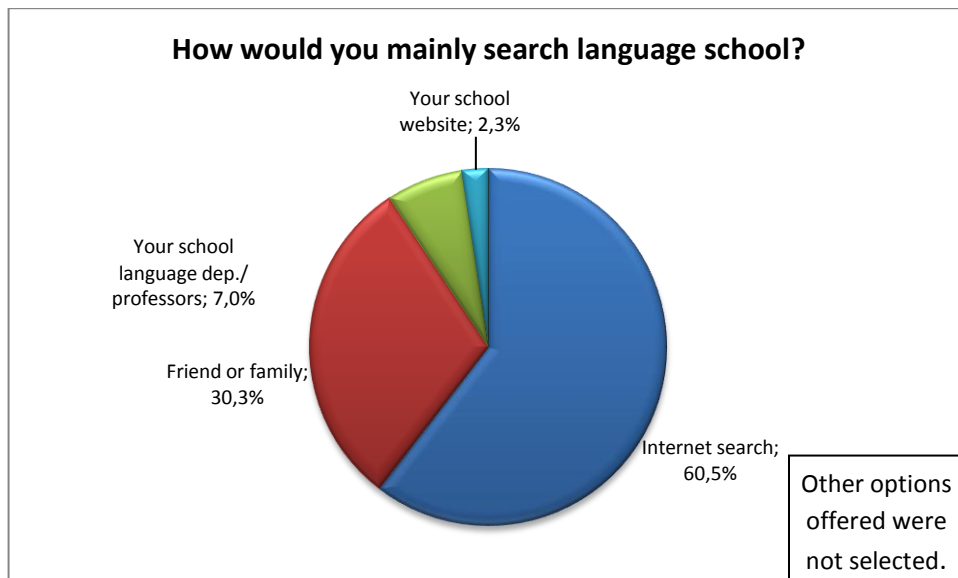
Figure 10: Questionnaire - What do you see as optimum length of language course while studying OUTSIDE of your home country?



Source: author

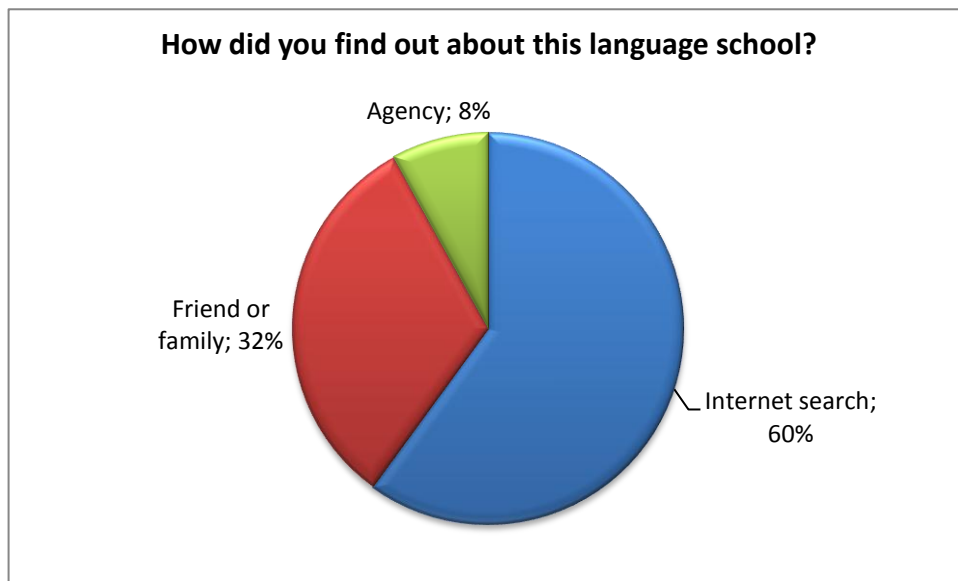
Very fundamental finding is the most common search method around clients. The vast majority of them used or relied either a search engine or recommendation from friends and family.

Figure 11: Questionnaire - How would you mainly search language school?



Source: author

Figure 12: Questionnaire - How did you find out about this language school?



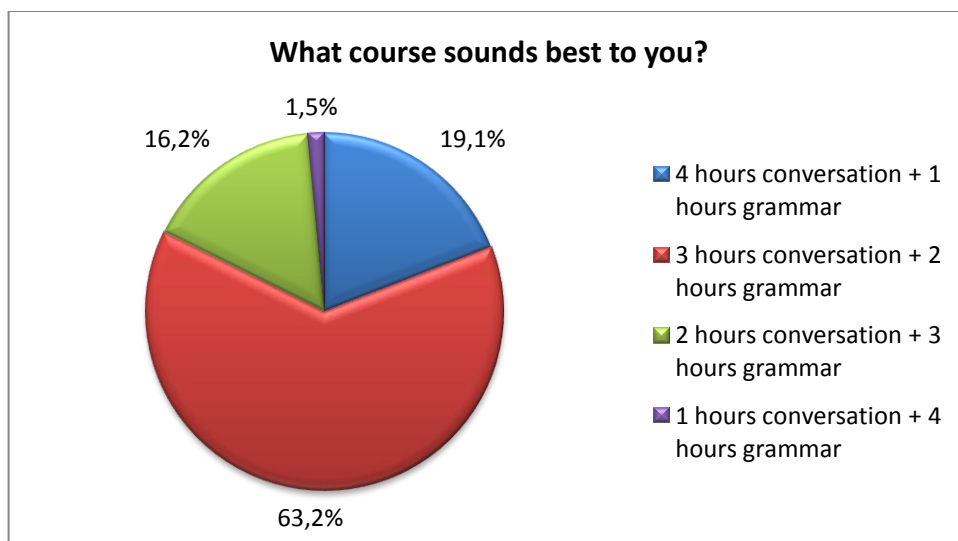
Source: author

Besides other, the research aimed the questions in order to detect the most important characteristics of the school important for students outside of Spain. The most important characteristics are:

- Price
- Attitude of staff/teachers
- Personal approach regarding student's improvement
- Location within country

As in the previous case of Spanish students, the research proved the hunger for courses with more hours of conversation than grammar.

Figure 13: Questionnaire - What course sounds best to you?



Source: author

Finally, the survey found that additional activities as language exchange or trips are popular around students.

In conclusion, because the questionnaire questioned many things the rest of can be found in the (Appendix 2,3,4).

3.1.5. Research limitations

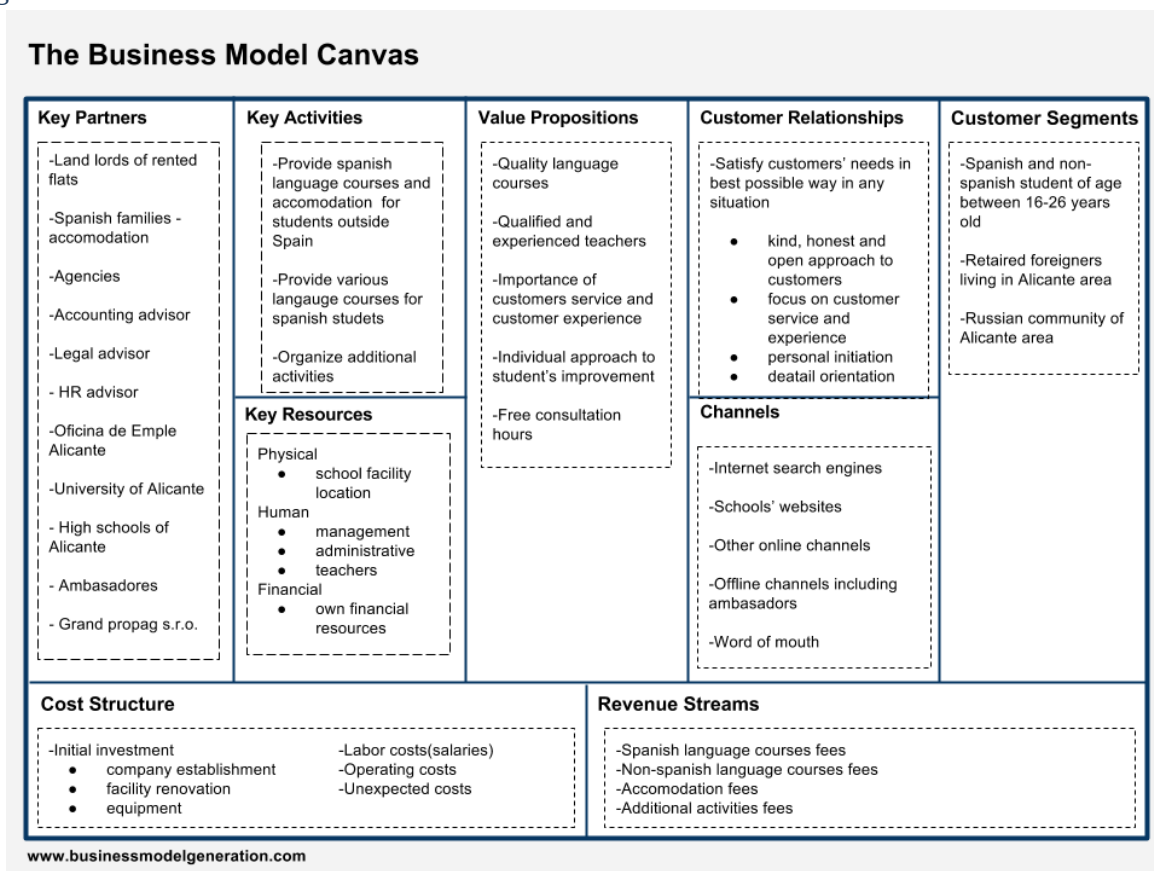
The research may have some limitation affecting the overall results, thus some of the obtained findings may be confounding.

- Although the survey collected 92 insights, this amount does not guarantee complete veracity of the research. Still rather smaller sample may misrepresent the research results. This applies especially to the case of Spanish students.
- The online questionnaire gives limited or no possibility to assist the responding process, for that reason some of the questions could have been misunderstood.
- Since the questionnaire were answered online it was not possible to secure full attention and dedication to the answering.

3.2. Business model canvas

Each section of the business model canvas is separately and in detail elaborated in part of business plan.

Figure 14: The business model canvas



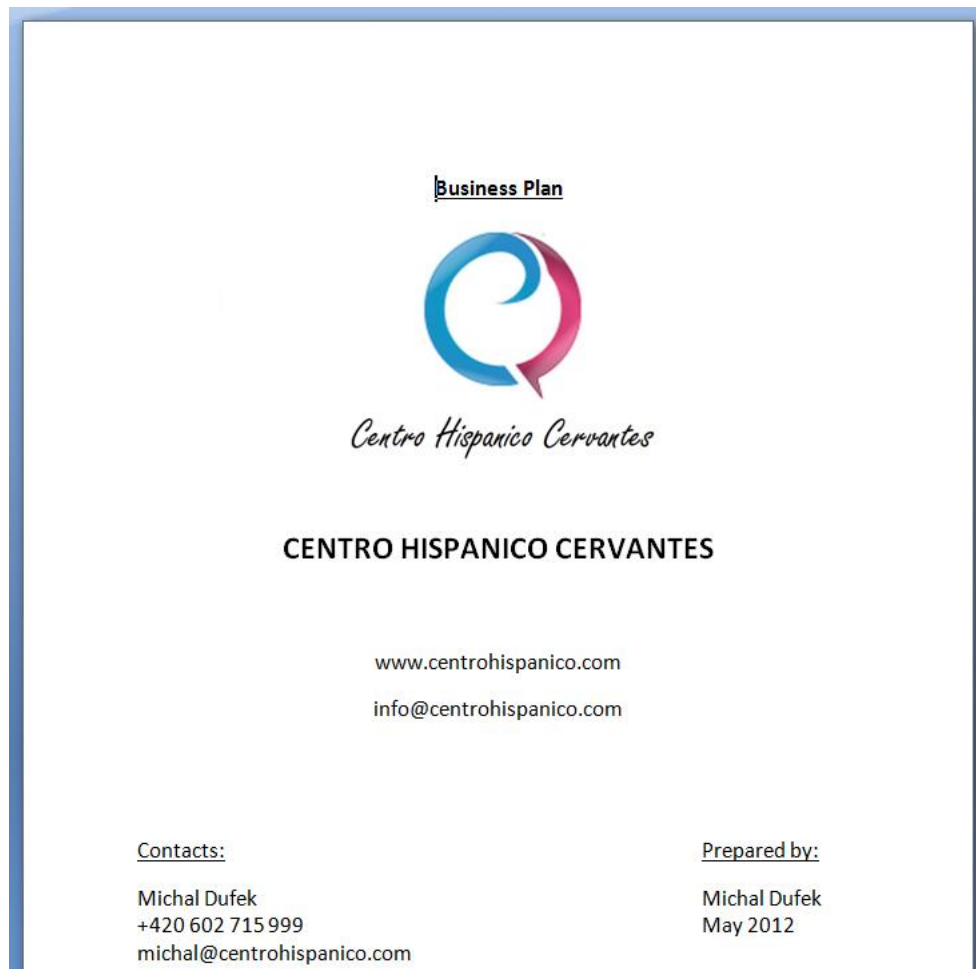
Source: author

3.3. Business plan

3.3.1. Cover sheet

Cover sheet adds decency to the business plan for occasions when the business plan serves for communication with external parties as investors or public administration.

Figure 15: Cover sheet



Source: author

3.3.2. Executive summary

Now, after the grave financial crises, when the whole population realizes the fact that every obtained skill matters, this business plan provides complete, accurate, detailed guide to establish prospering language school in Spain. The school plans to provide full portfolio of demanded services with additional value for the customer in a form of outstanding customer services and customer experience for competitive prices. The market hides enormous potential. Even OECD (Aiginger, 2009), as one of the tool how to combat the financial crises, suggests increase and more flexible mobility. Mobility, which requires foreign language skills. Other signal sent Spanish entrepreneurs who recently established successful language school businesses. Finally, this type of entrepreneurship does not require a big investment, hence the

investors can finance the project themselves. Additionally, this project offers great profitability and break-even point. Realistically, the company can reach positive balance in 4 months.

3.3.3. General company description

Centro Hispanico Cervantes language school is located in Alicante, Spain. The great area allows incoming students connect studies of Spanish with joyful free time on the beach. Further, Alicante population searches quality language courses especially of English and German. Besides, the language school would like to offer courses for retired foreigners, as well as for the Russian community, in Alicante area. At the beginning, the smaller size language school would like to differentiate from the competition with great customer services and thoughtful customer experience. The customer-oriented focus should be kept while expanding the size.

The idea of establishing differently focused language school arised between the Spanish teacher with more than 15 years of experiences and student unhappy with recent experience with one of the language schools in Alicante. The business partners plan to invest own financial resources without a current necessity of external financing. The funding partners would have unequal share ownership of ratio 70:30.

As a type of the company, best fit indicates SL (Sociedad Limitada), which as a result of the location has to respect Spanish laws regarding taxes, corporations and labor aspects.

Goals

Goals of the company can be classified in three categories: social, service and business.

Social goals represent efforts to provide quality services, which would improve the social level of clients. The inhabitants of Alicante due to the economic situation of Spain are facing obstacles preventing reaching the standard level of life. Also for non-Spanish students, the study of Spanish can be seen as a tool to lift up the future social life position. Moreover, the company builds a connection between people from different countries and thus improves cultural awareness.

Service goals are to improve the customer experience because the management thinks that positive experience should be the primary outcome.

- Provide a safe, caring and respectful environment that honors diversity and cultural awareness
- Create an environment of immersed language learning implemented by highly qualified teachers
- Provide appropriate curriculum that balance structured lessons, exploration learning, and the latest technology
- Provide student support and administrative services of the highest quality

Business goals:

- Sustainable business that satisfies customers needs and expectations
- Financially stable and liquid company

- Keep financing independent on external financing
- Attainment prospering company
- Establishing significant brand on the market

3.3.4. Present company situation

The plan for this project counts with the establishment of a new company. The partners of the company will be Michal Dufek and Francisco Javier Delgado Báidez. The proportion of share distribution will be 70:30.

During the detail information search I have personally had, along with my future partner, a couple of appointments with legal consultant (Asesora jurídica) María José Juan Bertomeu in Alicante, Spain. Based on our positive impression we agreed to contract María José Juan Bertomeu in the subject of establishing the company with respect to the Spanish law.

3.3.5. Market analysis

For the sake of complete market analysis, the structure from the theoretical part will be followed. This market analysis is found on primary and secondary research.

General market research

1. Market share and growth - English (69%), French (7%), Spanish (6%), and German (5%) are most studied foreign languages in the world totaling 87%. The Instituto Cervantes has calculated almost 20 millions of students engaged in studies of Spanish worldwide (Instituto Cervantes, 2014). The market of pupils studying Spanish in Spain counted in 2013 858.280 persons regarding Instituto Cervantes (2014). Sourcing the same report (Instituto Cervantes, 2014) in 2007 86% were students of private language schools. If we take into consideration the analysis and data from the report, the total market value of year 2013 would be almost 550 million EUR.

Although the total numbers look pretty impressive we cannot overlook the recent slowdown. Instituto Cervantes published their Spanish students' enrollment statistics trend between years 1993 - 2012 (Instituto Cervantes, 2013). The number of enrolled students has grown more than fourteen times during this period (Appendix 5). Being more up to the date, in the enrollment of three year 2012-2013 the demand for Spanish courses registered under Instituto Cervantes (2014) first time in history decreased, but only by 2%. Exactly the same pattern copies the demand of DELE certification (Appendix 6). The growth has slowed down from 8.5% in 2012 to 1% in 2014.

Regarding the demand of foreign languages in Spain, the country experimented significant acceleration as a result of the economic crisis. The recent study done by the General Foundation University and the Madrid Chamber of Commerce (Fundación Universidad Empresa y la Cámara de Comercio de Madrid) has revealed that 74% of job offers condition in the offer knowledge of English (Sosa, 2015). Contrary, with 46% of Spanish adults between ages of 25-46 does not speak a foreign language, the market grant great opportunity (Madrid Language Center, 2012). Perhaps for that reason, 70.8% of respondents (Spanish students) confirmed their plan to register for private school language course.

2. Market stability - considering stability, the important macroeconomic indicators for our purposes are GDP and unemployment rate. Starting due to financial crisis GDP annual percentage growth continues to be negative in year 2013. Also, the total unemployment rate continues growing over years reaching 26% in 2013 (The World Bank, 2015). Thus, the economic situation will compel Spanish inhabitants to search job in foreign language speaking markets.

The significance of Spanish in the world should grow in future. Instituto Cervantes predicts that in 2050 the key business player of the world United States will be the biggest Spanish-speaking country in the world with 132.8 million Hispanics. Moreover, the report of A.T. Kearney (2015) predicts high potential growth following Spanish speaking countries in five years for Chile and Peru. Colombia was evaluated as the country of moderate potential to grow.

With respect to data and predictions, the market of private language schooling in Spain can be considered as stable.

3. Competitors - Believing the results of primary research that states that the location within the country is the third most important factor for choosing language school, the project considers as competitors other language schools only in Alicante city.
4. Recent trends - In the market cannot be detected any surprising new trends. The existing language schools are gradually putting in use new technology as projectors, audio systems or tablets. On the subject of additional activities many private language schools recently focus on organizing language exchanges (tandems). Besides others, occasionally in Alicante the schools start focusing on strong Russian community present in the area. However, only a few schools are at the beginning of an exploration of this particular market.
5. Current position and potential market share - The company has no position on the market at the present moment because does not exist yet. The plan expects to get a minor share of the massive market. The goal is to reach graduate but natural expansion every year.

Market strengths and weaknesses

Strengths - many strengths were listed in previous paragraphs. The market potency includes popularity of Spanish as a foreign language, stable and high demand in the sense of incredible amount of educational tourist arriving to Spain every year for the study purposes, market stability of last 10 years and ironically the demand from Spanish inhabitants created by financial crisis.

Weaknesses - pretty saturated market. Instituto Cervantes certification owns 150 schools from whole Spain, from which 4 are located in Alicante city (Instituto Cervantes, 2015). However, the total amount of private language schools exceeds this number multiple times. Although, the secondary research does not provide any official list of private schools. The conducted internet search led to the discovery of other 3 solid private language schools. Likewise, we cannot left out smaller business entities focusing on particular languages and private teachers of foreign languages.

Customer profile

Primarily the language school wants to concentrate on individuals. Resulting from the market research the main age category would be university students. This claim confirms the fact that 71% of respondents currently enrolled in private language school categorized themselves as a university student. Taking into account also the high school students the targeted age group would be from 16 till 26 year of age. We can differentiate a few main target groups.

First target group:

One part of the clients has residence in Alicante. The families are supportive regarding education and studying foreign languages as an instrument to secure a future job. The client itself realizes the condition of the Spanish economy and considers job search outside of Spain or understands the advantage gained from extra knowledge in the Spanish job market.

Second target group:

The other part of international clients resides especially in France, Italy, Germany, Austria, Switzerland and Norway says the 2014 report (Instituto Cervantes, 2014). The families of targeted clients give importance to quality education and provide financial support to their children. The clients could later pursue an international career and generally are more goal oriented. Certain part perceives foreign languages as a hobby.

Third target group:

Retired foreigners living in Alicante area who are financially secured and would like to understand and immerse in the local culture.

Fourth target group:

Russian parents having their business in Spain who sense important maintain the Russian language skills of their kids.

Competition

1. Identify competitors
 - a. Enforex
 - b. Proyecto Español
 - c. Colegio Internacional Alicante
 - d. Estudio Sampere
 - e. Zador Spanish school
 - f. Ya Hablas
 - g. Viva la Lengua
2. Information about competitors – this part will elaborate and comment on important criteria as history, composition of courses and languages, accreditation, prices, location, size of the school and the strategy.
 - a. Enforex (Enforex, 2015)

The strongest player in Alicante having presence in 13 cities in Spain and many others in South America with a long history since 1989. The school is located on the main promenade by the sea relatively close to the beach, but the spot cannot be easily approached by public transport, plus students must live far from the school. Enforex

provides a very broad offer of Spanish courses, besides others including courses for 13+ students, a variety of business and professional courses and even active courses (Spanish + scuba diving). Enforex obtained the accreditation from the Instituto Cervantes that guarantee the high level of course organization and professionalism of teaching staff. Enforex asks for the quality higher price comparing to the competition. Enforex characterizes high traceability on the Internet. During the research, I have noticed that Enforex has registration on many portals in comparison to other schools.

Strong points

- High-quality courses
- High Internet traceability
- Insituto Cervantes accreditation

Weak points

- Higher price
- Only courses of Spanish (no courses of English, German, etc.)

b. Proyecto Español (Proyecto Español, 2015)

Proyecto Español was established 14 years ago. They have accomplished 4 branches in Spain and 2 in South America. The school is positioned well in the city center close to all important city points; public transport, beach or old city center. Proyecto Español gives a complete portfolio of lessons. Moreover, Proyecto Español owns two sub-companies that cover the demand of German (Instituto Berlin) and English (Studio 3). As well as Enforex, also Proyecto Español holds accreditation from Instituto Cervantes for their branches in Alicante and Granada. The management tries to reach objective and keep the average prices. Unfortunately, based on my own experience, as a consequence the service and attention to the client don't even reach average. However, this can be caused also by the main focus group of Proyecto. The school preserves a close relationship with agencies for the purpose to attract high schools and universities and profits significantly from school trips. Above that, Proyecto demonstrates good online marketing.

Strong points

- Strong relationships with agencies
- Online marketing
- Complete offerings (various languages and courses)
- Insituto Cervantes accreditation
- Reasonable prices

Weak points

- Poor quality of teachers
- Poor treating of clients
- Poor organization

c. Colegio Internacional Alicante (Colegio Internacional Alicante, 2015)

This small language school (three classrooms), which unfortunate location requires a lot of patience for commuting, was established in 1998. The school focuses strictly on Spanish courses for average prices (slightly more expensive than Proyecto Español) that are certified by Instituto Cervantes. Despite the fact that the school has solid Google

search ranking, the school lacks significantly at least decent level of website that corresponds with the poor look of their facilities.

Strong points

- Instituto Cervantes accreditation
- Website SEO

Week points

- Location
- Only focused to Spanish courses
- Website presentation
- Standard of facilities

d. Estudio Sampere (Studio Sampere, 2015)

Supposedly the first Estudio Sampere started its operation in 1956. Sampere covers 3 cities in Spain, one in Ecuador, and one in Cuba. This medium size language school is located in historical center of Alicante. The location in this part of the city seems attractive but is situated relatively far from the beach. The school bets on a simple offer of courses focusing only on Spanish language. On the other hand, the courses have to meet the Instituto Cervantes requirements. Maybe because of that, Sampere bets on high prices.

Strong points

- Long history and many experiences
- Instituto Cervantes accreditation

Week points

- High prices
- Location and visibility from street (third floor)

e. Zador Spanish school (Zador Spain. 2015)

Neither the website nor other sources provide much information about this language school. Thus, history is unclear. The owners located the school on the best possible address. Apart from very expensive Spanish courses, the school arranges studies of English, German or French outside of Spain. The website does not advertise any accreditation. On the top of that, the school dedicates certain part to translations.

Strong points

- Perfect location
- Different target client
- Diversification

Week points

- High prices
- Information provided
- No accreditation

f. Ya Hablas (Ya Hablas, 2015)

Regarding primary research, the school is in the operation few years. Great location has to benefit this school. Contrary, the offer of 18 languages and various types of courses of each language cannot serve the school well. The presentation of the company can be read only in Spanish and misses basic information as prices or courses' starting dates.

Based on my information, the school's business model does not maintain any permanent staff, but always based on demand contracts external workers. According to the website, clients searching translation or interpretation can also use services of Ya Hablas.

Strong points

- Location
- Wide range of languages taught

Weak points

- Poor company presentation also lacking crucial information
- No accreditation

g. Viva la Lengua (Viva La Lengua, 2015)

This is young and relatively small language school located close to the beach and far from public transport offers basic courses of Spanish language. Fairly low prices must attract many customers, as well as impressive webpage. Due to short history the school is deficient in accreditation.

Strong points

- Price
- Website impression
- Information provided

Weak points

- Accreditation
- Only courses of Spanish

3. Strengths and weaknesses of competitors

For the reason of having a history in the market, the competing companies benefit from their experiences. Additionally, at least some of them have generated a serious amount of money, which they can reinvest to further development. One more advantage concludes from this fact. If the schools have treated clients well, they can serve as advertisers of their services. As another, generally clients value accreditation, and then the 4 schools owning the accreditation of Instituto Cervantes have extra strength.

Weaknesses vary depending on a particular school. Since I have personally visited each of those schools I would consider as their main and common weakness the attention to the client. None of the schools impressed me with their client approach. Neither any of them seems to emphasize the customer experience.

4. Plan to effectively compete - The principle behind the strong plan of competing effectively has to include strong points of others, plus learn from their mistakes and offer something extra. Firstly, out of the research concludes the necessity of clear strategy. The research disproves the business model with two focused area. The language school should fully dedicate to language courses. Depends on the particular approach, but being fully competitive requires focus at least on Spanish, English, German and French language. Secondly, the website should have a representative design, content and should be traceable. Thirdly, the good location within the city can be a differential element. Supporting factor to a location is storey location. As fourth, there are logical benefits from the accreditation of Instituto Cervantes and this project sees its acquisition as one of the priorities. As fifth, the

research discovered great deficit in customer service and customer experience. The customer service and experience should be the ultimate goal for the language school. Additionally, the school should be innovative for profiling distinctly. Finally, all competition seems to be a bit less proficient in their segmentation. The clients are by mistake perceived indifferently. The opportunity of advanced segmentation could explore and attract new interest groups as Russian community or elderly foreigners. Also, the companies overlook markets as Russia or Poland, although conceal great potential.

Summary

The table bellow compares Centro Hispanico Cervantes with competitors in market analysis mentioned characteristics.

Figure 16: Positioning of Centro Hispanico Cervantes

Centro Hispanico Cervantes positioning towards competitors in particular characteristics							
	Price	Location	Facilities	Courses' portfolio	Accreditation	Website	Internet traceability
Enforex	✗	—	✓	—	✓	✓	✓
Proyecto Español	—	—	✓	✓	✓	—	✓
Colegio Internacional Alicante	—	✗	✗	—	✓	✗	✓
Estudio Sampere	✗	✗	—	—	✓	—	—
Zador Spanish school	✗	✓	—	✓	✗	✗	—
Ya Hablas	?	✓	—	✓	✗	✗	✗
Viva la Lengua	✓	✓	✗	—	✗	✓	—
Centro Hispanico Cervantes	✓	✓	—	✓	✗	✓	✓

✗ - bad ? - average ✓ - excelent

Source: author

SLEPT analysis

Execution of SLEPT analysis will help to better understand the macroeconomic environment.

Social environment

As mentioned in the introduction of this thesis the process of globalization looks unstoppable. As a consequence, the amount of mobility increases. Maybe for that reason 98% of Europeans consider mastering other foreign languages as useful for the future of their children. Moreover, the 2012 Eurobarometer discovered that 77% of respondents believe that improving language

skills should be a priority and 72% agree that everyone in the EU should be able to speak more than one language in addition to their mother tongue (European Commission, 2012).

Also, the importance of foreign languages increased in the job market. A global survey of 572 executives, conducted in 2012 by respected magazine *The Economist* observed the importance of foreign languages. The survey reveals that the majority of questioned executive believes that over 50% of company's workforce requires some level of non-native skills in order to effectively carry out their job (Appendix 7). And, that 39% of companies while recruiting in the home country expects a candidate to be fluent in at least one non-native language (Appendix 8) (*The Economist*, 2012). On the other hand, companies are not afraid to reward extra language skills. The *Economist* published article mentioning study from Albert Saiz, the MIT economist (*The Economist*, 2014) who found quite different premiums for different languages: 1.5% for Spanish, 2.3% for French and 3.8% for German (Appendix 9). Other statement of Ryan McMunn, language expert and CEO of BRIC Language Systems (U.S. News & World Report LP., 2014) says: "In fact, those entering the workforce in 2014 with second language fluency can expect an additional 10 to 15 percent pay increase."

Talking about the area of interest. Alicante, as the rest of Spain, suffers from high unemployment. The city of 334 678 inhabitants is located in the area where the unemployment rate reaches almost 31% (Instituto Nacional de Estadística, 2015). As a consequence, at the beginning of 2014 many Spanish people abandoned Spain and decided to try their luck in other countries. Statistics is talking 15,5% of Spanish population (*El Mundo*, 2014).

All facts mentioned above favor studies of foreign languages.

Legal environment

Portal www.doingbusiness.org which evaluates the ease of doing business in particular countries ranged Spain fairly high as 33rd best country in the world for doing business. For example, Czech Republic occupies 44th place. The ranking emphasizes good resolving of insolvency, protection of minor investors and trading across borders (World Bank Group, 2014).

For the reason of establishing Limited Liability Company important laws for the purposes of this project are Royal Legislative Decree 1/2010 of July 2nd that revises previous wording of Corporations Act regulating various corporate legal forms including Limited Liability Company (SL). The corporation Act is supplemented by Royal Decree 1784/1996, of July 19th, approving the regulations of the Commercial Register. Also by, the Law 3/2009 of April 3rd, on structural modifications of commercial companies, which regulates the process of corporate restructuring in the current business and the Commercial Code. Finally, by the Law 2/2007 of Professional Societies, this regulates the formation of corporations by professional associations (Invest In Spain, 2015).

The accounting aspects of Limited Liability Company come under Law 27/2014, of November 27th, Corporation Tax, Law 43/1995 of December 27th, Corporation Tax and Royal Legislative Decree 4/2004 of March 5th, approving the revised text of the Corporation Tax Act. Personal

income tax contains Royal Decree 439/2007, of March 27th and Law 35/2006 of November 28th (Invest In Spain, 2015).

General labor law explains Royal Decree-Law 1/1995 of March 24th. The labor law for autonomous workers covers law 20/2007 of July 11th. Interesting laws that were applied in order to increase the economic competitiveness of Spain support entrepreneur activities. Law 14/2013, to September 27th, supports entrepreneurs and internationalization. Royal Decree-Law 16/2013, of December 20th, boosting the stable long-term contracts, as well as flexible working arrangements (Invest In Spain, 2015).

Social and health insurance rates are (Invest In Spain, 2015):

- Social and health insurance - Employee 6,35%
- Social and health insurance - Employer 29,9%

Economical environment

The overheated Spanish economy suffered greatly during the crisis of 2009 and since the end of 2011, Spain is facing the recession again. The crises caused banking sector due to the large amount of non-performing loans after the bursting of the price bubble in the real estate market. Spain experience huge drop of property prices around 40%. Spain is one of the countries that received a loan of € 100 billion from the rescue fund EU to try to save their banks (Czechtrade, 2015). The prediction estimates that Spain could reach the pre-crisis level in 2017. However, the macroeconomic development of 2014 already showed optimistic numbers (Czechtrade, 2015).

Basic macroeconomic indicators:

Figure 17: Macroeconomic indicators of Spain

Indicator	2009	2010	2011	2012	2013	2014*
GDP (billion EUR)	1 048	1 049	1 063	1 048	1 023	1 040
Real GDP growth (%)	-3,7	-0,3	0,4	-1,4	-1,2	1,2
Annual inflation (%)	-0,3	1,8	3,2	2,4	1,5	0,1
Unemployment (%)	18	20,1	22,8	25,0	26,4	24,0
Export (billion. EUR)	159,9	186,8	215,2	226,1	234,2	157,2 ^a
Import (billion. EUR)	206,1	240,1	263,1	257,9	250,2	173,7 ^a
Trade balance (billion. EUR)	-46,2	-53,3	-47,9	-31,8	-16,0	-16,5 ^a

a-Data from January to August 2014

Source: Banco De España

Political environment

Spain is a parliamentary constitutional monarchy. Decentralization is typical because Spain has 19 autonomous parliaments. In other words, all autonomous areas and cities have their own government.

The political situation can in the autumn of 2015 change direction, considering that Spain will have elections. At the moment, the role of prime minister holds Mariano Rajoy, and his centre-right Popular Party has with 186 deputies the majority in parliament.

The government faces pressure from Catalonia which shows effort to hive off (Czechtrade, 2015).

Technological environment

Technological innovations can overwrite easily the current market situation. The market of studying foreign languages is not an exception. On the market are no signs of new technology revolutionary for the language industry. Spain has technological development level comparable with other European countries. Regarding technological environment ranking done by www.nationalmaster.com considering R&D expenses, the creativity of its scientific community, personal computer and internet penetration rates Spain hold position 19 overall and 9th place from European countries (NationMaster.com, 2015).

Results of SLEPT analysis

The SLEPT analysis shows positive social environment trends currently supported by a hard economic situation of the country favoring the project. The legal environment keeps stability in Spain and the same expects the outside world to be a case of the political environment, even though the country is heading to elections.

Description of internal and external environment - SWOT analysis

Strengths

- Location - we have an agreement with the owner of the commercial property at Calle Pintor Sorolla 1 securing us the rent. This location offers great accessibility and visibility. The property is very close to all public transport and 10 minutes walk from the beach.
- More than 15 years of teaching experience brought by Francisco Javier Delgado Báidez
- Customer experience and customer service orientation
- Individual approach to clients' improvements
- Native speakers
- Financial independence - the owners don't plan to take loan, so will not face the pressure from external party
- Social connections of Francisco Javier Delgado Báidez

Weaknesses

- No experience with coordination language school
- New brand of the market
- Necessity of renting teaching facilities
- Lack of previous students network who could bring new clients
- No accreditation

Opportunity

- Global trends and increasing requirements for foreign languages
- High demand from Spanish population
- Funding from Spanish government as a consequence of financial crisis

- The possibility of using the Internet and interactive multimedia in teaching
- Exploration of new segments (Russian community in Alicante)
- Exploration of new markets - Poland, Russia or USA

Threats

- Established competition - language schools with long history have certain reputation and can be preferred by clients
- New competition - the market free of barriers
- Disposable income of Spanish population

3.3.6. Product & service plan

Centro Hispanico Cervantes will provide various forms of language courses within two main categories, as follows:

1. Spanish for foreigners
 - a. Language courses of Spanish A1-C1 according to international standards
 - b. Private classes
 - c. Skype classes
 - d. DELE certificate preparation course
 - e. Specialized language courses
 - i. Spanish for tourism
 - ii. Spanish for teaching
 - iii. Business Spanish
 - iv. Spanish for medical field
 - f. Spanish for elderly people
 - g. Summer camp
2. Language course for Spanish students
 - a. Language courses A1-C1 according to international standards
 - i. English
 - ii. German
 - iii. French
 - iv. Chinese
 - v. Arabic
 - b. Private classes
 - c. Skype classes
 - d. Specialized English/German courses
 - i. English/German for tourism
 - ii. English/German for teaching
 - iii. Business English/German
 - iv. English/German for medical field
 - e. Russian for kids
 - f. English certificates preparation
 - i. Level A2 - KET (Key Cambridge English)
 - ii. Level B1 - PET (Preliminary Cambridge English)

- iii. Level B2 - FCE (First Cambridge English)
- iv. Level C1 - CEA (Cambridge advance English)
- v. Level C2 - CPE (Proficiency Cambridge English)
- vi. TOEFL - Test of English as a Foreign Language
- g. German certificates preparation
 - i. Goethe - Zertifikat
 - ii. Deutsches Sprachdiplom Stufe I and II
- 3. Accommodation
 - a. Flats
 - i. Single room
 - ii. Double room
 - b. Family

1. *Spanish for foreigners*

- a. Language courses of Spanish A1-C1 according to international standards

The student will be assigned level based on online test created for these purposes by our language school. The number of students will be strictly limited from 3 to 8 students. With fewer students is not economically viable open the course, on the other side with more than 8 students the quality would decrease.

Figure 18: Spanish for foreigners- courses' levels, duration, and used literature

Level of knowledge	Duration of the course	Book used (editorship Edinumen)
A1.1	2 weeks	Prisma A1, Comienza
A1.2	2 weeks	Prisma A1, Comienza
A2.1	2 weeks	Prisma A2, Continúa
A2.2	2 weeks	Prisma A2, Continúa
B1.1	2 weeks	Prisma B1, Progresa
B1.2	2 weeks	Prisma B1, Progresa
B2.1	2 weeks	Prisma B2, Avanza
B2.2	2 weeks	Prisma B2, Avanza
B2.3	4 weeks	Materials prepared by our language school
C1	12 weeks	Prisma C1, Consolida

Source: author

Figure 19: Spanish for foreigners - types of courses

Course name	Hours of grammar per day	Hours of conversation per day	Hours of private classes per day	Total hours week(grammar + conversation + private classes)
Conversation course	-	2	-	0 + 10 + 0
Grammar course	3	-	-	15 + 0 + 0
Standard course	2	3	-	10 + 15 + 0
Intensive course	2	3	1	10 + 15 + 5
Super course	2	3	2	10 + 15 + 10

Source: author

b. Private classes

The course will be tailor-made regarding client's wishes. The form will have standards of the individual class. The classes will be scheduled along with the client and regarding availability.

c. Skype classes

The course will be tailor-made regarding client's wishes. The form will have standards of the individual class. Classes will be held over Skype, thus the client will not be present in the classroom. The classes will be scheduled along with the client and regarding availability.

d. DELE certificate preparation course

This course prepares the student to obtain the "Diploma de Español como Lengua Extranjera" (D.E.L.E.) carried out by the Instituto Cervantes. 30 hours weekly will be studied by groups strictly limited from 3 to 5 students. Student's performance will be considered for the suggestion of enrollment level for the exam.

e. Specialized language courses

i. Spanish for tourism

The course will be available to all students dominating level A2 or higher. Total of 25 hours will be divided in two parts. Firstly, student groups of 3 - 8 persons will dedicate 2 hours to grammar. Later, number of students within a group will decrease (3 - 4 students) and students will practice real live situation and improve in special tourism grammar and conversation skills. Topics as accommodation reservation, events reservation, directions, complaints, problem-solving and the introduction of Spanish traveling culture will be elaborated.

ii. Spanish for teaching

The course will be available to all students dominating level A2 or higher. Total of 25 hours will be divided in two parts. Firstly, student groups of 3 - 8 persons will dedicate 2 hours to grammar. Later, number of students in groups will decrease (3 - 4 students) and students will practice real live situation and improve in special business grammar

and conversation skills. Topics as class preparation, teaching, problem-solving and school meetings will be elaborated.

iii. Business Spanish

The course will be available to all students dominating level A2 or higher. Total of 25 hours will be divided in two parts. Firstly, student groups of 3 - 8 persons will dedicate 2 hours to grammar. Later, number of students in groups will decrease (3 - 4 students) and students will practice real live situation and improve in special business grammar and conversation skills. Topics as a job interview, electronic communication, presentation skills, marketing, and meeting will be elaborated. The course will source practical examples from book *Asuntos de Negocios* editor by Edinumen.

iv. Spanish for medical field

The course will be available to all students dominating level A2 or higher. Total of 25 hours will be divided in two parts. Firstly, student groups of 3 - 8 persons will dedicate 2 hours to grammar. Later, number of students in groups will decrease (3 - 4 students) and students will practice real live situation and improve in special business grammar and conversation skills. Topics as sicknesses, symptoms explanation, appointment ordering and communication with insurance will be elaborated.

f. Spanish for elderly people

Course will focus on the capacious community of retired people living in Alicante area. The course will total 4 hours (2 hours x 2 days) including 2 hours of grammar and 2 hours of conversation.

g. Summer camp

Summer camp is appointed for teenagers between 13 - 17 years old. Diverse combination of the Spanish language course, tourism, cultural events and sports events will entertain daily the participants from 9.00 - 19.00. Students will be living with Spanish families for the sake of cultural immersion. Moreover, all the activities will be accompanied by the presence of Spanish teenagers.

Spanish language course information:

- 20 hours per week
- Every day 2 hours of grammar and 2 hours of conversation
- Study group limited from 3 to 8 students

Tourism, cultural events and sport events:

- City cruise
- Santa Barbara Castle visit
- Trips around adjacent interesting places

- Dance class
- Beach volleyball tournament
- Beach soccer tournament

Figure 20: Spanish for foreigners - general schedule of summer camp

Activity	Time
Spanish language course	9.00 - 13.00
Lunch	13.30
Tourism, cultural events or sports events	15.00
Dinner + free time	19.30 -

Source: author

2. Language course for Spanish students

- Language courses A1-C1 according to international standards (English, German, French, Chinese, Arabic)

The school main focus will be on mass foreign languages present in Spain; English, German, French. Chinese and Arabic are at the beginning considered as complementary languages.

Same structure and conditions would be applied as in the case of Spanish courses. The student will be assigned level based on online test created for these purposes by our language school. The number of students will be strictly limited from 3 to 8 students. The course will be only open with a minimum of three students.

The book and materials will be further discussed with personnel in order to achieve maximum quality.

Figure 21: Courses for Spanish students - courses' levels and their duration

Level of knowledge	Duration of the course
A1.1	2 weeks
A1.2	2 weeks
A2.1	2 weeks
A2.2	2 weeks
B1.1	2 weeks
B1.2	2 weeks
B2.1	2 weeks
B2.2	2 weeks
B2.3	4 weeks
C1	12 weeks

Source: author

Figure 22: Courses for Spanish students - types of courses

Course name	Duration	Hours per week	Schedule
School year course	October - May	4	Monday - Friday (5 p.m. - 9 p.m.) Sunday (11 a.m. - 13 p.m.)
Semester course	October - January February - May	4	Monday - Friday (5 p.m. - 9 p.m.) Sunday (11 a.m. - 13 p.m.)
Conversation	October - May	2	Monday - Friday (5 p.m. - 9 p.m.) Sunday (11 a.m. - 13 p.m.)

Source: author

b. Private classes

The course will be tailor-made regarding client's wishes. The form will have standards of the individual class. The classes will be scheduled along with the client and regarding his availability.

c. Skype classes

The course will be tailor-made regarding client's wishes. The form will have standards of the individual class. Classes will be held over Skype, thus the client will not be present in the classroom.

d. Specialized English/German courses

i. English/German for tourism

The course will be available to all students dominating level B1 or higher. The course will offer 4 classes (2 hours of grammar + 2 hours conversation) weekly during 3 months period. Student groups of 3 - 8 students will practice real live situation and improve in special tourism grammar and conversation skills. Topics as accommodation reservation, events reservation, directions, complaints, problem-solving and the introduction of Spanish traveling culture will be elaborated.

ii. English/German for teaching

The course will be available to all students dominating level B1 or higher. The course will offer 4 classes weekly (2 hours of grammar + 2 hours conversation) during 3 months period. Student groups of 3 - 8 students will practice real live situation and improve in special business grammar and conversation skills. Topics as class preparation, teaching, problem-solving and school meetings will be elaborated.

iii. Business English/German

The course will be available to all students dominating level B1 or higher. The course will offer 4 classes weekly (2 hours of grammar + 2 hours conversation) during 3 months period. Student groups of 3 - 8 students will practice real live situation and improve in special business grammar and conversation skills. Topics as a job interview, electronic communication, presentation skills, marketing, and meeting will be elaborated. The goal of the course is to practice examples from real life.

iv. English/German for medical field

The course will be available to all students dominating level B1 or higher. The course will offer 4 classes weekly (2 hours of grammar + 2 hours conversation) during 3 months period. Student groups of 3 - 8 students will practice real live situation and improve in special business grammar and conversation skills.

e. Russian for kids

The course will be focused on significant Russian community living in Alicante area. Government Institution Diputación Provincial de Alicante summarized 14.510 permanent Russians inhabitants in Alicante (Diputación de Alicante, 2015).

Generally the families have their business activities in Spain due to infinite opportunities caused by the crisis. Event thought the majority of Russians maintain their verbal skills, they are losing writing skills due to lack of practice.

For that reason, the main focus would be on their writing and grammatical skills. The course should serve for Russian kids and teenagers with a maximum age of fifteen years old. Students will be divided in two age groups; 7 - 11 years old and 12 - 15 years old. The supervisor Julia Pirogova would prepare the curriculum for mentioned purposes. The course will be taught 4 hours weekly during the whole school year from October till May in small groups from 3-8 students.

f. English certificates preparation

Normally the courses take form of the private classes. Student's performance will be considered for the suggestion of enrollment level for the exam. The classes will be adjusted in order to successfully pass the language certificate exam. In case of interest from more clients at the same time individual offer will be created.

g. German certificates preparation

Normally the courses take form of the private classes. Student's performance will be considered for the suggestion of enrollment level for the exam. The classes will be adjusted in order to successfully pass the language certificate exam. In case of interest from more clients at the same time individual offer will be created.

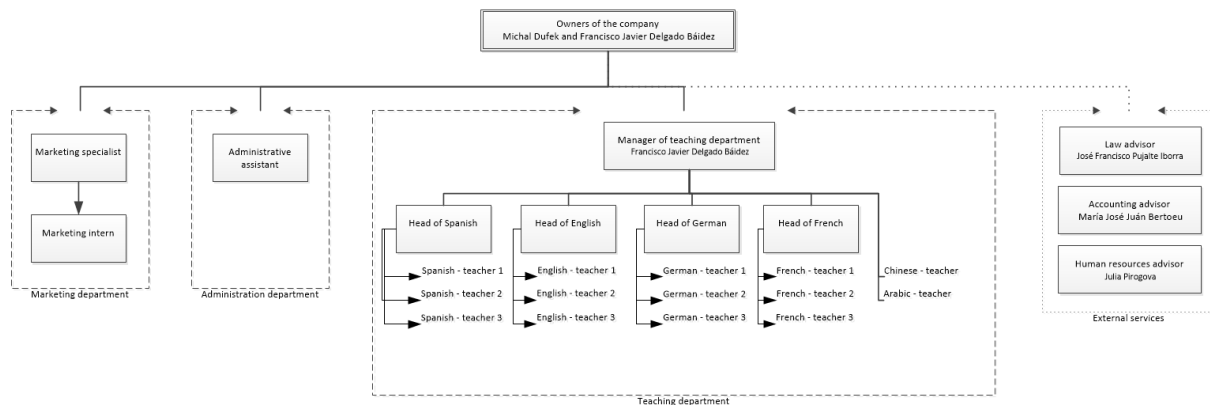
3. Accommodation

- a. Flats - the clients will be placed in different flats within walkable distance from school
 - i. Single room - usually the smaller rooms guaranteeing privacy
 - ii. Double room - room will be shared by other clients of the school
- b. Family - accommodations in a Spanish family offers the opportunity to strengthen your language knowledge in a family atmosphere and experience the Spanish culture in close contact.

3.3.7. Management & organizational plan

The most important part of every company is its employees especially in a case of a language school which provides service. Human capital is the most important element deciding the quality of the language school. Therefore, it is necessary attract the best employees possible, particularly teachers. Also, the company needs to treat them well; pay reasonable remuneration, motivate and include them in the management process of the company.

Figure 23: Organizational structure of the company



Source: author

Number of employees

The total number of employees will vary based on the number of teachers employed at the moment. However, we can distinguish fixed part and variable part of employees. At the beginning of operation, the fixed part of full-time employees will sum 7 people; Francisco Javier Delgado Báidez (Head of Spanish), Marketing specialist, Marketing intern, Administrative assistant, Head of English, Head of German and Head of French. Moreover, from the very beginning company will make use of external law advisor, accounting advisor, and human resources advisor knowledge.

Compensation methodology

Company general compensation methodology has to take in consideration the early life stage of the company. Start-up companies usually don't have extensive possession of a capital, for that reason general reward strategy compensates low base pay by higher short-term and long-term incentives. However, the project believes that the language school cannot accept general principal for all the positions within the company, but rather has to act flexibly.

Each position within the firm will be characterized by job title, job duties, skills required, personality desired, education required, compensation methodology and monthly total wage/salary.

Teacher:

The number of teachers will react on demand from clients.

1. Job title - Teacher

2. Job duties

Duties will depend on assigned course to be lectured. The general duties of the teachers are:

- Use all skills in order to achieve best possible results regarding students learning progress
- Follow given structure of particular course set up by management of the school
- Behave respectfully to all co-workers and especially clients
- Respect norms and rules of the language school
- Avoid illegal behavior and behavior that could put in danger anyone else

Talking more specifically the daily tasks, the teacher would carry out:

- Classroom management
- Planning, preparing and delivering lessons to a range of classes and age groups
- Preparing and setting tests, examination papers, and exercises
- Marking and providing appropriate feedback on client's oral and written work to appointed person
- Participating in marketing events of the language school
- Preparing information for inspection visits and other quality assurance exercises
- Basic administration, such as keeping student registers and attendance records

3. Skills required

- Teaching skills
- Communication skills - mature, patient, responsible and positive attitude
- Planning and organizational skills
- Ability to use the latest technology
- Good listening skills
- Cross-cultural awareness
- Ability to work in stressful situations and under pressure
- Except mastering taught language, B2 knowledge of Spanish and English is required

4. Personality desired

- Enthusiastic
- Creative
- Emphatic
- Organized
- Patient
- Responsible
- Adaptable

5. Education required

The goal is to provide quality education without compromises that would differentiate our services from the competition. Thus, the requirements are university education in the field of teaching or translation. In case of Spanish instructors, sufficient levels are licenciatura or grado. In case of foreigners, the minimum of bachelor title is a condition. Exceptionally, the school would consider employment of quality teacher, who has not achieved university education, in case the person demonstrates at least 5 years of language teaching experience.

6. Compensation methodology

Even though competition omits the satisfaction of their teachers. Due to their importance for company success, we would like to compensate them fairly. Our motto is, "Happy teacher means happy student." For that reason, we will pay more than our competitors in order to achieve higher satisfaction rate of our customers. Moreover, our company will imply a motivational system of short-term incentives. Long-term incentives will not be part of teacher's remuneration.

7. Monthly total wage/salary

Even though it was very difficult to gather any information, based on research inspecting the wages of teachers employed by competition, our language school would pay following wages to teachers:

Figure 24: Teachers' hourly wages

Teacher specialization	Wage/hour
Teacher of Spanish	10 EUR
Teacher of German	14 EUR
Teacher of French	14 EUR
Teacher of English	16 EUR

Source: author

Wages of teachers of other languages would be a matter to negotiation and market situation. Besides the classical wage, the school will offer a motivational short-term bonus to teachers whose class will excel in review test at the end of the week. If 75% of the class will achieve at least 90% successful answers on the test, the teacher will be given a bonus of 20 EUR.

Head of particular language

At the beginning, the company will contract Head of Spanish, Head of English, Head of German and Head of French, as already mentioned. During the emerging phase, the leading persons of each department will be a majority of working time teaching. Later, the teaching load should equal the managerial work.

1. Job title - Head of Spanish (Spanish, English, German, French)

2. Job duties

Because of the fact that this position will combine teachers' and managerial work the portfolio of duties will be expansive. Firstly, the person has to be capable handle duties listed in the description of the "Teacher". Secondly the person has to stand up for the managerial part of the job.

- Provide professional leadership and management

- Support, guide and motivate teachers
 - To oversee the smooth running of the department, ensuring consistent provision across all teaching groups
 - Correct the entry test of incoming student and decide appropriate study group
 - Creation and regular revision of particular language study programs and following suggestions of improvements
 - Implementation of changes to particular language study programs
 - Planning of additional activities (trips, events, etc.)
 - Organize groups, classes, study levels, professors and rooms
 - Warn teachers about peculiarities of students
3. Skills required
- Leadership skills
 - Capacity to manage effectively colleagues, developing them into a strong teaching team
 - Planning and organizational skills
 - High proficiency in Microsoft office (especially word, excel and PowerPoint)
 - Teaching skills
 - Communication skills
 - Cross-cultural awareness
 - Ability to work in stressful situations and under pressure
 - Except mastering taught language, B2 knowledge of Spanish and English is required
4. Personality desired
- Organized
 - Fair and impartial
 - Helpful
 - Creative
 - Realistic
 - Responsible
5. Education required
- Regarding teaching, this role will respect same conditions as in the case of "Teacher". Additionally, the position has a need for at least 5 years of teaching experience and managerial history will be considered as an advantage.
6. Compensation methodology
- Financial compensation will consist of fixed and variable part. The variable part will correspond with the number of lectures directed. The fixed part will be rewarded by fixed salary. Bonus system will be identical with teacher's bonus system.
7. Monthly total wages/salaries follow

Figure 25: Head of Spanish (Spanish, English, German, French)- salaries and wages

Specialization	Salary(net)	Wage
Head of Spanish	750 EUR	10 EUR
Head of German	1050 EUR	14 EUR
Head of French	1050 EUR	14 EUR
Head of English	1200 EUR	16 EUR

Source: author

Marketing specialist

1. Job title - Marketing specialist

2. Job duties

The Marketing specialist will be responsible for developing and executing online and offline strategies with the objective to acquire new clients. Among others, this employee should be capable of analyze the success of the particular campaign and provide strategic suggestions to management.

Detail summary of duties:

- Marketing analysis regarding current and potential customers
- Manage and execute all online and offline promotions including development of new and innovative ideas and measuring/reporting on cost and customer response rates
- Develop prospecting plans to gain exposure to new customers, reporting on success including cost to acquire a new customer and new customer retention analysis
- Create budgets for each marketing channel, develop marketing plans and goals, execute programs, ensure effective tracking is in place to measure and provide regular reporting and insights on campaign performance.
- Create the strategy and manage the relationship with external providers for driving online traffic (particularly new customers) through paid search, product listing ads, comparison shopping engines, social networks, agencies and any other digital marketing strategies. Analyze program success.
- Responsible for Search Engine Optimization efforts and improve natural search rankings (including targeting keywords monthly and seasonally, and analyzing keyword research to drive content)
- Create e-mail marketing strategy for international market

3. Skills required

- Ability to create conversion analysis campaigns from conception to execution
- Understanding of online and offline marketing across the various marketing channels
- Project management skills managing multiple projects simultaneously
- Knowledge of Microsoft Office, Adobe Photoshop, Google analytics, SEO, content management, blogging, PPCs, etc.
- Knowledge of social media marketing (LinkedIn, Twitter, Facebook, Pinterest, YouTube)
- Knowledge of e-mail marketing (nurture campaigns, newsletters, outbound campaigns)
- A good understanding of copywriting skills and direct marketing
- An understanding of B2B marketing
- Advanced analytics capability with an aptitude for quantitative and qualitative analysis
- Creative thinking
- Ability to analyze and interpret information
- B2 knowledge of English and Spanish, both oral and written

4. Personality desired

- Good communicator
- Team player
- Enthusiastic

- Creative
 - Organized
 - Responsible
5. Education required
The minimum of BA in marketing related field. Also, a minimum of 2 years of experience in a web marketing role with experience driving customer acquisition and revenue growth.
 6. Compensation methodology
The marketing specialist will be mainly profit from base salary. Long-term incentives should be cleared out based on initial analysis and should serve to motivate the employee to apply long-term sustainable strategy of capturing clients.
 7. Monthly total wage/salary
The company considers this position as crucial for future growth. Based on personal research, along with reliable statistics (Salary Explorer, 2014) according average salary of such position in Spain, the salary acceptable is up to 2000 EUR net. The experiences and potential of the applicant will be taken into consideration.

Marketing intern

1. Job title - Marketing intern
2. Job duties
The Marketing intern will be responsible for assisting the company in the development and implementation of its marketing strategies. The marketing intern will report to Marketing specialist.
Detail summary of duties:
The intern will assist planning, implementing and optimizing online and offline marketing campaigns. Moreover, the intern will support our team on specific projects as well as work on own projects concerning SEO, cooperation, display and banner advertisement.
3. Skills required
 - High proficiency in Microsoft Office (especially Word, Excel, and PowerPoint)
 - Be familiar and comfortable operating on social media platforms (primarily Facebook and Twitter)
 - Knowledge and experience with Illustrator, Photoshop or other graphic creation programs preferred
 - Ability to work in a team-oriented, collaborative environment and effective communication with co-workers and external partners/vendors
 - Fluent in English and Spanish, both oral and written
4. Personality desired
 - Good communicator
 - Team player
 - Enthusiastic
 - Creative
 - Organized
 - Responsible

5. Education required

A current student of University business subject (e.g. media, economic or communication science) and ideally person, who has gained first professional experiences in the marketing department already.

6. Compensation methodology

The compensation will not include any financial remuneration. The room will be provided free. Additionally, the intern will receive detailed 360-degree feedback and letter of recommendation for future employers.

Administrative assistant

1. Job title - Administrative assistant

2. Job duties

This person will perform reception duties while also helping the management in the day-to-day operation and organization of the school.

Detail summary of duties:

- Reception duties such as welcoming students
- Handling online inquiries and students' questions
- Distribute instructions, materials and schedules to new students
- Provide general administrative support
- Maintain electronic and hard copy filing system
- Sort and distribute incoming correspondence
- Perform data entry and scan documents
- Maintain office supplies
- Receive payments

3. Skills required

- Good working knowledge of MS Office
- Keyboard high-speed typing (more than 55 wpm)
- Excellent communication skills – written and verbal
- Client focused approach to work
- A flexible attitude with respect to work assignments and new learning
- B2 level of English and Spanish, both oral and written

4. Personality desired

- Organized
- Responsible
- Accurate
- Detail oriented
- Friendly

5. Education required

This position suits best a Spanish person with the minimum of Superior Training Cycles education achieved. Some experience in a similar position would be considered as positive.

6. Compensation methodology

Compensation methodology will consist of financial remuneration and additional training to improve hard and soft skills.

7. Monthly total wage/salary

The person should earn between 800 - 900 EUR net per month. Additionally, the school will guarantee paid skill seminar (workshop) every 3 months.

Michal Dufek

1. Job duties

- Business development
- Supervision and coordination of all company's departments
- Coordination of law and accounting aspects with external consultants
- People management in cooperation with HR external advisor

2. Compensation methodology

As long as the economic situation will require, Michal will receive no salary.

3. Monthly total wage/salary

None.

Francisco Javier Delgado Báidez

1. Job title - Manager of teaching department

2. Job duties

- Planning and executing Instituto Cervantes accreditation process
- Reviewing performance of individual language departments
- Attending educational events and monitoring new teaching trends
- Monitoring and evaluation of particular teachers based on student questionnaires
- Feedback to teachers and maintenance of their professional liability and career growth
- Providing information about new technologies and their use in teaching

3. Compensation methodology

Considering that Francisco Javier Delgado Báidez will be at the early stage primarily responsible for all Spanish courses. Until the moment when the company will hire a head of Spanish, he will receive standard Head of Spanish and Spanish teacher wage per hour.

4. Monthly total wage/salary follows

Figure 26: Francisco Javier Delgado Báidez - wage and salary

Specialization	Salary(net)	Wage
Head of Spanish	750 EUR	10 EUR

Source: author

3.3.8. Marketing & sales plan

The marketing is a crucial part for this type of business. The saturated market is cruel in the sense of winning customers over. If the management of the company wants to succeed, there has to be strong, wise and creative marketing plan and perfect execution of set marketing strategy.

Marketing mix

Product

The services describe in detail the section Product & Service section. All courses will be conducted with an emphasis on real contemporary language and practicing all language skills - communication, listening, reading, writing, vocabulary and grammar. The courses will be different from competition be the ratio of grammar and conversation. The hours of conversation will prevail. The client will be offered to experience the class in advance either online or personally in the class. The school would like to attract student groups from high school or universities. These customers require tailor made solutions and cannot be specified in advance.

Price

The price must reflect the decided overall strategy and competition pricing. After a detailed calculation of own costs and research competitors' prices, we decided to set prices of Spanish courses as follows:

Figure 27: Prices of Spanish courses

Course name	Hours of grammar per day	Hours of conversation per day	Hours of private classes per day	Total hours week	Price
Registration fee					30 EUR
Conversation course	-	2	-	10	60 EUR/week
Grammar course	3	-	-	15	90 EUR/week
Standard course	2	3	-	25	115 EUR/week
Intensive course	2	3	1	30	190 EUR/week
Super course	2	3	2	35	280 EUR/week
Private class					19 EUR/hour (package of 10 hours - 150 EUR)
Skype class					19 EUR/hour (package of 10 hours - 150 EUR)
DELE certificate preparation course	3	2	1	30	200 EUR/week
Specialized language courses <ul style="list-style-type: none"> • Spanish for tourism • Spanish for teaching • Business Spanish • Spanish for medical field 	3	2	-	25	200 EUR/week
Spanish for elderly people	2	2		4	50 EUR/week
Summer camp					100/EUR week

Source: author

Figure 28: Prices of courses for Spanish students:

Course name	Duration	Hours per week	Schedule	Price
School year course (English, German, French)	October - May	4	Monday - Friday (5 p.m. - 9 p.m.) Sunday (11 a.m. - 13 p.m.)	700 EUR
Semester course (English, German, French)	October - January February - May	4	Monday - Friday (5 p.m. - 9 p.m.) Sunday (11 a.m. - 13 p.m.)	370 EUR
Conversation school year (English, German, French)	October - May	2	Monday - Friday (5 p.m. - 9 p.m.) Sunday (11 a.m. - 13 p.m.)	450
Private class				25 EUR/hour (package of 10 hours - 220 EUR)
Skype class				25 EUR/hour (package of 10 hours - 220 EUR)
Specialized English/German course <ul style="list-style-type: none"> • English/German for tourism • English/German for teaching • Business English/German • English/German for medical field 	3 months	4		350 EUR
Russian for kids	October - May	4		100 0EUR
English accreditation preparation course				25 EUR/hour (package of 10 hours - 220 EUR)
German accreditation preparation course				25 EUR/hour (package of 10 hours - 220 EUR)
Chinese				25 EUR/Hour
Arabic				25 EUR/Hour

Source: author

Figure 29: Accommodation prices

Type of accommodation	Price
Flat - Single room	60 EUR/week
Flat - Double room	90 EUR/week
Family - Single room	90 EUR/week

Source: author

Place

The school will benefit from all attributes that Alicante provides. Alicante is located in famous Costa Blanca region on the southwest coast of Spain. The province of Alicante lays in the southeast region of Spain and it the second largest city in the Autonomous Community of Valencia. The Alicante area draws many tourists for its great climate. The city benefits from around of 2,800 hours of sunshine and average temperature of 19,3° C. Even during the winter the temperature does not fall under 16° C. By statistics, Alicante has only around 20 rainy days during the whole year (Travelagents.Com, 2015).

Alicante offers great accessibility for its airport. The airport website (Aena S.A., 2015) lists 36 airway companies. Besides others, the major low-cost airlines as Ryanair, EasyJet or WizzAir are present in Alicante.

The location of Calle Pintor Sorolla 1 is in the heart of Alicante city, very close to all public transport and 10 minutes walk from beach. The teaching facility has around 110 m².

Promotion

Promotion will be deciding point for future success. The budget will be adjusted according financial possibilities of owners. The school would like to focus on smart innovative promotions complemented by traditional ways of advertisement. A promotional strategy should be consulted with the Marketing specialist who will be hired. Based on the research, promotion should emphasize two main channels; internet search engines, friends, and family.

Offline promotion

The posters, flyers or brochures are a necessity. However, they are considered as complementary presentation materials.

Brochure - the size of folded brochure will be A6, amount 300. The company won't print big amount because until everything settles down, their content can be subject of change. The graphical design will be handled by Grand Propag s.r.o. The brochure will contain introductory information as a short presentation of the school, location, services provided prices and contact information.

Flayer - size A5, amount 2000. The graphical design will be handled by Grand Propag s.r.o. Flyers be similar as Brochures, but much more brief. The main information delivered in flyers will be the opening of new language school and basic information. Flyers will be distributed at appointed areas where university and high school students are gathering.

Posters - size A3, amount 100. The content will be identical with flyer's content. Posters will be placed mostly in high schools and universities in Alicante area.

Ambassador - two ambassadors, one from high school other from university, would promote the language school among students. Along with Marketing specialist, the ambassadors would plan promotion events during the school year. The ambassadors would share their personal experiences with our school. The ambassadors would not receive any financial compensation. Ambassadors could study free in the language school during their cooperation under the condition fulfilling their advertising duties.

Agencies - third party sales providers. Their agents address high schools and universities offering group trips for the students.

Online promotion

Website - the website will be most of the time the first touch point with the customer, for that reason must be proficient. The website design will be assigned to Grand Propag s.r.o. The initial draft can be found in the appendix (Appendix 10, 11).

Search engines - resulting from our research the clients primarily search tool are Internet search engines. Based on The Webcertain Global Search and Social Report (The Webcertain, 2015), issued in Q1 2015, main objective is to gain good positioning on Google search because Google dominates European internet search market (Germany - Google: 93.6%, Poland - 97.2%, France - 92.3%, Spain - Google, Italy - 95.0%).

Social networks - The presence on social networks is an absolute necessity these days. The company would not like to overestimate their importance, because of that is only planning presentation on Facebook and Instagram.

Agencies - provide another possibility how to make the new brand visible. There is no doubt that catalogs as www.cactuslanguage.com, www.languagecourse.net or www.donquijote.org can bring new customers.

Schools' websites - primarily, the company will try to promote their courses on University of Alicante website. Consequently, the presentation should spread around high schools in Alicante Area and later to Universities outside of Spain.

Sales

The tools mentioned in marketing plan define the selling channels. The company will use both direct and indirect selling channels for reaching customers. The customers will be reached directly through the website, ambassadors. As indirect sales will be used online catalogs, agencies, and word of mouth recommendations.

Selling methods

Various selling methods will be combined:

- Direct/cold calling
- E-mail
- Mailings
- Visits
- Agencies
- On-line via website sales

3.3.9. Implementation plan

Implementation plan lists most important steps in the process of starting the business. Steps are scheduled on monthly basis. On the left side from the description of the task can be found the person(s) responsible for the task. Obviously, eventually the whole company must provide synergy to achieve these goals.

Figure 30: Implementation Plan as a Gantt chart

Plan													
Responsible person	Description	Jan-Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Michal	Business plan creation												
Michal Francisco	Establishment of the company												
Michal, Francisco	Hiring marketing specialist												
Michal Francisco	Commercial facility rent												
Marketing specialist Michal	Marketing campaign creation												
Francisco	Facility renovation												
Marketing specialist	Marketing campaign preparation												
Grand Propag s.r.o.	Website creation												
Francisco	Furnishing and equipping facility												
Michal	Hire administrative assistant												
Marketing specialist	Website launch and testing												
Michal Francisco	Interview future teachers												
Michal Francisco													
Marketing specialist	Marketing campaign launch												
Francisco	Preparation of courses												
Michal	Rent of flats												
Team	Opening day												
Team	Evaluation and changes application												

Source: author

3.3.10. Financial plan

The purpose of entrepreneurship is generating profit. Every entrepreneur expects that the invested amount of money will return, and, above all, will bring extra financial profit. The financial plan has high significance and should be detailed and realistically describe the situation. Also, the financial plan should prove that the business plan makes sense financially and the essence of long-term economic benefits.

Financing

The company will receive the capital from Michal Dufek. The other partner Franciasco Javier Delgado Báidez will not financially participate. This is certainly an advantage because in case of necessity the owners still could loan money from the bank.

Costs

Start-up capital

Firstly, the financial plan calculates the start-up capital. The start-up capital will include cost regarding the establishment of the company. In this step, the budget must include all cost that are required to start a new business including company establishment cost, rent, salaries (including social and health insurance), advertising etc.

Figure 31: Start-up capital (1 month)

START-UP CAPITAL	
Description	EUR (€)
Cost of SL establishment	
SL deposit	3.006
Commercial register	300
Notary	800
Law advisor	300
Architect	300
Cost regarding commercial facility	
Refurbishment of the facility	4.000
Rent deposit	400
Furniture	2.000
Electronics	1.500
Rent - 1 month	400
Utilities - 1 months	300
Internet	50
Office equipment	250
Cleaning service	350
Advertisement costs	
Website creation	1.500
Hosting and domain	30
Printed materials	1.350
Search engines	4.000
Online catalogs	60
Salaries	
Administrative assistant	1.169
Teacher of Spanish	974
Teacher of German	1.364
Teacher of French	1.364
Teacher of English	1.559
Marketing specialist	2.598
Other expenses	
Cell phones	200
Accounting	150
Teaching material	1.500
Human resources	1.000
Unexpected expenses	1.000
Insurance	30
Travel expenses	200
Repairs	200
Research and development	100
Total	34.304

Source: author

Practical part

Based on the above calculation the project requires the minimum of 34.304 €. The calculation counts with expenses for the first month only. As the beginning can be tricky, the owners should consider the possibility of no money inflow within first few months, for that reason the owners should prepare in advance capital for financing the business for first 3 months of 53.323 € calculated below.

Figure 32: Start-up capital (3 months)

START-UP CAPITAL	
Description	EUR (€)
Cost of SL establishment	
SL deposit	3.006
Commercial register	300
Notary	800
Law advisor	300
Architect	300
Cost regarding commercial facility	
Refurbishment of the facility	4.000
Rent deposit	400
Furniture	2.000
Electronics	1.500
Rent - 3 months	1.200
Utilities - 3 months	900
Internet - 3 months	150
Office equipment	250
Cleaning service - 3 months	1.050
Advertisement costs	
Website creation	1.500
Hosting and domain	30
Printed materials	1.350
Search engines	4.000
Online catalogs - 3 months	180
Salaries	
Administrative assistant - 3 months	3.507
Teacher of Spanish - 3 months	2.923
Teacher of German - 3 months	4.092
Teacher of French - 3 months	4.092
Teacher of English - 3 months	1.559
Marketing specialist - 3 months	7.794
Other expenses	
Cell phones - 3 months	600
Accounting - 3 months	450
Teaching material	1.500
Human resources	1.000
Unexpected expenses	1.000
Insurance - 3 months	90
Travel expenses - 3 months	600
Repairs - 3 months	600
Research and development - 3 months	300
Total	53.323

Source: author

Fixed costs

Secondly, the financial plan should outline monthly fixed costs consisting of salaries and overheads; advertising cost, costs regarding rent of commercial facility and others. The costs are not expected to grow anytime soon due to the economical situation of the country and the inflation data.

Figure 33: Fixed costs

Monthly fixed costs	
Description	EUR (€)
Salaries	
Administrative assistant	1.169
Teacher of Spanish base salary	974
Teacher of German base salary	1.364
Teacher of French base salary	1.364
Teacher of English base salary	1.559
Marketing specialist	2.598
Overheads	
Cost regarding commercial facility	
Rent - 1 month	400
Utilities - 1 months	300
Internet	50
Office equipment	100
Cleaning service	350
Advertisement costs	
Website maintenance	100
Catalogs	60
Other expenses	
Cell phones	200
Accounting	150
Human resources	150
Unexpected expenses	300
Insurance	30
Travel expenses	200
Repairs	200
Research and development	100
Total salaries	9.028
Total overheads	2.690
Total costs per month	11.718

Source: author

Variable costs non-Spanish students

The variable costs are especially the costs connected with teaching as; teacher's wage per class, accommodation or cleaning. The variable costs will grow, if the school has more students assigned to courses and vice versa. Additionally, the variable costs associated with non-Spanish students fluctuate more due to distinct demand during the year. The seasonal demand ratios were appointed to 30%, 75%, and 100%.

Figure 34: Variable costs non-Spanish students

Monthly variable costs - non-Spanish students (41 students)			
	Months of low demand (EUR/€)	Months of medium demand (EUR/€)	Months of high demand (EUR/€)
Number of months	8	2	2
Demand ration regarding year period	30%	75%	100%
Monthly teachers' wages	2.512	6.649	8.865
Monthly accommodation costs	871	2.178	2.904
Monthly cleaning costs	45	118	158
Total costs by months in appropriate period	3.428	8.945	11.927

Source: author

Variable costs Spanish students

Contrary, the variable costs associated with Spanish students don't face such big seasonal differences because the courses last longer period and we can say that are only affected by number of students assigned.

Figure 35: Variable costs Spanish students

Variable costs - Spanish students							
<i>Total number of students per courses:</i> 66	School year course	Semester course	Conversation school year	Private class	Skype class	Specialized English (German) course	Russian for kids
<i>Number of weeks:</i> 32							
Students distribution within course	24	15	15	1	1	6	5
Number of teachers/groups	3	2	2	1	1	1	1
Number of hours per week	4	4	2	4	4	4	4
Subtotal number of hours	384	256	128	128	128	128	128
Total number of hours - year	1.280						
Average wage paid per hour (EUR/€)	15						
Month expenses (EUR/€)	2.352						
Total expenses (EUR/€)	18.816						

Source: author

Revenues

The revenues are generated by payments for language courses and accommodation provided. In order to clarify the calculation, the financial plan calculates separately the revenues paid by non-Spanish students and Spanish students. Due to the complexity of services offered (number of language courses and different languages) the calculation is simplified by taking reasonable assumptions.

Non-Spanish students

The group of non-Spanish student characterizes changing demand during the year. The high demand can be detected during summer holiday months July and August. Because of that, each of three-year periods was given estimated demand ratio.

Figure 36: Non-Spanish students demand ratio

Non-Spanish students demand ratio			
	Months of low demand	Months of medium demand	Medium of high demand
Months	January February March April May October November December	June September	July August
Number of weeks	34	9	9
Demand ration regarding year period	30%	75%	100%

Source: author

The calculation counts with the demand of 41 students distributed in courses as follows. From the bellow structure were omitted offerings as summer camp, school group, conversation course, grammar course and specialized language course either for the reason of their lower attractiveness or complicated prediction.

Figure 37: Non-Spanish students distribution

Non-Spanish students distribution								
<i>Total number of students: 41</i>	Registration fee	Standard course	Intensive course	Super course	Private class	Skype class	DELE certificate preparation course	Spanish for elderly people
Weekly price of course (EUR/€)	30	115	190	280	19	19	200	50
Weekly number of students in course	41	30	2	1	1	1	3	3

Source: author

The revenues, as mentioned above, consist of language courses' fees and accommodation. For the purposes of calculation, the average payment of 77,5 €, was set up as reference accommodation price. The project assumes that the flat of 4 bedrooms will be inhabited by 6 people in total; 2 double rooms and 2 single rooms.

Figure 38: Non-Spanish students total month revenue

Non-Spanish students total month revenue			
Month	Courses' fees (EUR/€)	Accommodation (EUR/€)	Total revenue (EUR/€)
January	9.421	3.659	13.080
February	9.421	3.659	13.080
March	9.421	3.659	13.080
April	9.421	3.659	13.080
May	9.421	3.659	13.080
June	24.938	9.686	34.624
July	33.251	12.915	46.166
August	33.251	12.915	46.166
September	24.938	9.686	34.624
October	9.421	3.659	13.080
November	9.421	3.659	13.080
December	9.421	3.659	13.080
Total	266.221		

Source: author

Spanish students

The Spanish students group is less profitable. The revenues are not affected by fluctuation, as in the case of non-Spanish students. The estimation of revenues predicts 66 students who attend the courses only 8 months during the year to secure utilization. Also, less popular or demanded courses, specifically accreditation courses are left out. Since Spanish students don't ask accommodation, the revenues create only language courses' fees.

Figure 39: Spanish students total revenues

Spanish students revenues								
<i>Total number of students: 66</i>	Registration fee	School year course	Semester course	Conversation school year	Private class	Skype class	Specialized course	Russian for kids
Price per course (EUR/€)	30	700	370	450	25	25	350	100
Students distribution within course	103	24	15	15	1	1	6	5
Subtotal revenues (EUR/€)	3.090	16.800	11.100	6.750	1.100	1.100	8.400	1.000
Total month revenues (EUR/€)	6.168							
Total year revenues (EUR/€)	49.340							

Source: author

Break-even analysis

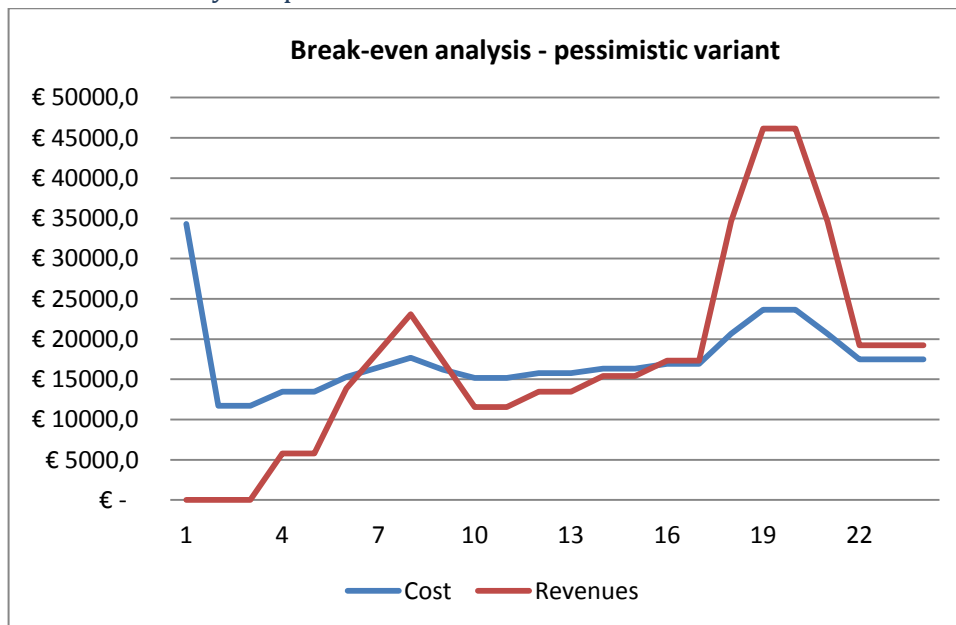
Break-even analysis reveals 3 different break-even points depending on variant. On the graphs placed below, we can notice seasonal peaks during the summer months of July and August. On the other hand, costs are peaking at the beginning because of the initial investment.

Pessimistic variant

The worst scenario of revenues and costs. This option takes account of the delayed revenue stream. In other words, there are no expected revenues first 3 months. Moreover, starting the fourth month, revenues increase gradually from 30% -100%, growing 10% every second month. The behavior of variable costs copies the behavior of revenues. However, the fixed costs are credited every month.

On the graph, we can see two break-even points. The first-year thanks to increased revenue stream from non-Spanish students purchasing many courses during months of July, August and September company generates profit. Later the company operates at a loss once again. Finally, apart from month number 17 company is stably profitable.

Figure 40: Break-even analysis - pessimistic variant

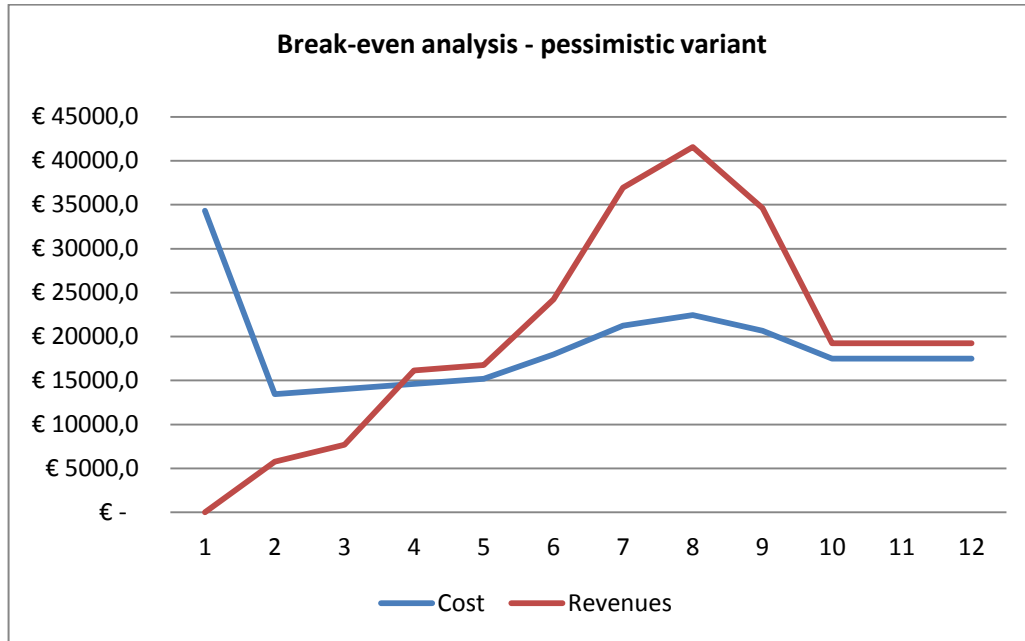


Source: author

Realistic variant

Realistic break-even analysis only needs 4 months until the revenues exceed costs. This option has no revenues the first month. Starting second month, the revenues reach 30% of optimum revenues and grow linearly every month by 10% up to 100%. Likewise behave the variable costs. Thus, the first-month assumption does not include any variable costs (teachers' salary expenses). The fixed costs are taken into account every month.

Figure 41: Break-even analysis - realistic variant

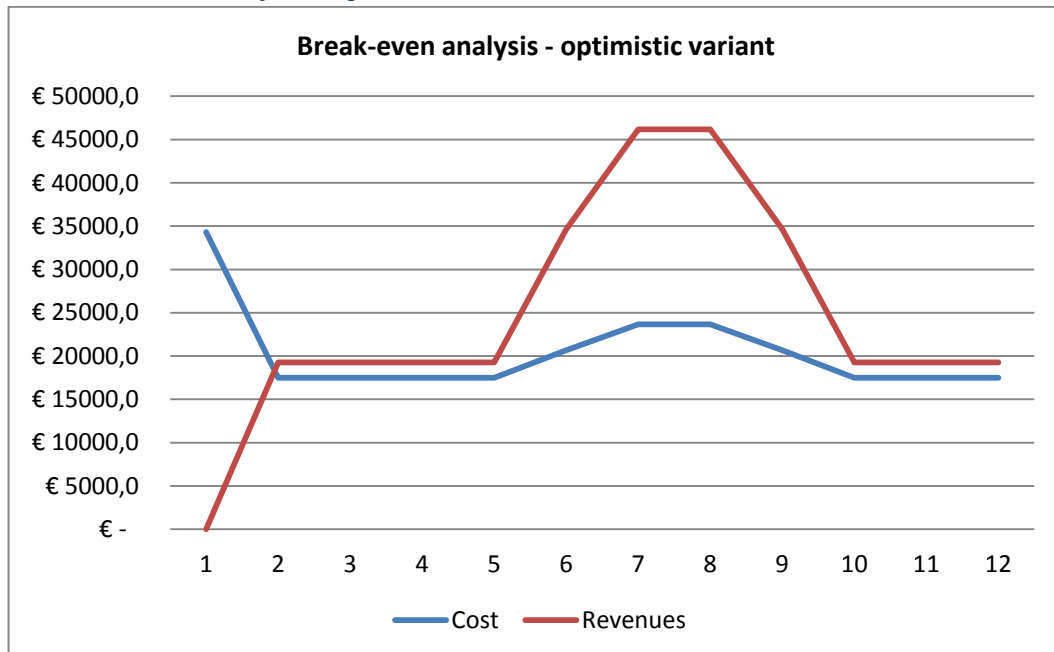


Source: author

Optimistic variant

Optimistic presumption of revenues leads to the break-even point in second month. Also in this case revenues don't occur the first month. The assumption is that starting second month company receives 100% of projected revenues. Based on that, the revenues already exceed the costs second month.

Figure 42: Break-even analysis - optimistic variant



Source: author

Conclusion

The realistic scenario of financial planning predicts the break-even moment within 4 months. Obviously, it is bound to the proper preparation phase of the project. Based on this fact, the project has high viability. Additionally, it's visible that the summer months are most profitable.

*Financial projections**Pessimistic variant*

Figure 43: Pessimistic variant - Income statement

Centro Hispanico Cervantes			
<i>Income Statement (EUR/€)</i>			
	Year 1	Year 2	Year 3
Turnover	120.830	298.238	298.238
Cost of Sales	-	-	-
Gross Profit	120.830	298.238	298.238
Expenses			
Administrative assistant	14.029	14.029	14.029
Teacher of Spanish base salary	11.691	11.691	11.691
Teacher of German base salary	16.367	16.367	16.367
Teacher of French base salary	16.367	16.367	16.367
Teacher of English base salary	18.706	18.706	18.706
Marketing specialist	31.176	31.176	31.176
Rent - 1 month	4.800	4.800	4.800
Utilities - 1 months	3.600	3.600	3.600
Internet	600	600	600
Office equipment	1.200	1.200	1.200
Cleaning service	4.200	4.200	4.200
Website maintenance	1.200	1.200	1.200
Catalogs	720	720	720
Cell phones	2.400	2.400	2.400
Accounting	1.800	1.800	1.800
Human resources	1.800	1.800	1.800
Unexpected expenses	3.600	3.600	3.600
Insurance	360	360	360
Travel expenses	2.400	2.400	2.400
Repairs	2.400	2.400	2.400
Research and development	1.200	1.200	1.200
Salary expenses	55.820	82.779	87.980
Total Expenses	196.437	223.395	228.597
Depreciation	-	-	-
Profit / (Loss) before Interest & Tax	(75.607)	74.843	69.641
Interest	-	-	-
Taxation	-	-	17.219
Profit / (Loss) for the year	(75.607)	74.843	52.422
<i>Net Profit %</i>	-62,6%	25,1%	17,6%

Source: author

Figure 44: Pessimistic variant - Cash flow statement

Centro Hispanico Cervantes <i>Cash Flow Statement (EUR/€)</i>			
	Year 1	Year 2	Year 3
Cash flows from operating activities			
Profit / (Loss) for the year	(75.607)	74.843	52.422
Interest	-	-	-
Taxation	-	-	17.219
<i>Adjustment for non-cash expenses:</i>			
Depreciation	-	-	-
<i>Changes in operating assets & liabilities</i>			
Inventory	-	-	-
Receivables	-	-	-
Payables	-	-	-
<i>Cash generated from operations</i>	(75.607)	74.843	69.641
Interest paid	-	-	-
Taxation paid	-	-	(17.219)
<i>Net cash from operating activities</i>	(75.607)	74.843	52.422
Cash flows from investing activities			
Purchases of property, plant & equipment	-	-	-
<i>Net cash used in investing activities</i>	-	-	-
Cash flows from financing activities			
Proceeds from shareholders' contributions	-	-	-
Proceeds from loans	-	-	-
Repayment of loans	-	-	-
<i>Net cash from financing activities</i>	-	-	-
Increase / (Decrease) in cash equivalents	(75.607)	74.843	52.422
Cash & cash equivalents at beginning of year	34.304	(41.303)	33.540
Cash & cash equivalents at end of year	(41.303)	33.540	85.962

Source: author

Figure 45: Pessimistic variant - Balance sheet statement

Centro Hispanico Cervantes <i>Balance Sheet (EUR/€)</i>				
	Start-up	Year 1	Year 2	Year 3
Assets				
Property, Plant & Equipment	-	-	-	-
<i>Current Assets</i>				
Inventory	-	-	-	-
Receivables	-	-	-	-
Cash	34.304	(41.303)	33.540	85.962
	34.304	(41.303)	33.540	85.962
Equity & Liabilities				
Shareholders' Contributions	34.304	34.304	34.304	34.304
Retained Earnings	-	(75.607)	(764)	51.658
Long Term Liabilities	-	-	-	-
<i>Current Liabilities</i>				
Payables	-	-	-	-
	34.304	(41.303)	33.540	85.962

Source: author

Realistic variant

The projection assumes, besides the assumptions mentioned in break-even analysis part, that revenues and variable costs increase by 10% during 3rd year.

Figure 46: Realistic variant - Income statement

Centro Hispanico Cervantes			
Cash Flow Projections - Income Statement(EUR/€)			
	Year 1	Year 2	Year 3
Turnover	241.504	315.561	347.117
Cost of Sales	-	-	-
Gross Profit	241.504	315.561	347.117
Expenses			
Administrative assistant	14.029	14.029	14.029
Teacher of Spanish base salary	11.691	11.691	11.691
Teacher of German base salary	16.367	16.367	16.367
Teacher of French base salary	16.367	16.367	16.367
Teacher of English base salary	18.706	18.706	18.706
Marketing specialist	31.176	31.176	31.176
Rent - 1 month	4.800	4.800	4.800
Utilities - 1 months	3.600	3.600	3.600
Internet	600	600	600
Office equipment	1.200	1.200	1.200
Cleaning service	4.200	4.200	4.200
Website maintenance	1.200	1.200	1.200
Catalogs	720	720	720
Cell phones	2.400	2.400	2.400
Accounting	1.800	1.800	1.800
Human resources	1.800	1.800	1.800
Unexpected expenses	3.600	3.600	3.600
Insurance	360	360	360
Travel expenses	2.400	2.400	2.400
Repairs	2.400	2.400	2.400
Research and development	1.200	1.200	1.200
Salary expenses	85.811	87.981	96.779
Total Expenses	226.428	228.598	237.396
Depreciation	-	-	-
Profit / (Loss) before Interest & Tax	15.076	86.963	109.722
Interest	-	-	-
Taxation	3.769	21.741	27.430
Profit / (Loss) for the year	11.307	65.223	82.291
<i>Net Profit %</i>	<i>4,7%</i>	<i>20,7%</i>	<i>23,7%</i>

Source: author

Figure 47: Realistic variant - Cash flow statement

Centro Hispanico Cervantes <i>Cash Flow Projections - Cash Flow Statement(EUR/€)</i>			
	Year 1	Year 2	Year 3
Cash flows from operating activities			
Profit / (Loss) for the year	11.307	65.223	82.291
Interest	-	-	-
Taxation	3.769	21.741	27.430
<i>Adjustment for non-cash expenses:</i>			
Depreciation	-	-	-
<i>Changes in operating assets & liabilities</i>			
Inventory	-	-	-
Receivables	-	-	-
Payables	-	-	-
<i>Cash generated from operations</i>	15.076	86.963	109.722
Interest paid	-	-	-
Taxation paid	(3.769)	(21.741)	(27.430)
<i>Net cash from operating activities</i>	11.307	65.223	82.291
Cash flows from investing activities			
Purchases of property, plant & equipment	-	-	-
<i>Net cash used in investing activities</i>	-	-	-
Cash flows from financing activities			
Proceeds from shareholders' contributions	-	-	-
Proceeds from loans	-	-	-
Repayment of loans	-	-	-
<i>Net cash from financing activities</i>	-	-	-
Increase / (Decrease) in cash equivalents	11.307	65.223	82.291
Cash & cash equivalents at beginning of year	34.304	45.611	110.834
Cash & cash equivalents at end of year	45.611	110.834	193.125

Source: author

Figure 48: Realistic variant - Balance sheet statement

Centro Hispanico Cervantes <i>Cash Flow Projections - Balance Sheet (EUR/€)</i>				
	Start-up	Year 1	Year 2	Year 3
Assets				
Property, Plant & Equipment	-	-	-	-
<i>Current Assets</i>				
Inventory	-	-	-	-
Receivables	-	-	-	-
Cash	34.304	45.611	110.834	193.125
	34.304	45.611	110.834	193.125
Equity & Liabilities				
Shareholders' Contributions	34.304	34.304	34.304	34.304
Retained Earnings	-	11.307	76.530	158.821
Long Term Liabilities	-	-	-	-
<i>Current Liabilities</i>				
Payables	-	-	-	-
	34.304	45.611	110.834	193.125

Source: author

Financial projections - optimistic variant

Figure 49: Optimistic variant - Income statement

Centro Hispanico Cervantes			
<i>Income Statement (EUR/€)</i>			
	Year 1	Year 2	Year 3
Turnover	296.313	315.561	347.117
Cost of Sales	-	-	-
Gross Profit	296.313	315.561	347.117
Expenses			
Administrative assistant	14.029	14.029	14.029
Teacher of Spanish base salary	11.691	11.691	11.691
Teacher of German base salary	16.367	16.367	16.367
Teacher of French base salary	16.367	16.367	16.367
Teacher of English base salary	18.706	18.706	18.706
Marketing specialist	31.176	31.176	31.176
Rent - 1 month	4.800	4.800	4.800
Utilities - 1 months	3.600	3.600	3.600
Internet	600	600	600
Office equipment	1.200	1.200	1.200
Cleaning service	4.200	4.200	4.200
Website maintenance	1.200	1.200	1.200
Catalogs	720	720	720
Cell phones	2.400	2.400	2.400
Accounting	1.800	1.800	1.800
Human resources	1.800	1.800	1.800
Unexpected expenses	3.600	3.600	3.600
Insurance	360	360	360
Travel expenses	2.400	2.400	2.400
Repairs	2.400	2.400	2.400
Research and development	1.200	1.200	1.200
Salary expenses	110.566	87.980	96.778
Total Expenses	251.183	228.597	237.395
Depreciation	-	-	-
Profit / (Loss) before Interest & Tax	45.130	86.964	109.722
Interest	-	-	-
Taxation	11.283	21.741	27.431
Profit / (Loss) for the year	33.848	65.223	82.292
<i>Net Profit %</i>	<i>11,4%</i>	<i>20,7%</i>	<i>23,7%</i>

Source: author

Figure 50: Optimistic variant - Cash flow statement

Centro Hispanico Cervantes <i>Cash Flow Statement (EUR/€)</i>			
	Year 1	Year 2	Year 3
Cash flows from operating activities			
Profit / (Loss) for the year	33.848	65.223	82.292
Interest	-	-	-
Taxation	11.283	21.741	27.431
<i>Adjustment for non-cash expenses:</i>			
Depreciation	-	-	-
<i>Changes in operating assets & liabilities</i>			
Inventory	-	-	-
Receivables	-	-	-
Payables	-	-	-
<i>Cash generated from operations</i>	<i>45.130</i>	<i>86.964</i>	<i>109.722</i>
Interest paid	-	-	-
Taxation paid	(11.283)	(21.741)	(27.431)
<i>Net cash from operating activities</i>	<i>33.848</i>	<i>65.223</i>	<i>82.292</i>
Cash flows from investing activities			
Purchases of property, plant & equipment	-	-	-
<i>Net cash used in investing activities</i>	<i>-</i>	<i>-</i>	<i>-</i>
Cash flows from financing activities			
Proceeds from shareholders' contributions	-	-	-
Proceeds from loans	-	-	-
Repayment of loans	-	-	-
<i>Net cash from financing activities</i>	<i>-</i>	<i>-</i>	<i>-</i>
Increase / (Decrease) in cash equivalents	33.848	65.223	82.292
Cash & cash equivalents at beginning of year	34.304	68.152	133.375
Cash & cash equivalents at end of year	68.152	133.375	215.667

Source: author

Figure 51: Optimistic variant - Balance sheet statement

Centro Hispanico Cervantes <i>Balance Sheet (EUR/€)</i>				
	Start-up	Year 1	Year 2	Year 3
Assets				
Property, Plant & Equipment	-	-	-	-
<i>Current Assets</i>				
Inventory	-	-	-	-
Receivables	-	-	-	-
Cash	34.304	68.152	133.375	215.667
	34.304	68.152	133.375	215.667
Equity & Liabilities				
Shareholders' Contributions	34.304	34.304	34.304	34.304
Retained Earnings	-	33.848	99.071	181.363
Long Term Liabilities	-	-	-	-
<i>Current Liabilities</i>				
Payables	-	-	-	-
	34.304	68.152	133.375	215.667

Source: author

3.3.11. Risk analysis

1. Operating risks

a. Refurbishment of the facility delay

The inconsequence could prolong the start of operation because the whole business dependency on the facility. Also, the delay would deepen the initial financial loss.

- The renovation of the facility must be well managed and supervised

b. Hiring problems

The company has a strict definition of candidate requirements. Cover the low-season demand shouldn't be a problem. The problem can be an excessive demand of the high-season when the company reaction has to be immediate.

- Top management has to understand the signals of excessive demand and prepare in advance plan to resolve such situation

c. Employee termination of contract

There is always the risk of some disagreement or other unexpected situation that can lead the employee to contract termination.

- Regular communication between the responsible person and subordinate can prevent the company from sudden and unexpected changes

d. Facility issues

Flood, electricity problem or construction problem can occur

- Insurance of the facility could eliminate unexpected expenses resulting from situations

2. Market risks

a. Change of prices

The decrease of prices, as an effect of a price war, could be liquidating. The funders have limited amount of money.

- The owners could take a bank loan, but they don't have the certainty of obtaining one.

b. Exchange rate

Firstly, the change of exchange rate could affect the demand. Increased cost due to less favorable exchange rate could bring down the demand for language courses in Spain. It would be mostly the case of countries outside the monetary union. Secondly, since the capital originates outside Spain, in case of exchange rate the foundation of the project might be impossible.

- The school cannot reduce such risk.

c. Demand change

Up to a certain point, the market is subject of fashion trends influencing the demand.

- Responsible people have to follow fashion trends and the company has to react appropriately.

3. Innovation risks

a. New technologies

New technologies can totally transform the market.

- The school cannot reduce such risk.

4. Financial risks

a. Liquidity

Arises out of an inability to execute transactions.

- Financial planning and regular check of liquidity situation.

5. Political/economical risks

a. Tax rate change

b. Labor law change

- c. Foreign investment barriers
- d. Administration burden
 - The school cannot reduce such risks.

3.3.12. Exit options

The company was not established yet. For that reason, the exit options are not the most important topic because the owners are primarily planning the expansion of the company. Still, having an idea of exit options can serve well in future. Some possible exit options are:

1. *Selling all or portion of the business*

The very common way of exit in the market. Both, small or big companies, buy competitors or their part with the goal to expand. In Alicante area, certainly some language schools would consider the purchase of part or whole competitor's company.

2. *Sale of business to business partner*

While only one of two partners has intentions to exit the business, he can check the interest of the other partner.

3. *Sale of business to employee(s)*

Functioning business for sale can be perceived by a person as a lifetime opportunity. Most of the time, the best understandings of the company's potential have employees of the company and does not matter if it is a secretary, marketing person or a teacher.

4. *Merge*

Merge can solve difficult situations when two companies find mutually beneficial synergies in the merge. Yet, the risks have to be considered carefully as well.

5. *Liquidation*

If other options fail or are less beneficial, the simple close down can serve best.

4. Conclusions and recommendations

The ambition of the Master's thesis, examine the viability of business idea of language school in Alicante, Spain, was successfully fulfilled. This business idea is viable. The complete thesis provides the business model and business plan supported by the theory.

4.1. Recommendations

4.1.1. Location of the language school

The location of the language school facility is very important. A bad location can overshadow all other positive aspects.

Location requirements:

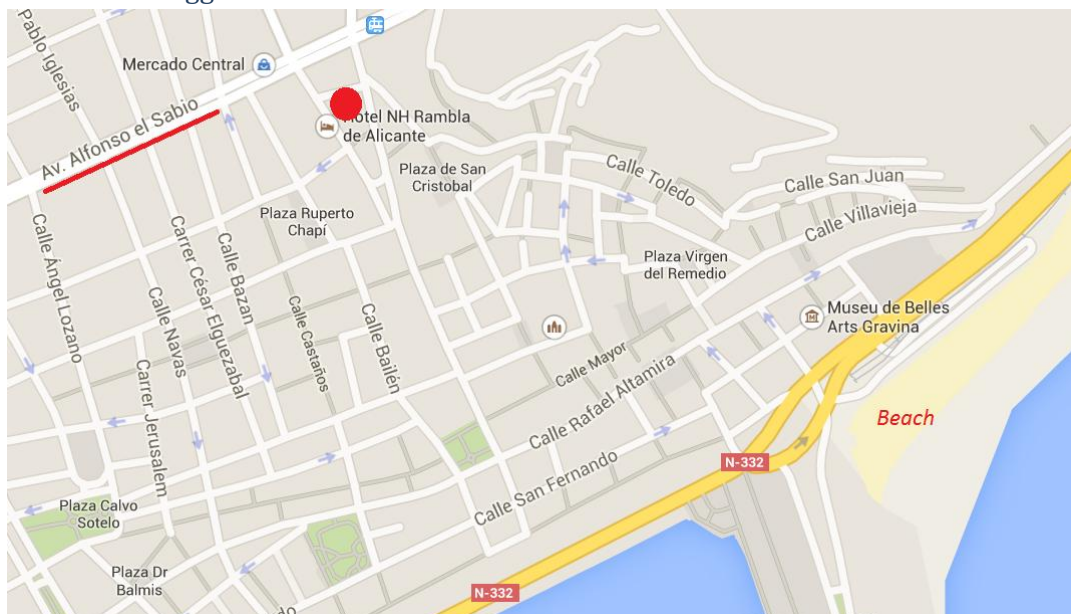
- City center - the students have no knowledge of the city. Different public transport system does not make it easier. In all cities around the world, the city center covers necessary needs as food, health, fun, social life and other personal needs.
- No-isolated - since the customers of language school have intention to understand local culture isolated location does not deliver the right conditions.
- Accessibility - the customers are paying for the stay certain amount and they like to enjoy every moment. In other words, customers don't like loose time walking from beach the 1 hour to the apartment.

Location suggestion

1. Calle Pintor Sorolla 1(Appendix 12)

This is the perfect location in the heart of Alicante. From location the students can take a walk to the beach. Other city areas are accessible via tram or bus at Av. Alfonso de Sabio.

Figure 52: Location suggestion - Calle Pintor Sorolla 1

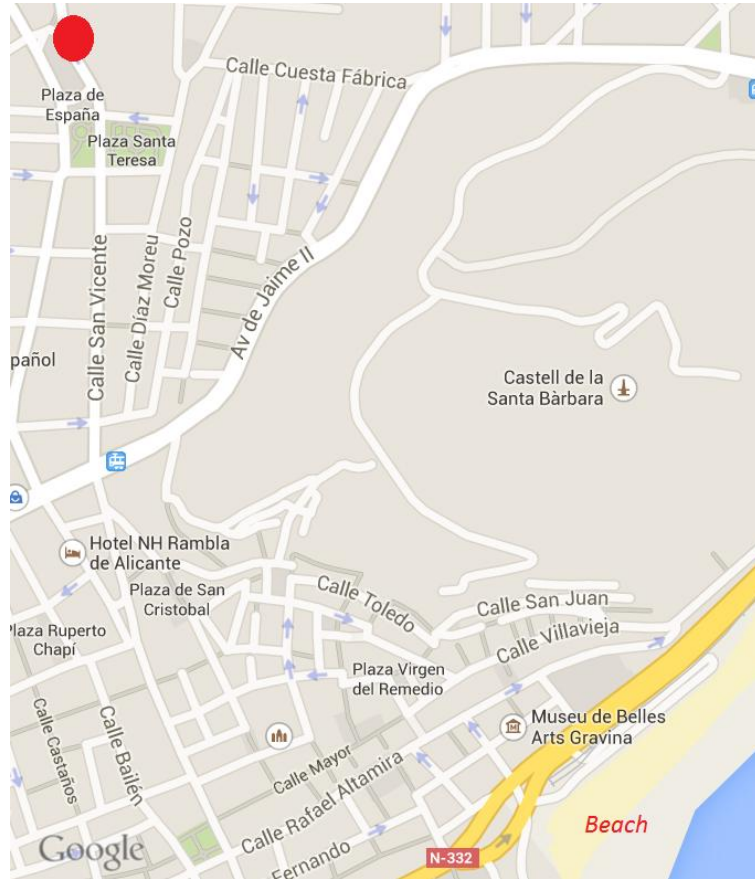


Source: Google maps

2. Plaza de Torros (Appendix 13)

Second recommended option of location is little further from the beach, but similarly offers close bus and tram stops.

Figure 53: Location suggestion - Plaza de Torros

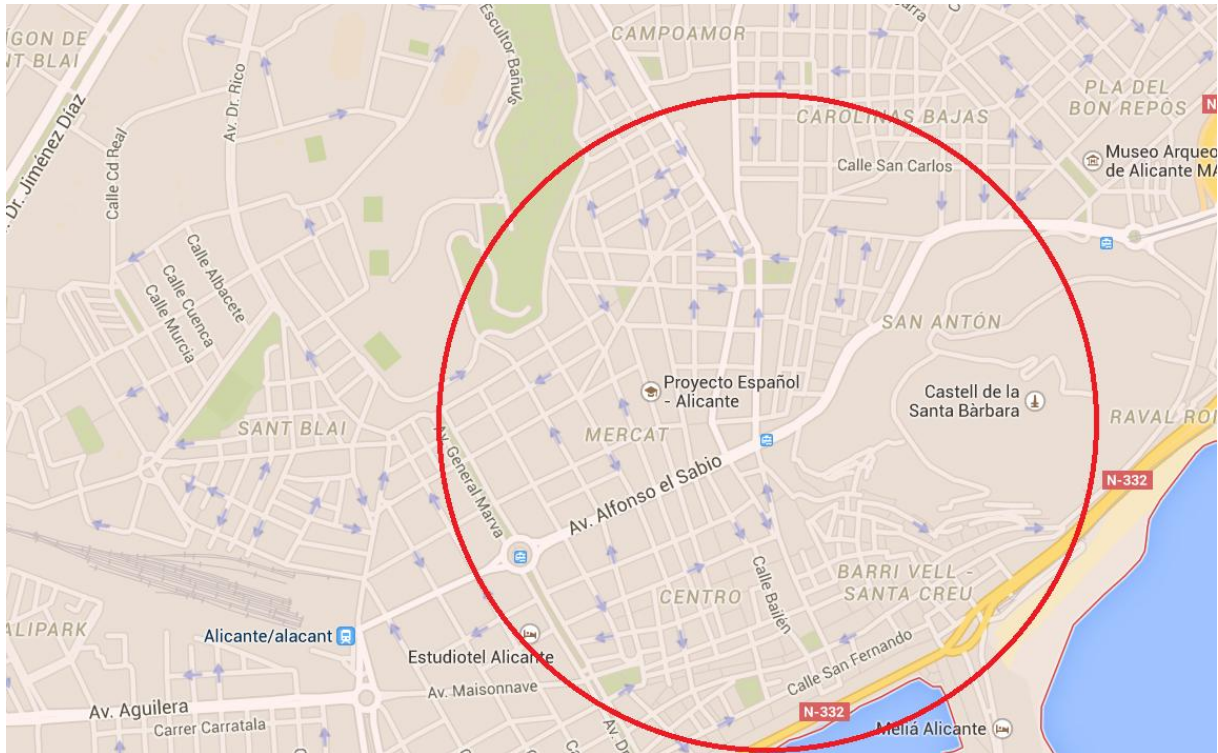


Source: Google maps

4.1.2. Location of rented flats

Same characteristics as in the case of school location apply. The bellow map shows the best area for flats.

Figure 54: Suggestion of location for flats

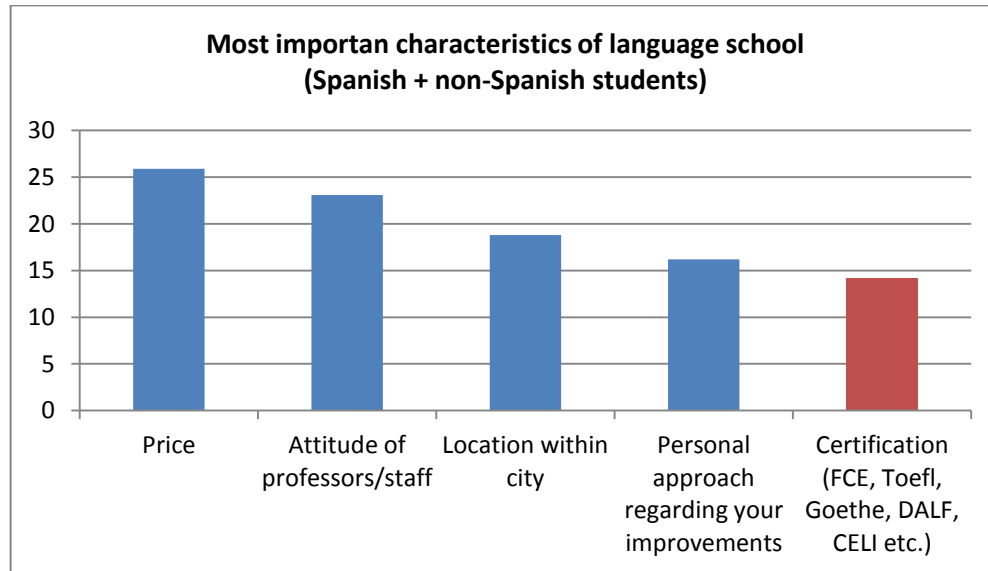


Source: Google maps

4.1.3. Accreditation of Instituto Cervantes

Out of our research results that clients give importance to accreditation. Accreditation placed within five most important elements in our research. Accreditation, in eyes of the client, guarantees the quality of offered services. Because the prices of accreditation are reasonable the benefits are exceeding costs (Instituto Cervantes, 2015).

Figure 55: Most important characteristics of language school (Spanish + non-Spanish students)



Source: author

4.1.4. Customer service

The customer service perfection should be the main pillar of the company's philosophy. The school cannot forget the importance of customer services and focus only on the business goal of generating profit. Great customer service is expected by customers and can be differentiation point from the competition.

4.1.5. Customer experience

Even though provide certain amount of information to students is inevitable, the form makes a difference. The brain has a tendency remember unusual experiences better than ordinary ones. The current approach of language schools sometimes bores students, which is wrong. The students want to enjoy their experience in the foreign country.

Duolingo

Using Duolingo application could be one of the ways how to improve customer experience. Duolingo is an online language learning platform (application) offering to its users completely free language lessons with no advertisements or hidden fees.

Available are six languages, and it helps improve students' knowledge up to the intermediate level. The languages learning process is broken into short lessons built in the skill tree (progressing difficulty) and presented in a joyful way. Duolingo combines both written and oral components, thus learners are advancing writing, listening and also speaking skills.

The progress is stored in the cloud and can be synced between different devices. Duolingo can be accessed from PC, as well as from mobile devices running Android or iOS operation systems.

Duolingo structured the learning process as a game. The whole format is divided into stages. Besides, earned badges and other digital knickknacks, which allow you compete against your friends, all the time leader board presentation or different scales of progress are finalizing the great customer experience.

Each class could have small week competition within the group of students with prize rewarding the winner's effort. The experience of competing against class-mates would certainly bring more joy to the study process and left unforgettable experience.

However, one thing will not accomplish the objective; the whole strategy needs to be built on customer experience.

4.1.6. Conversation vs. grammar ratio

The research shows that students would like to use obtained knowledge in a real life situations. Theoretical knowledge serves as a base for practical use. On the other hand, the practical use needs to be practiced in order to master the real life situations. Centro Hispanico Cervantes will offer courses which enable the students speak the language.

List of figures

Figure 1: Comparison of SLNE and SRL:.....	10
Figure 2: Business model generation	13
Figure 3: SWOT strategies matrix	16
Figure 4: Marketing mix.....	20
Figure 5: Questionnaire - What foreign language do you study?.....	24
Figure 6: Questionnaire - Are you planning (within one year) to study at a language school in Spain?..	25
Figure 7: Questionnaire - How would you search a language school?.....	25
Figure 8: Questionnaire - Five most important characteristics of a language school (Spanish students)	26
Figure 9: Questionnaire - What type of a course do you prefer?.....	26
Figure 10: Questionnaire - What do you see as optimum length of language course while studying OUTSIDE of your home country?.....	28
Figure 11: Questionnaire - How would you mainly search language school?	28
Figure 12: Questionnaire - How did you find out about this language school?	29
Figure 13: Questionnaire - What course sounds best to you?	29
Figure 14: The business model canvas	30
Figure 15: Cover sheet.....	31
Figure 16: Positioning of Centro Hispanico Cervantes	39
Figure 17: Macroeconomic indicators of Spain	41
Figure 18: Spanish for foreigners- courses' levels, duration, and used literature.....	44
Figure 19: Spanish for foreigners - types of courses	45
Figure 20: Spanish for foreigners - general schedule of summer camp.....	47
Figure 21: Courses for Spanish students - courses' levels and their duration.....	47
Figure 22: Courses for Spanish students - types of courses	48
Figure 23: Organizational structure of the company.....	50
Figure 24: Teachers' hourly wages	52
Figure 25: Head of Spanish (Spanish, English, German, French)- salaries and wages.....	53
Figure 26: Francisco Javier Delgado Báidez - wage and salary	57
Figure 27: Prices of Spanish courses.....	59
Figure 28: Prices of courses for Spanish students:	60
Figure 29: Accommodation prices.....	61
Figure 30: Implementation Plan as a Gantt chart.....	63
Figure 31: Start-up capital (1 month)	65
Figure 32: Start-up capital (3 months).....	67
Figure 33: Fixed costs	68
Figure 34: Variable costs non-Spanish students.....	69
Figure 35: Variable costs Spanish students	70
Figure 36: Non-Spanish students demand ratio	71
Figure 37: Non-Spanish students distribution	71
Figure 38: Non-Spanish students total month revenue	72
Figure 39: Spanish students total revenues	72
Figure 40: Break-even analysis - pessimistic variant	73
Figure 41: Break-even analysis - realistic variant	74
Figure 42: Break-even analysis - optimistic variant.....	74
Figure 43: Pessimistic variant - Income statement.....	76

List of figures

Figure 44: Pessimistic variant - Cash flow statement.....	77
Figure 45: Pessimistic variant - Balance sheet statement	78
Figure 46: Realistic variant - Income statement.....	79
Figure 47: Realistic variant - Cash flow statement	80
Figure 48: Realistic variant - Balance sheet statement	81
Figure 49: Optimistic variant - Income statement.....	82
Figure 50: Optimistic variant - Cash flow statement.....	83
Figure 51: Optimistic variant - Balance sheet statement	84
Figure 52: Location suggestion - Calle Pintor Sorolla 1	87
Figure 53: Location suggestion - Plaza de Torros	88
Figure 54: Suggestion of location for flats	89
Figure 55: Most important characteristics of language school (Spanish + non-Spanish students)	90

References

- AENA S.A.,. 2015. Listado de compañías aéreas - Aeropuerto de Alicante-Elche - Aena. *Bienvenido a la web de AENA - Aena* [online]. [cit. 2015-05-06]. Available at: <http://www.aena.es/csee/Satellite/Aeropuerto-Alicante/es/Page/1049437849236//Listado-de-companias-aereas.html>
- AIGINGER,. 2009. [Http://www.oecd.org/eco/43558074.pdf](http://www.oecd.org/eco/43558074.pdf) [online]. [cit. 2015-05-06]. Available at: <http://www.oecd.org/eco/43558074.pdf>
- AT KEARNEY,. 2015. *Global Economic Outlook 2015-2020: Beyond the New Mediocre?* [online]. [cit. 2015-05-06]. Available at: <http://www.atkearney.com/documents/10192/5498252/Global+Economic+Outlook+2015-2020--Beyond+the+New+Mediocre.pdf/5c5c8945-00cc-4a4f-a04f-ade094e90b8>
- BANCO DE ESPAÑA. 2015. *Banco de España* [online]. [cit. 2015-05-06]. Available at: <http://www.bde.es/bde/es>
- BANGS, David H. 2002. *The business planning guide: creating a winning plan for success* [online]. 9th ed. Chicago: Dearborn Trade Pub., xiv, 242 p. [cit. 2015-05-06]. ISBN 07-931-5409-X. Available at: <http://site.ebrary.com.zdroje.vse.cz/lib/vsep/reader.action?docID=10019937>
- BASU, Ron. 2004. *Implementing quality: a practical guide to tools and techniques* [online]. 1st ed. London: Thomson Learning [cit. 2015-05-06]. ISBN 18-448-0057-1. Available at: <https://books.google.cz/books?id=JHdT8rF4GCwC&pg=PA127&dq=gantt+chart&hl=cs&sa=X&ei=D578VIPdHcT-ygOpvIGYDQ&ved=0CEkQ6AEwAzgK#v=onepage&q=gantt%20chart&f=false>
- BREALEY, Richard A. 2008. *Principles of corporate finance*. 9th ed. Boston: McGraw-Hill/Irwin, 1 sv. .ISBN 978-0-07-340510-0.
- BROWN, Robert a Alan S GUTTERMAN. 2003. *A short course in international business plans: charting a strategy for success in global commerce* [online]. Novato, Calif.: World Trade Press, vi, 186 p. [cit. 2015-05-06]. ISBN 18-850-7362-3. Available at: <http://site.ebrary.com.zdroje.vse.cz/lib/vsep/reader.action?docID=10032028>
- CASADESUS-MASANELL, Ramon a Joan, E. RICART. 2011. How to Design a Winning Business Model. *Harvard Business Review - Ideas and Advice for Leaders* [online]. [cit. 2015-05-06]. Available at: <https://hbr.org/2011/01/how-to-design-a-winning-business-model>
- COKE, Al. 2002. *Seven steps to a successful business plan*. New York: AMACOM, xxxv, 428 p. ISBN 08-144-0648-3.
- COLEGIO INTERNACIONAL ALICANTE. 2015. *Spanish Schools in Alicante: Courses to Learn Spanish in Alicante* [online]. [cit. 2015-05-06]. Available at: <http://www.colegiointernacionalalicante.com>

References

- CZECHTRADE. 2015. *BusinessInfo.cz - Oficiální portál pro podnikání a export* [online]. [cit. 2015-05-06]. Available at: <http://www.businessinfo.cz>
- DELOITTE,.2015. *Http://www2.deloitte.com/content/dam/Deloitte/global/Documents/Tax/dttl-tax-spainhighlights-2015.pdf*[online]. [cit. 2015-05-06]. Available at: <http://www2.deloitte.com/content/dam/Deloitte/global/Documents/Tax/dttl-tax-spainhighlights-2015.pdf>
- DIPUTACIÓN DE ALICANTE,. 2015. POBLACIÓN EXTRANJERA SEGÚN NACIONALIDAD EN LA PROVINCIA DE ALICANTE, 2014. *Diputación de Alicante* [online]. [cit. 2015-05-06]. Available at: <http://www.dip-alicante.es/documentacion/paises.asp>
- DIRECCIÓN GENERAL DE INDUSTRIA Y DE LA PEQUEÑA Y MEDIANA EMPRESA,. 2013. In: *Creación y puesta en marcha de una empresa* [online]. [cit. 2015-05-05]. Available at: <http://www.minetur.gob.es/es-ES/servicios/Documentacion/Publicaciones/Documents/novedadespublicaciones/CreacionEmpresas-linea.pdf>
- DUFEK, Michal. 2012. *Business Plan for Senior Center in Brno*. Brno. Bakalářská práce. Mendel Univeristy in Brno.
- EL MUNDO,. 2014. El flujo de emigración de la población de nacionalidad española aumenta un 15,5%. *EL MUNDO - Diario online líder de información en español* [online]. [cit. 2015-05-06]. Available at: <http://www.elmundo.es/espana/2014/12/10/54882391ca47414a388b4579.html>
- ENFOREX,. 2015. *Jazykové kurzy španělštiny ve Španělsku a Latinské Americe* [online]. [cit. 2015-05-06]. Available at: <http://www.enforex.com/spanelstina>
- EUROPEAN COMMISSION,. 2010. Eurobarometer survey: Employers' perception of graduate employability [online]. [cit. 2015-05-05]. Available at: http://europa.eu/rapid/press-release_MEMO-10-638_en.htm
- EUROPEAN COMMISSION,. 2010. *Languages for Jobs: Providing multilingual communication skills for the labour market* [online]. In: . [cit. 2015-05-05]. Available at: <http://ec.europa.eu/transparency/regexpert/index.cfm?do=groupDetail.groupDetailDoc&id=3956&no=1>
- EUROPEAN COMMISSION,. 2012. *EUROPEANS AND THEIR LANGUAGES* [online]. [cit. 2015-05-06]. Available at: http://ec.europa.eu/public_opinion/archives/ebs/ebs_386_en.pdf
- FRIEND, Graham a Stefan ZEHLE. 2004. *Guide to business planning* [online]. London: The economist in association with Profile Books, 281 p. [cit. 2015-05-06]. ISBN 18-619-7474-4. Available at: https://archive.org/stream/bplans_The_Economist_Guide_to_Business_Planning/The_Economist_Guide_to_Business_Planning#page/n3/mode/2up

References

- HAZELGREN, Joseph Covello and Brian. 2005. *Your First Business Plan a Simple Question and Answer Format Designed to Help You Write Your Own Plan*. 5th ed. Naperville: Sourcebooks, Inc. ISBN 978-140-2220-340.
- INSTITUTO CERVANTES,. 2013. *EL ESPAÑOL: UNA LENGUA VIVA.: EL ESPAÑOL: UNA LENGUA VIVA*. [online]. [cit. 2015-05-06]. Available at: http://cervantesobservatorio.fas.harvard.edu/sites/default/files/2013_espanol_lengua_viva.pdf
- INSTITUTO CERVANTES,. 2014. *EL ESPAÑOL: UNA LENGUA VIVA: Informe 2014* [online]. [cit. 2015-05-06]. Available at: <http://eldiae.es/wp-content/uploads/2014/07/El-espa%C3%B1ol-lengua-viva-2014.pdf>
- INSTITUTO CERVANTES,. 2015. Sistema de Acreditación de Centros Instituto Cervantes. Para centros: tarifas de acreditación. *Sistema de Acreditación de Centros Instituto Cervantes*. [online]. [cit. 2015-05-06]. Available at: [view-source:http://acreditacion.cervantes.es/centros/tarifas.htm](http://acreditacion.cervantes.es/centros/tarifas.htm)
- INSTITUTO CERVANTES,. 2015. Spanish in Spain (Instituto Cervantes). Results. *Ase de datos del Instituto Cervantes donde se puede encontrar escuelas y cursos* [online]. [cit. 2015-05-06]. Available at: <http://eee.cervantes.es/en/resultados.asp>
- INSTITUTO NACIONAL DE ESTADÍSTICA,. 2015. [Http://www.ine.es/consul/serie.do?d=true&s=33-18992&c=2&nult=15](http://www.ine.es/consul/serie.do?d=true&s=33-18992&c=2&nult=15). *Servicio RSS de noticias del INE* [online]. [cit. 2015-05-06]. Available at: <http://www.ine.es/consul/serie.do?d=true&s=33-18992&c=2&nult=15>
- INVEST IN SPAIN. 2015. *INVEST IN SPAIN* [online]. [cit. 2015-05-06]. Available at: <http://www.investinspain.org/invest/es/index.html>
- JOBBER, David a Geoffrey LANCASTER. 2009. *Selling and sales management*. 8th ed. New York: Prentice Hall/Financial Times, xx, 546 p. ISBN 02-737-2065-1.
- Juridical forms of companies. 2015. *Dirección General de Industria y de la Pequeña y Mediana Empresa* [online]. [cit. 2015-05-06]. Available at: <http://www.ipyme.org/en-US/DesarrolloProyecto/FormasJuridicas/Paginas/FormasJuridicas-Descripcion.aspx?cod=SLNE&nombre=New%20Enterprise%20Limited%20Company&idioma=en-US#d116>
- MADRID LANGUAGE CENTER,. 2012. Algunas estadísticas sobre los idiomas en España. *Madrid Language Center* [online]. [cit. 2015-05-06]. Available at: <http://www.madridlanguagecenter.com/blog/algunas-estadisticas-sobre-los-idiomas-en-espana>
- MARTINOVIČOVÁ, Dana. 2006. *Základy ekonomiky podniku*. 1. vyd. Praha: Alfa Publishing, 178 s. Ekonomie studium. ISBN 80-868-5150-8.
- MCKEEVER, Mike P. 2007. *How to write a business plan*. 8th ed. Berkeley, CA: Nolo, 273 p. ISBN 978-141-3305-623.

References

- MICHAEL DENNIS, GRAHAM, Thomas A. 2008. *Effective executive compensation creating a total rewards strategy for executives* [online]. New York: AMACOM/American Management Association [cit. 2015-05-06]. ISBN 9780814410820. Available at: <http://site.ebrary.com.zdroje.vse.cz/lib/vsep/detail.action?docID=10271756>
- MINISTERIO DE ECONOMÍA Y COMPETITIVIDAD,. 2015. *How to establish a company in Spain*[online]. [cit. 2015-05-06]. Available at: <http://www.investinspain.org/invest/wcm/idc/groups/public/documents/documento/mda0/mjy4/~edisp/4268480.pdf>
- NATIONMASTER.COM,. 2015. Countries Compared by Economy - Technology index. *International statistics: Compare countries on just about anything!* *NationMaster.com* [online]. [cit. 2015-05-06]. Available at: <http://www.nationmaster.com/country-info/stats/Economy/Technology-index>
- OSTERWALDER, Alexander, Yves PIGNEUR a Tim CLARK. 2010. *Business model generation: a handbook for visionaries, game changers, and challengers*. Hoboken, NJ: Wiley, 278 p. ISBN 978-047-0876-411.
- PINSON, Linda. 2008. *Anatomy of a business plan the step-by-step guide to building your business and securing your company's future*. 7th ed. Tustin, CA: Out of Your Mind and Into the Marketplace. ISBN 09-442-0535-6.
- PROYECTO ESPAÑOL. 2015. *Proyecto Español. Spanish school in Alicante, Granada, Madrid and Barcelona* [online]. [cit. 2015-05-06]. Available at: <http://www.proyecto-es.com/>
- PWC,. 2012. Talent mobility 2020 and beyond: A global view on talent issues: PwC [online]. [cit. 2015-05-05]. Available at: http://www.pwc.com/en_GX/gx/managing-tomorrows-people/future-of-work/pdf/pwc-talent-mobility-2020.pdf
- SALARY EXPLORER,. 2014. Salary Survey in Spain in Marketing. *Salary Explorer | Career Resources* [online]. [cit. 2015-05-06]. Available at: <http://www.salaryexplorer.com/salary-survey.php?job=36&jobtype=1&loctype=1&loc=203>
- SIMONEAUX, Sarah a Chris STROUD. 2011. *A Business Plan: The GPS for Your Company*. Journal of Pension Benefits: Issues in Administration., roč. 18, č. 2, s. 92-95. ISSN 10694064.
- SOSA, Verónica. 2015. Aumentan los estudiantes de cursos en el extranjero de francés y alemán - Ecoaula.es. *Ecoaula - Portada - Ecoaula.es* [online]. [cit. 2015-05-06]. Available at: <http://ecoaula.economista.es/universidades/noticias/6562975/03/15/Aumentan-los-estudiantes-de-cursos-en-el-extranjero-de-frances-y-aleman.html>
- STUDIO SAMPERE. 2015. *Spanish language School in Spain* [online]. [cit. 2015-05-06]. Available at: <http://www.sampere.com>
- SURVEYMONEKY,. 2015. Get Better Data and Simplify Analysis: Qualitative vs. Quantitative Questions. *SurveyMonkey: Free online survey software* [online]. [cit. 2015-05-06]. Available at: <https://www.surveymonkey.com/blog/2013/04/10/qualitative-vs-quantitative>

References

- THE ECONOMIST,. 2012. *Competing across borders: How cultural and communication barriers affect business* [online]. [cit. 2015-05-06]. Available at: <http://www.economistinsights.com/countries-trade-investment/analysis/competing-across-borders/fullreport>
- THE WEBCERTAIN,. 2015. *Global Search & Social Report* [online]. [cit. 2015-05-06]. Available at: http://globalcentral.net/assets/cb757434/1422529492_The_Webcertain_Search_and_Social_Report_2015.pdf
- THE WORLD BANK. 2015. *The World Bank DataBank / Explore . Create . Share* [online]. [cit. 2015-05-06]. Available at: <http://databank.worldbank.org/data/home.aspx>
- TRAVELAGENTS.COM. 2015. *Alicante City - Local Travel Information and City Guide* [online]. [cit. 2015-05-06]. Available at: <http://www.alicante.com>
- U.S. NEWS & WORLD REPORT LP.,. 2014. [Http://www.usnews.com/opinion/blogs/economic-intelligence/2014/01/29/the-business-benefits-of-learning-a-foreign-language](http://www.usnews.com/opinion/blogs/economic-intelligence/2014/01/29/the-business-benefits-of-learning-a-foreign-language). CHAU, Lisa. *U.S. News* [online]. [cit. 2015-05-06]. Available at: <http://www.usnews.com/opinion/blogs/economic-intelligence/2014/01/29/the-business-benefits-of-learning-a-foreign-language>
- UNCTAD. (2002). How to prepare your business plan. Retrieved April 29, 2015 from United Nations Conference on Trade and Development: http://unctad.org/en/Docs/iteiia5_en.pdf
- VALACH, Josef. *Investiční rozhodování a dlouhodobé financování*. 2nd Edition. Praha : Ekopress s.r.o., 2006. 465 s. ISBN 80-86929-01-9.
- VERSTRAETE, Thierry a Estèle JOUISSON-LAFFITTE. 2011. *A business model for entrepreneurship* [online]. v, 150 pages [cit. 2015-05-06]. ISBN 08-579-3904-1. Available at: https://books.google.cz/books?id=weg6c0u-3W0C&printsec=frontcover&dq=business+model&hl=cs&sa=X&ei=nKP9VKmNLqu1ygPp_oL4Cg&ved=0CCcQ6AEwAQ#v=onepage&q=business%20model&f=false
- VIVA LA LENGUA. 2015. *Viva la Lengua / Spanish school Alicante* [online]. [cit. 2015-05-06]. Available at: <http://www.vivalalengua.com>
- WEBFINANCE, INC.,. 2015. Questionnaire. *BusinessDictionary.com - Online Business Dictionary*[online]. [cit. 2015-05-06]. Available at: view-source:<http://www.businessdictionary.com/definition/questionnaire.html>
- WEBFINANCE, INC.,. 2015. What is quantitative research? definition and meaning.*BusinessDictionary.com - Online Business Dictionary* [online]. [cit. 2015-05-06]. Available at: view-source:<http://www.businessdictionary.com/definition/quantitative-research.html#ixzz3XwUL7EOs>

References

WORD BANK GROUP,. 2014. Ranking of economies - Doing Business - World Bank Group. *Doing Business - Measuring Business Regulations - World Bank Group* [online]. [cit. 2015-05-06]. Available at: <http://www.doingbusiness.org/rankings>

YA HABLAS. 2015. *Idiomas en Alicante - Ya hablas idiomas* [online]. [cit. 2015-05-06]. Available at: <http://www.yahablasidiomas.com>

ZADOR SPAIN. 2015. *Academia de Idiomas Alicante. Cursos de inglés, francés, alemán y español* [online]. [cit. 2015-05-06]. Available at: <http://www.alicante-idiomas-zador.com>

Appendix

Appendix 1: List of types of Spanish companies

Individuals

Letter CIF	Form	Number of Partners	Capital	Responsibility
	<u>Individual Entrepreneur (EI)</u>	One	No legal minimum	Unlimited

Legal Persons

Letter CIF	Form	Number of Partners	Capital	Responsibility
A	<u>Corporation (SA)</u>	Minimum 1	Minimum € 60,101.21	Limited to the capital
B	<u>Limited Liability Company (SRL)</u>	Minimum 1	Minimum € 3005.06	Limited to the capital
B	<u>New Enterprise Limited Company (SLNE)</u>	Maximum 5	Minimum € 3,012 Maximum € 120,202	Limited to the capital
C	<u>General Partnership (SC)</u>	Minimum 2	No legal minimum	Unlimited
D	<u>Partnership limited by shares (SCA)</u>	Minimum 2	Minimum € 60,101.21	Partners groups: Unlimited backers Partners: Limited
D	<u>Limited partnership (SCS)</u>	Minimum 2	No legal minimum	Partners groups: Unlimited backers Partners: Limited
A or B	<u>Community Property and Real Estates recumbent (CB)</u>	Minimum 2	No legal minimum	Unlimited
F	<u>Cooperative Society (SC)</u>	Minimum 3	Minimum fixed in the Statutes	Limited to the capital
G	Associations			
H	Communities of owners horizontal property regime			
J	<u>Civil Society (SC)</u>			
P	Local authorities			
Q	Public bodies			
R	Congregations and religious institutions.			
S	Organs of the State Administration and the Autonomous Communities			
U	Joint ventures			
V	Other undefined in other key			

Source: <http://www.iberinform.es/Noticias/informes-comerciales/FormasJuridicas.htm>

Appendix 2: Questionnaire - any student

1 Where are you from?	▼
2 How old are you?	▼
3 What foreign language (languages) are you studying or speaking? (choose all)	▼
4 Why do you study foreign language (languages) in general?	▼
5 Have you ever taken language course in private language school IN your home country?	▼
6 Are you planning (in the near future) to take language course in private language school IN your home country?	▼
7 What do you see as optimum length of language course while studying IN your home country?	▼
8 Have you ever taken language course in private language school OUTSIDE your home country?	▼
9 Are you planning (in the near future) to take language course in private language school OUTSIDE of your home country?	▼
10 What do you see as optimum length of language course while studying OUTSIDE of your home country?	▼
11 How would you mainly search language school? (choose one)	▼
12 What do you find most important regarding language school? (put in order)	▼
13 What course sounds best to you?	▼
14 What knowledge of foreign language do you prefer?	▼
15 Select all you would participate in/take/try when taking lang. course in private language school?	▼
16 Would you consider to study language course for special purposes? (select all)	▼
17 Why would you decide for language course OUTSIDE your home country instead of IN your home country? (culture, vacation, quality, etc.)	▼
18 Based on your experience what DID you NOT like? What DID you miss? What would you improve, and how?	▼
19 What other language would you like to study in future?	▼

Source: author

Appendix 3: Questionnaire - current foreign student of language school in Alicante

1 Where are you from?	▼
2 How old are you?	▼
3 How long did you study at PE?	▼
4 Why do you study Spanish?	▼
5 Why have you decided for lang. course in Spain instead of in your home country? (culture, vacation, etc.)	▼
6 What do you find most important regarding language school? (put in order)	▼
7 What course sounds best to you?	▼
8 What knowledge of Spanish do you personally prefer?	▼
9 How did you find out about PE?	▼
10 Why did you choose study at PE? (choose all)	▼
11 Select all you participated in/tried/took?	▼
12 What you DID NOT like? What were you missing? What would you improve and how? (at PE)	▼

Source: author

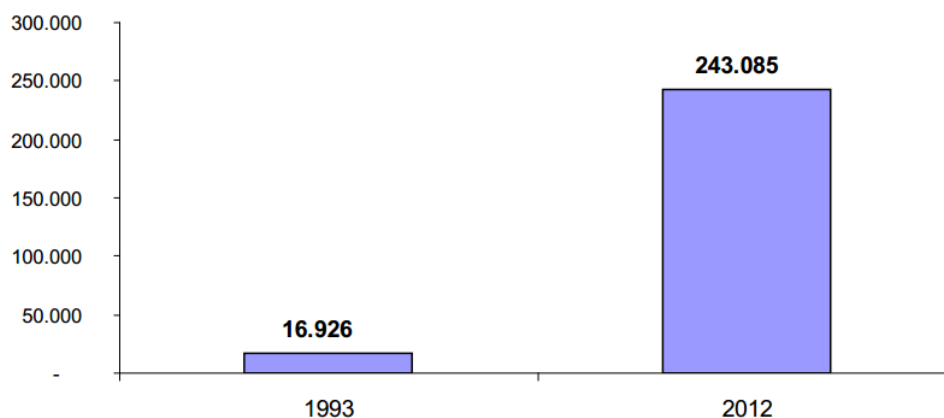
Appendix 4: Questionnaire - current Spanish student of language school in Alicante

1 ¿Qué edad tienes?	▼
2 ¿Qué idiomas extranjeros estudias?	▼
3 ¿Tu escuela (instituto, Universidad) te exige algún nivel de conocimiento de alguna lengua extranjera?	▼
4 ¿Alguna vez has hecho un curso de idiomas en una academia privada?	▼
5 ¿Tienes pensado (en el plazo de un año) estudiar en una academia de idiomas en España?	▼
6 ¿Cuál sería para ti la duración óptima de un curso de idiomas en España?	▼
7 ¿Cómo buscarías una academia de idiomas?	▼
8 ¿Qué es lo más importante para ti en una escuela de idiomas? (Pon en orden de preferencia)	▼
9 ¿Qué tipo de curso te parecería mejor?	▼
10 ¿En qué proporción te gustaría dominar un idioma extranjero?	▼
11 Selecciona todas las opciones en las que te apuntarías / participarías durante tu curso en una academia privada de idiomas?	▼
12 ¿Te apuntarías en algún tipo de curso específico de idiomas?	▼
13 ¿Qué otro idioma te gustaría estudiar en el futuro?	▼

Source: author

Appendix 5: Evolution of enrollment at the Cervantes Institute

Gráfico 2. Evolución del número de matrículas en el Instituto Cervantes



Source: El español: Una lengua viva. Informe 2013 done by Instituto Cervantes

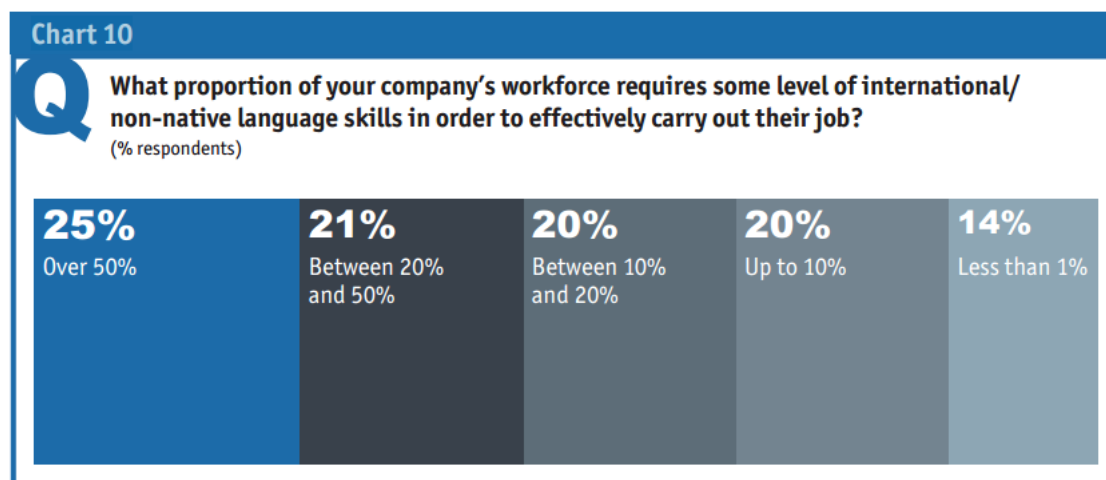
Appendix 6: Evolution of enrollments and registrations DELE of Instituto Cervantes

Cuadro 5. Evolución de las matrículas e inscripciones DELE del Instituto Cervantes

<i>Curso</i>	<i>N.º de matrículas</i>	<i>N.º de inscripciones DELE</i>
1994-95	22.000	10.000
1995-96	25.000	11.000
1996-97	31.000	12.500
1997-98	41.000	18.000
1998-99	47.000	19.000
1999-00	60.500	19.000
2000-01	65.000	20.000
2001-02	72.000	21.000
2002-03	82.000	23.000
2003-04	90.000	25.000
2004-05	107.000	30.000
2005-06	119.000	34.655
2006-07	141.916	36.907
2007-08	172.185	45.095
2008-09	187.106	50.302
2009-10	210.147	56.982
2010-11	227.185	62.293
2011-12	243.085	65.535
2012-13	237.937	66.281

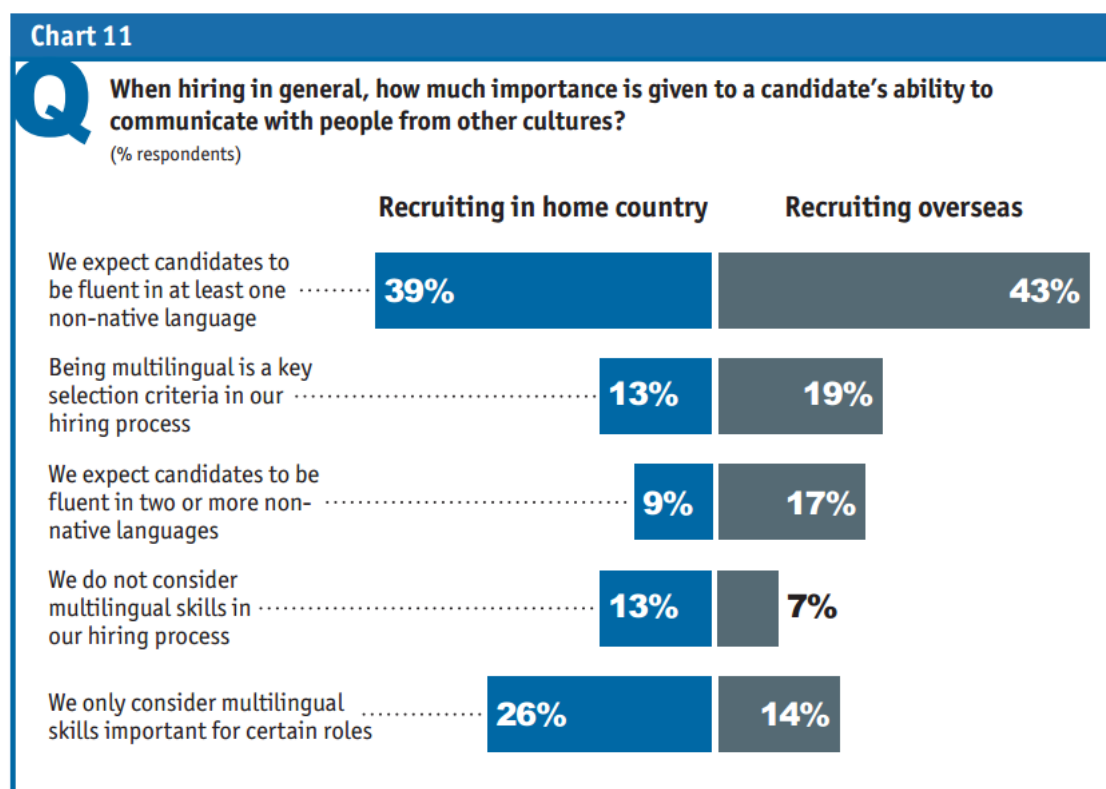
Source: El español: Una lengua viva. Informe 2014 done by Instituto Cervantes

Appendix 7: Opinion of executives regarding the necessity of foreign language skills in work environment



Source: Competing across borders, 2012, The Economist

Appendix 8: Employers' expectations of non-native language skills



Source: Competing across borders, 2012, The Economist

Appendix 9: Employers' expectations of non-native language skills



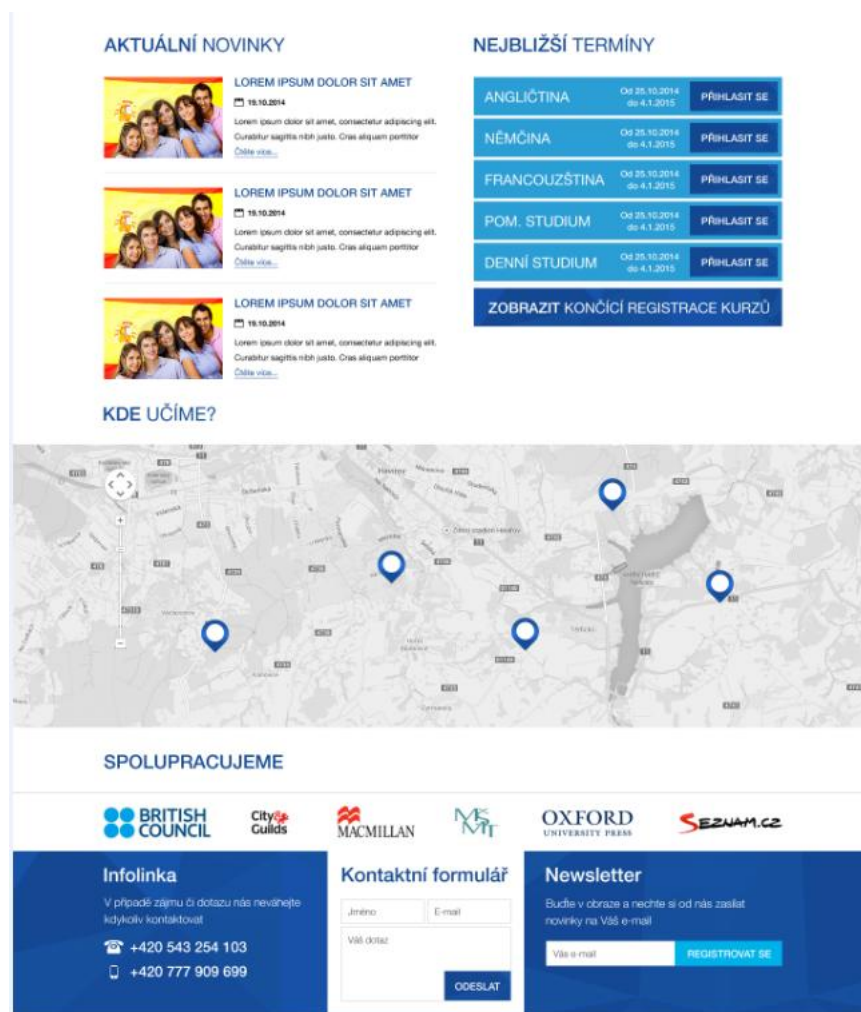
Source: Language study Johnson: What is a foreign language worth?, 2014, The Economist

Appendix 10: Pre-design of language school website



Source: Grand Propag s.r.o.

Appendix 11: Pre-design of language school website



Source: Grand Propag s.r.o.

Appendix 12: Facility location at Calle Pintor Sorolla 1



Source: Author

Appendix 13: Facility location a Plaza de Torros



Source: Author

Appendix 14: Business card of legal advisor



Source: Author

Appendix

Appendix 15: Michal Dufek - airplane ticket

ASIANA / LETUSKA.CZ
VELFLIKOVA 8
160 00 PRAGUE 6
CZECH REPUBLIC
TELEPHONE: 420 234 704 901
FAX: 420 234 704 902
EMAIL: INFO@LETUSKA.CZ

BOOKING REF: Z49DER
DATE: 25 FEBRUARY 2015
DUFEK/MICHAL MR

FLIGHT IB 3121 - IBERIA SAT 14 MARCH 2015

DEPARTURE: VIENNA, AT (VIENNA INTERNATIONAL) 14 MAR 12:25
ARRIVAL: MADRID, ES (ADOLFO SUAREZ BARAJAS), TERMINAL 4 - 14 MAR 15:30
T4
FLIGHT BOOKING REF: IB/MQPLE
RESERVATION CONFIRMED, ECONOMY (O) DURATION: 03:05

BAGGAGE ALLOWANCE: 0PC
MEAL: FOOD AND BEVERAGES FOR PURCHASE
NON STOP VIENNA TO MADRID
OPERATED BY: IBERIA, IB
EQUIPMENT: AIRBUS INDUSTRIE A320-100/200

FLIGHT IB 8396 - IBERIA SAT 14 MARCH 2015

DEPARTURE: MADRID, ES (ADOLFO SUAREZ BARAJAS), TERMINAL 4 - 14 MAR 21:30
T4
ARRIVAL: ALICANTE, ES (ALICANTE AIRPORT) 14 MAR 22:35
FLIGHT BOOKING REF: IB/MQPLE
RESERVATION CONFIRMED, ECONOMY (O) DURATION: 01:05

Source: Author