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**Business Analysis of a Start-Up Company in the Czech Republic and the
Russian Federation**

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Declaration:

I hereby declare that I am the sole author of the thesis entitled “Business Analysis of a Start-Up Company in the Czech Republic and the Russian Federation”. I duly marked out all quotations. The used literature and sources are stated in the attached list of references.

In Prague on

Signature
Student's name

Acknowledgement

I hereby wish to express my appreciation and gratitude to the supervisor of my thesis, Ing. Jaroslav Halík, MBA, Ph.D.

Abstract

The aim of this bachelor thesis is to investigate the market of tourism services and analyse the differences between starting-up a tourist agency in the Czech Republic and the Russian Federation.

The first chapter is “theoretical part” reveals the political, economic, socio-cultural and technological factors of business conditions in the Czech Republic and Russia; describes the market of tourist services generally.

The second chapter is “practical part” includes two business plans for touristic agencies.

In third chapter, I summarize two business plans, give some conclusion and recommendation.

Key Words

Market of Tourism Services, Tourist Agency, Business Plan, The Czech Republic, The Russian federation.

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Introduction

Nowadays, tourism is gaining a lot of popularity. The demand for tourism is growing and people are striving to travel more and more. In many countries of the world, tourism develops as a system that provides all opportunities for acquaintance with the history, culture, customs, spiritual and religious values of this country and its people. In this sphere, there are many natural and legal persons are working, somehow connected with the provision of tourist services.

The modern history of tourism development is formed due to two main types of tourist companies.

Tour operators are companies that organize tours to a number of countries. Tour operators can be both foreign and domestic companies. Tour operators have agreements with local travel agencies or their own representative offices in various countries, buy out places in hotels, or even whole hotels, buy tickets in airliners or organize charter flights. Large tour operators work only with travel agencies, and not with end-users. Small tour operators can work as travel agencies.

Also, the modern history of tourism development is formed thanks to the second representative of the tourist business - agencies. Travel agencies are companies that buy tourist products from tour operators and sell it to the end-user tourists. The agency receives a commission for this. A tourist product can be called a package of services - flight, transfer (transportation from the airport to the hotel and back), accommodation and insurance.

In my opinion, the field of activity as a travel agency is very promising and interesting for the creation of its business.

But it is very difficult to launch your business without drawing up a business plan and studying the market for a specific range of services or goods. In order to successfully understand the tourism market, it is necessary to analyse the tourism services market in general.

For this purpose, the aim of my Bachelor Thesis is to investigate the market of tourism services, compare doing business in the Czech Republic and Russia with the help of PEST and SWOT analysis. Also, I will create two business plans for the tourist agency and compare them.

The business plan is the main document of creating small, medium and large businesses. It displays a large number of difficulties that an entrepreneur will face in order to achieve the set goals and objectives. Also, it understands the financial tasks facing the enterprise and its efficiency. I chose these countries because they are very close to me and I would like to understand the difference between starting-up a business in these two countries.

1. The Market of Tourist Services – Generally

To define the tourism industry is not an easy task. Different people define tourism as a different thing. For example, OECD defines tourism as “A concept that can be interpreted differently depending on the context. 'Tourism' may cover the tourists, or what the tourists do, or the agents which cater to them, and so on.”¹ At the same time, WTTC observes that “the activities of persons traveling to and staying in places outside their usual environment for no more than one consecutive year for leisure, business and other purposes”², while WTO expressed that “tourism is thus a rather general term, which can refer to the consumption of tourists, to the production units supplying goods and services particularly to tourists, or even to a set of legal units or of geographical areas related in a way or other to tourists.”³

Summing up, we can conclude that tourism can be defined as a complex of socio-economic activities implemented either by tourists or for tourists.

Those implemented by tourists correspond to what tourists do, while those carried out for tourists correspond to what other socio-economic institutions do to support the needs of tourists. Those carried out by tourists matches to what tourists do, at the same time those carried out for tourists matches to what other socio-economic institutions do to maintain the wants of tourists.

There are 3 main types of tourism:

- Domestic Tourism
- Incoming/Inbound Tourism
- Outbound Tourism

Domestic tourism-is tourism within the country. Today, the state is interested in the fact that its citizens spend their holidays in the country, as it not only promotes the development of tourism, but also brings important revenue to the state budget.

Incoming/Inbound Tourism-This system, whose purpose is the development and promotion of national tourist product in overseas tourist markets, related to the servicing of foreign tourists arriving in the territory of their own state.

Outbound tourism-is traveling to foreign countries in the world. Due to globalization and the facilitation of the visa regime, outbound tourism recently has become more incredible popular. Today, this type of tourism is not only a form of recreation but also one of the forms of economic, political, social and cultural ties between the countries. outbound tourism as a separate category of traveling that now is extremely and dynamic developing.⁴

Tourism market - a market of services. It has its own specific features:

- tourist services are intangible, i.e. cannot touch, taste;
- tourist services are lost over time;
- the quality of specific services as part of the tour can be changed;
- there is a gap in time between the fact of payment of tourism products and the fact that its consumption;
- seasonal fluctuations.

Tourism market is presented as a system of interaction between the 4 main elements:

¹ OECD (1991), "Manual on Tourism Economic Accounts", Paris. United Nation and World Tourism Organization (1993), "Recommendations on Tourism Statistics", Statistical Papers Series M, No. 83, New York.

² World Travel and Tourism Council (1995), "Travel & Tourism: A New Economic Perspective", the 1995 WTTC Report -Research Edition.

³ World Tourism Organization (1996), "Draft Manual of a Satellite Account for Tourism". Available at: <http://statistics.unwto.org/sites/all/files/docpdf/parti.pdf>

⁴ Cooper, C., Fletcher, J., Gilbert, D., & Wanhill, S. (1993), "Tourism: principles & practice", Longman: Harlow, UK.

- Tourism demand;
- Tourism supply;
- The price;
- Competition;

Tourism demand is a broad term that covers the factors governing the level of demand, the spatial characteristics of demand, different types of demand and the motives for making such demands. Economists define demand as “a schedule of the amount of any product or service that people are willing and able to buy at each specific price in a set of possible prices during some specified period of time”. “Tourists” generate tourism demands. The economic approach introduces the idea of elasticity-which describes the relationship between demand and price, or other variables. There are 3 main components that define the demand for tourism:

- Effective or actual demand is “the actual number of participants in tourism or those who are traveling. This is the component of demand most commonly and easily measured and the bulk of tourism statistics refer to effective demand.”
- Suppressed demand is “made up of that section of the population who do not travel for some reason.”
- No demand is “category of people who simply do not travel or are unable to travel”⁵

Tourism supply the number of tourist products (tourist and excursion services), which is exposed to the market at a certain price level. If demand reflects the supposed size of the market, the proposal - is the actual volume of tourist and excursion services, which offer on the market.

The relationship between supply and demand depends on many factors, one of which is the price. Inflated prices lead, except for isolated cases, a fall in demand and understatement in the loss of profit and unprofitable enterprises. Each tour company operating on the market should pay attention to the pricing policy.

The price is a measure and regulator of control the balance between supply and demand on the tourism market. This is the main criterion for the selection of tourism products for the majority of consumers, and therefore in the first place, it affects sales volumes.

On the price level influence factors such as:

- Prices for service providers of travel services (hotels, transport);
- The price of services provided by competitors in the market;
- Fluctuations in demand;
- Seasonality;
- Psychological factors associated with fashion, prestige, etc.

Competition in tourism - it is a struggle between the tourist organizations for the most favourable conditions for production and marketing in order to achieve best results in their business activity. The main contents of competition in the tourist sector of the economy - the fight for the tourist-consumer and full satisfaction of his needs. This is a fight for market share, the success of which depends on the cheapness and quality of tourist products and services. Competition turns the consumer into a tourist business indicator.

⁵ Cooper, C., Fletcher, J., Gilbert, D., Fyall, A. and Wanhill, S. (2008), “Tourism: Principles and Practice”, fourth edition, Harlow, London. ISBN:978-0-273-71126-1

1.1. PEST Analysis of Doing Business in The Czech Republic and the Russian Federation

In the current market conditions of business success is largely dependent on proper environmental assessment. The political situation in the country, economic development, the traditional values of the population - all have significance for the development of entrepreneurship. The main purpose of PEST-analysis is to identify the political, economic, socio-cultural and technological characteristics and the business environment. It is applicable to the analysis of an object of research: organization, department, person, industry production, state. All four components of the PEST-analysis are interrelated, so the procedure of analysis should be systematic. PEST-analysis makes it possible to evaluate the external situation, potential, business environment development trends and possible threats.

For the PEST-analysis is necessary to determine the political, economic, socio-cultural and technological factors of business conditions.

- Political factors are directly related to the current legislation in the country, especially in the field of taxation, antitrust practice. Also, the political stability in the country, the level of corruption, the foreign policy of the state, the state's participation in international organizations are important.
- Economic factors affect the overall dynamics of development of the state economy, unemployment and inflation in the country, the degree of globalization of the economy, the most likely changes in the economy in the short term.
- Social factors include the demographic situation, the level of education and the working-age population, the basic cultural values and consumer preferences.
- Technical factors include the area of transport infrastructure, the rate of introduction of new technologies in the production, development of information and communication links, scientific and technical progress.

1.1.1. The Russian Federation

Political factors

The main political factors affecting the business environment in Russia is corruption and sanctions imposed by Western countries.

According to a survey of the Russian Union of Industrialists and Entrepreneurs of 2013. 31% of Russian companies consider corruption as a major constraint for business development in the country.

According to the international organization for the fight against corruption Transparency International, Russia in 2014. It occupies in the ranking of 119 out of 168.⁶ The rating reflects the perception of corruption in the public sector, entrepreneurs and analysts on a scale of one hundred points. Just Russia is among the seven countries with the most corrupt state structures.

Negative effects of corruption on the business environment are:

- Destruction of private entrepreneurs;
- Reduction of internal and external investments;
- A violation of the rules of fair competition on the market;
- The loss of time and effort to bribe government officials.

⁶ Available at: <http://www.transparency.org/cpi2015>

Another determining factor in the development of Russian business environment in the short term is the introduction of sanctions by Western countries. In the spring of 2014 in connection with political events in the east of Ukraine with regard to Russia began to apply economic sanctions by the EC, the USA, joined by Canada, Australia, Japan. Sanctions have affected the oil industry, innovative technologies, financing Russian energy companies, defence concerns. Western sanctions directly affect more than 50 percent of the assets of the Russian banking sector. Banks are forced to turn to the government for financial support.

On the other hand, the introduction of Western restrictions is forcing business to apply for loans to domestic banks.

Economic factors

A significant slowdown in economic growth linked to a substantial reduction in investment in the economy against the increasingly active capital outflow.

As we know, Russia entrenched “donor” status of the raw material. Therefore, we can share the position of many Russian scientists, that the dependence of the national economy on world oil prices - a destructive way to Russia, which may drive it to a standstill, if not has already driven. In the context of global instability and a sharp decline in international oil prices, the Russian government has developed a package of anti-crisis measures, which may smooth out imbalances in the economy. However, let's not forget that it is necessary to have a structural change in the part of the reconstruction and development of the real economic sector.

By the end of 2014, the Russian economy has entered a new stage of its development, the outward expression of which was to reduce the rate of economic growth, higher inflation, a noticeable decline investment activity, a sharp reduction in imports, changes in consumer sentiment.

Measures rapid response from the part of economic authorities are not sufficient for a return to growth, long-term measures in the field of investment and industrial policy are needed.

A serious destabilizing factor for the Russian economy over the past decade has been and is inflation.

Nevertheless, in accordance with the report of the Central Bank of Russia, the annual inflation rate for the year 2016 continues to decrease, but this is partly due to the influence of temporary factors. According to the 12 December, the annual rate of price growth declined to 5.6% from 6.1% in October. Price growth slowed down noticeably in all major groups of goods and services, monthly inflation (except for seasonality) decreased. The economy enters the phase of recovery growth, which corresponds to the base forecast of the Russian Bank. It is estimated that in the III quarter GDP decline stopped in quarterly terms. In October-November there was an increase in production in the industry. The labour market adjusts to new economic conditions; unemployment persists at a stable low level.

Moderately strict monetary conditions continue to contribute to reduction of inflation. Positive real interest rates will be maintained at a level that will ensure the demand for credit, do not lead to an increase in inflationary pressures, as well as preserve the incentives to save. The potential reduction in interest rates in the near future is limited.⁷

The unemployment rate (the ratio of unemployed to the labour force) in January 2016 was 5.8% (without exception of seasonal factors). Employment rate (the ratio of the employed population to the total population) in January 2016 was 64.7%.⁸

⁷ Available at: http://www.cbr.ru/press/pr.aspx?file=16122016_133003keyrate2016-12-16T13_16_40.htm

⁸ Available at: http://www.gks.ru/bgd/free/B04_03/IssWWW.exe/Stg/d06/37.htm

Social factors

Demographic indicators are closely related to the needs, preferences, and the intensity of consumption of various products. Data on gender, age, financial situation, kind of activity, nationality help companies to develop marketing strategies, adjust sales volumes and advertising their products in accordance with the most effective way, decide to open new outlets. In Russia in recent decades is maintained steady trend of depopulation: natural population growth in recent years remains negative.⁹ Maintaining the current level of fertility and mortality may lead to population reduction by 10 million. people over the next 15 years.

As before, for Russian business big problem is the mass flow of highly skilled workforce from the country, and also the obvious disproportion in the Russian economy, which also leave their marks on the state of affairs in this area.

In recent years, the number of the working population is sharply reduced (to 4 million people, or from 4.6% to 82.6 million people in 2016).¹⁰ This trend will increase the economic burden on each worker, reducing the number of skilled workers that supposed to be especially noticeable for small and medium-sized businesses. There is a stable population growth because of migration. With the decline in the number of working-age population, the role of migration as a source of new labour force is increasing. Compensation of missing labour force is due to inter-regional and external migration. On the other hand, the involvement of the workforce in the country is accompanied by illegal employment of migrants.

Features of Russian mentality: decline is replaced by an incredible rise, a long depression - a huge surge of optimism, apathy and lethargy - the tide of strength and inspiration.

“Rosstat” released official figures: Russia's population is 146.544.710 people. These figures reflect the situation on 1 January 2016.¹¹

The Russian people are often irrational and alien to live in isolation. It is important to draw attention to the features such as sentimentality. Another feature of the Russian mentality - social conformity. Despite the creative thinking, Russians can be called conservatives, they mistrust perceive innovation and get used to it very long, it arises because of unwillingness to change the habitual way of life.

Technical factors

Russia has a powerful transport system, which includes rail, sea, river, road, air and pipeline transport. Each of these modes of transport is a collection of tools and means of communication, as well as various technical devices and structures which ensure proper and efficient operation of all sectors of the economy.

Transport infrastructure is an essential component of the country's business environment: it plays a bridging role between the points of production, storage, and distribution of products. Now in Russia, only 37% of the roads correspond to the minimum quality requirements. The roads are bad provided in regions of Siberia, the Far East, the northern territories of the European part of Russia. 76% of regional roads do not meet the regulatory requirements for the use. The number of existing airports is steadily decreasing in Russia, and their wear is growing. Currently, there are 254 airports in the country.¹²

⁹ Available at: http://www.gks.ru/wps/wcm/connect/rosstat_main/rosstat/ru/statistics/population/demography/#

¹⁰ Available at: <https://www.business-gazeta.ru/news/93731>

¹¹ Available at: http://www.gks.ru/wps/wcm/connect/rosstat_main/rosstat/ru/statistics/population/demography/#

¹² Available at: <http://yourcharter.ru/news/avia/kolichestvo-aeroportov-v-rossii-sokrashchaetsya>

Another necessary component of business development is the innovation infrastructure of the country. Innovation is the main factor of competitiveness of enterprises and national economies. To implement innovation in the business environment and the economy, in many regions of the country people create business support centres, aimed at stimulating innovation activity, promotion of new projects. Innovative infrastructure for entrepreneurs provides business consulting, information, financial and other services.

Business incubators, information, and marketing centres, support centres for innovation, technology parks, - all of which contribute to the implementation of new organizational, marketing and production systems in the scope of the business environment.

1.1.2. The Czech Republic

Political factors

The Czech Republic has experienced significant economic reforms and privatized most of its sectors, such as telecommunications, banking, and others. The Czech Republic is one of the most stable and favourable markets in Central Europe, that attracts many of the economic entities in the country. In addition, the political system is under strict supervision and control of the European system.

The Czech economy was hit by the global economic downturn, prompting the government to use fiscal consolidation to increase public finances and improving the business environment. The government introduced reforms such as health care and pension to improve financial stability. International Czech politics is attributable to the international organizations, as well as the national ambitions of the Czech state. The Czech Republic is the member of almost all major international political and economic organizations and has signed all international treaties related to human rights, international mutual assistance, education, etc. The Czech Republic is the member of EU, NATO, WTO, UN, OSCE, UNESCO, the Council of Europe (COE), the Organization for Economic Co-operation and Development (OECD), the International Labour Organization (ILO), the International Organization of La Francophonie, the International Organization for the Prohibition of Chemical Weapons (OPCW), and others. At the same time, the Czech Republic retains the relative neutrality in international politics and doesn't take part in any international conflict and military operations. If the Czech Republic participates in international events of this nature, it is only in the peace purposes. This provides a high level of the country's national security in the current situation of confrontation of many cultures, political and religious systems.

Since the Czech Republic is part of the EU, they do not entail any import taxes within the EU, which can be an advantage for doing business. Entrepreneurs are able to import materials and ingredients to produce something with lower prices. Nevertheless, the level of corruption in The Czech Republic can bring some negative effects to business. It is ranked 37 positions of 168 countries for corruption (with the score 56)¹³. The situation with corruption affects more small business than big corporations.

Economic factors

According to many business - analysts, the Czech Republic is now at the stage of economic growth and business opportunities. This largely will determine the mood and energy of which the well-known businessmen and global corporations are beginning to develop its

¹³ Available at: <https://www.transparency.org/country/CZE#>

major projects, investing huge sums. The current government is trying to attract strategic investors in the economy of the Czech Republic.

Inflation in the Czech Republic is still very low, despite the strong economic growth, which is also accompanied by increasing employment and improving the financial condition of the country's inhabitants. The level of inflation is 0,57% in January 2016, which is more attractive for the business environment.¹⁴

The Czech Republic attracts foreign direct investment(FDI) very successful.

The Czech Republic is a relatively small open economy, the development and the growth of which is completely dependent on the increase in exports. The Czech Republic belongs to the countries with the largest share of exports in GDP of goods and services.

The cost of opening a business in the Czech Republic is low. Terms and conditions for starting business, created by the Czech state, are so comfortable and investors often begin to harbour illusions about the possibility of quick success. The unemployment rate in the Czech Republic has decreased to 5.2% in December 2016 from 6,2 % year ago.¹⁵ Average Monthly wage in the Czech Republic is about 1000 euro, according to different sources, this means that the labour cost in the Czech Republic is much lower than in most EU countries and it is more favourable for foreign companies entering the country. On the other hand, comparing average salary in the Czech Republic and in Russia, we can see that Russia is more auspicious.

Social factors

Today, the population in the Czech Republic is about 10,557,000 people, the Czech Republic can boast of high urbanization, as more than half of the population lives in towns and cities.¹⁶ Many Czech people are searching for the best earnings or job and looking for some opportunities to move abroad. But we should not think that it leads to the decline of economic sectors, including agriculture. It would be a mistake. A distinctive feature of the country's economy is qualified labour force. Recently, there was a downward trend in the unemployment rate, which can make many professionals return home and work for the development of the national economy, or at least do not to leave their country and search for a long-awaited work. The positive changes in recent times include the tendency of population growth.

Despite the high inflow of labour in the current year, employers continue to experience a shortage of workers. The largest percentage of foreign workers in the Czech Republic comes from neighbouring Slovakia. However, economists and employers say that Slovaks have recently begun to lose interest in employment in the Czech Republic. Another large group of foreign workers in the Czech Republic is traditionally citizens of Ukraine and Vietnam.

The share of low-skilled workers in the Czech Republic is still falling, and in 2007 they accounted for only 7.1% of the workforce.¹⁷ The aim of Government is to exclude low-qualified workers or people without any qualifications from the labour market. To train low-qualified workers is more challenging than people with qualifications. Sometimes employers reduce to invest in development and training workers and they are not interested in it.

It is believed that the Czechs are excellent business partners and to do business is very comfortable with them. Nevertheless, it is useful to learn the peculiarities of business

¹⁴ Available at: <http://www.inflation.eu/inflation-rates/czech-republic/historic-inflation/cpi-inflation-czech-republic-2016.aspx>

¹⁵ Available at: <http://www.tradingeconomics.com/czech-republic/unemployment-rate>

¹⁶ Available at: http://countrymeters.info/en/Czech_Republic

¹⁷ Available at: <http://www.eurofound.europa.eu/observatories/eurwork/comparative-information/national-contributions/czech-republic/czech-republic-quality-of-work-and-employment-of-low-qualified-workers>

etiquette, adopted in this country. At first, the inhabitants of the Czech Republic may seem unsociable and unapproachable. But the situation could change radically if opponents will be able to ingratiate yourself to Czech people. Any meetings should be agreed in advance, for two weeks. Punctuality - an important component of the Czech business culture.

Technical factors

The Czech Republic is among the industrialized countries with market economies in Central Europe.

The Czech lands have a long and rich academic tradition. The study, based on cooperation between universities, the Academy of Sciences and specialized research centres brings new inventions and impulses in this area.

The most developed branches of Czech industry, which determine the overall level of the economic situation of the country, are auto-industry, mechanical engineering, metallurgy, energy, chemical and light industry.

The production capacity of the Czech Republic exceeds the capacity of its domestic market, so a large part of the gross domestic product of the country is export-oriented. Given the limitations of available energy, industries mainly specialize in the production of goods that do not require a large electric power consumption.

According to the results of an international study consulting companies «Ernst & Young», Czech Republic ranked 9th position in the world in terms of attractiveness for the placement of new investments. The Czech Republic is also one of 10 countries with most suitable conditions for investment in the creation of centres of technology services.¹⁸

The transport infrastructure of the Czech Republic is very well developed. I think that particularly well-developed rail and public transport. It was developed quite convenient that tourists and residents of the country can easily use these modes of transport. In my opinion, this was due to favourable geographical position, adequate funding from the state and the integrity of the Czech mentality.

The transport infrastructure of the Czech Republic is represented by all types of transport: trains, planes, cars, buses, trams and other.

The basis of the transport system of the Czech Republic are the railways. Railway transportation helps people with easy access to any city. Air transport is used for the speed of movement both within the country and abroad. In the Czech Republic, a very large number of small airports that provide services for sporting and private air transport. In addition, there are four international airports: in Brno, Ostrava, Karlovy Vary, and Prague. Every Czech city has public transportation. It is represented by trams, buses, and taxis. The most used form of transport - cars. For safe and comfortable movement throughout the country are building modern highways.

1.2. PEST of The Market of Tourist Services

REST-analysis is a tool, which was made to identify political, economic, social and technological aspects of the external environment that can affect a company's strategy.

PEST analysis is a useful tool for understanding the market, the company's position in the market, its potential and business direction.

Political factors

- 1) Visa and entry restrictions (determines inbound and outbound flow of tourists)
- 2) Openness / closeness of states

¹⁸ Available at: <http://www.profi-forex.org/news/entry1008070153.html>

- 3) The conflicts between the countries (reduction of the flow of inbound tourism, reduction of tourist attractiveness of the region)
- 4) Legislation (changes in legislation can both contribute to the development of tourism or vice versa)

Economic factors

- 1) The crises in the world economy (decline in tourism, people travel less or choose cheaper tours for journey)
- 2) The rate of the national currency (the worse course, the fewer people are traveling or prefer cheaper holidays)
- 3) The welfare of the people (the ability to travel)

Social factors

- 1) The national characteristics of the country
- 2) Travel security (fear of tourists to travel to some destinations)
- 3) Demographics
- 4) Tolerance of tourists (in some non-touristic areas of the country, the tourist can be in danger)
- 5) Changes in income structure

Technological factors

- 1) New products (update rate and the development of new technologies)
- 2) The development of science and technology contributes to the improvement of mass production of tourist services.
- 3) Implementation in tourism industry computer technology, without which the organization of mass tourist travel is currently not possible.

1.3. SWOT Analysis of Tourist Agency

SWOT is an analysis of the positive and negative aspects of the company (strengths and weaknesses of the internal environment factors), as well as the external environment threats and opportunities of the external environment.

Consider the example of a SWOT analysis of the travel agency operating in the market for some years.

Strengths

- 1) A wide range of resource providers in all areas - air, railway, insurance companies, financial companies, tour operators.
- 2) Seasonal demand growth
- 3) Maintaining additional consumer groups
- 4) State supports tourist activity
- 5) Good reputation
- 6) The presence of regular customers
- 7) The presence of qualified managers of tourism, who know the scope of their activities
- 8) Good location (travel agency office is located in the city centre, close to public transport)

Weakness

- 1) Periodic lack of funds due to the high fixed costs (the company takes quite an expensive office in the city centre, travel agency employees receive high wages)
- 2) High fixed costs lead to from time to time use credit resources of banks (but the company has a rather stable in the market)

- 3) Lack of a clear developed strategy
- 4) Ineffective advertising activity
- 5) A significant effect of seasonality factor income
- 6) Low efficiency of the transition to the new tours

Opportunities

- 1) Entering new markets or market segments
- 2) The ability to move to a group with the best strategy
- 3) Acceleration of market growth
- 4) Expansion of proposals

Threats

- 1) Possibility of new competitors
- 2) Changing customer needs and tastes
- 3) Unfavourable demographic changes
- 4) The downturn in the economy

2. The Tourist Agency - Aims, Structure, Marketing, Finance – Analysis

Company aim

Creation of favourable conditions for partners and customers to buy tours and related services.

The Company's goal

Successful operation of the Company in the market of tourism industry in accordance with the principles of market economy and free enterprise within the framework of the current legislation of a country.

To achieve this goal, the Company has the following tasks:

- The continuous development of business, the expansion of the existing range of partners and customers;
- Strengthening positions in the domestic market;
- Development and follow a unified marketing strategy.

The goals and objectives of the company will be implementing by the following methods:

- Competent strategic planning of the Company taking into account the ongoing development of the tourism market;
- Selection of qualified personnel, conscientiously carry out their work in the interests of the company and customers;
- Market analysis;
- Flexibility and individual approach in dealing with clients.

Structure of tourism agency

The size and structure of the entire company are small and represents the following linear management structure.

Director General of travel company takes care of the plan implementation of product realization, timely financing, and benefits, training and improvement of employee's classification, as well as strict implementation of the plans. Yields organization strategy and monitors the achievement of its workers.

Tourism Agency is headed by Director General. He organizes the teamwork, is fully responsible for the condition of the company and its operations.

The Deputy Executive Director submits to the Director-General.

The Customer Service Manager submits to The Deputy Executive Director.

Managers, secretary, cleaners submit to the Customer Service Manager.

Also, the firm will use the services of an accountant on an outsourcing.

The company has 2 managers, they perform control functions when the Customer Service Manager is absent, and also provides fulfilment of the main tasks:

- 1) Organize employees to work together.
- 2) Rally employees around a common goal (business strategy).
- 3) Creates an atmosphere of self-satisfaction from their activities, as well as the importance of their participation in achieving common goals.
- 4) Improve the training of employees, creates the opportunity for career growth.

A job description defines the responsibilities and rights of the manager. Assigning an employee to a post, his dismissal, as well as a change in working conditions is carried out by order of the Director General. Managers submit to the Customer Service Manager of the travel agency. On the post of the manager appointed person who has higher education. The manager should have knowledge of:

- The organization of sales;
- HR management frameworks;
- Forms and methods of training;
- The organizational structure of the company, specialization, and prospects of its development, personnel policy and business strategy.

The manager must have the skills such as:

- Professional preparation of individual operational plans and reports;
- Organization and carrying out of various forms of education;
- Monitoring;
- Customer Search;
- Negotiations with clients;
- Receiving orders from customers;
- Signing the contract with the customer;
- Further maintaining order.

Employees of this department give the main result of the activities of the whole company. The task of manager and the Customer Service Manager is to be able to organize and manage the existing contingent of personnel and strive to achieve their goals.

Marketing

Advertising is the most effective tool in the attempts of the tourist enterprise, to convey information to its customers, modify their behaviour, draw attention to the services offered, create a positive image of the enterprise itself, to show its public significance.

Refusal of advertising is tantamount to leaving the market. Having ceased to be noticeable, the company indirectly confirms its intention to leave the occupied niche.

Travel agencies use the placement of advertisements on television, in newspapers, as well as on the Internet.

In today's world of global computerization, it is simply necessary to use modern technological resources. One of such resources is the worldwide Internet network. Today, the Internet is the easiest way to get information from anywhere in the world. Now tourist companies cannot work without the Internet. Weather, prices, description of hotels, terms of contracts, documents necessary for obtaining a visa - all this data can be found on the sites of various tourist companies. On its website, the firm should place exactly the information that a tourist may need, that is information about the company itself, about the tours it offers, about the services that the firm provides and so on. This advertising appeal

is informative. Here is the formation of the company's image and the correction of ideas about the company's activities. Similarly, advertising your tourist product on the Internet, it is worthwhile to attract your attention to advertising in social networks. In recent years, this type of advertising is gaining popularity.

In addition to advertising on the Internet, it should be noted that the travel agency should issue booklets related to their own projects and tours in order to attract tourists to these services. All booklets should be printed in the printing house on good, quality paper, which shows respect for customers. In addition, all booklets must be colourfully decorated. In these advertising brochures, the visual effect is provided by photos of these projects. Photos recreate the atmosphere of these tours. They show to the potential client the main idea of what awaits him.

Tourist agencies should also place your advertising on television and in print media. Television has ample opportunities to exert a targeted influence and cause the desired response of the audience. Television provides wide coverage. Due to its efficiency, repeatability, wide coverage of the market, the press is one of the most effective means of advertising distribution.

An important factor in advertising is the corporate style of the organization.

The corporate style is a set of colours, graphic, verbal, typographic design permanent elements that provide visual and semantic unity of goods (services), all information coming from the firm, its internal and external design.

The company should develop its own corporate style, which allows consumer quickly and accurately find the product of the company, allows company to introduce new products to the market with lower costs, and which increases the effectiveness of advertising. Elements of corporate identity are:

- Trademark;
- Logo;
- Brand slogan;
- Company colour.

Financial analysis

It is a method of knowledge of the financial mechanism of the enterprise, the processes of formation and use of financial resources for its operational and investment activities. The result of the financial analysis is to assess the company's financial well-being, the state of its assets - the assets and liabilities of the balance, the rate of turnover of the total capital and its individual parts. From the standpoint of the financial activity of any commercial organization is inherent the need to solve two major problems:

- maintaining the ability to respond to the current financial liabilities;
- ensuring the long-term financing in the desired volume and the ability to safely maintain the existing or desired capital structure.

These tasks are formed in terms of the characteristics of the financial condition of the company from the position of respectively the short and long prospects.

Fundamental concepts in this section of analysis methods are the "liquidity" and "solvency".

The level of company liquidity is estimated by means of special indicators - liquidity ratios, based on the comparison of current assets and short-term liabilities.

Solvency means the availability of funds and its equivalents, sufficient for settlement of accounts payable, requiring immediate repayment.

Thus, the main solvency features are:

- the availability of sufficient funds on the current account;

- no overdue accounts payable.

Analysis of Liquidity Tourism Organization is an analysis of liquidity balance and compares the means of the asset, grouped by degree of liquidity and arranged in descending order with liabilities, united by their maturity dates in ascending order.

Depending on the degree of liquidity, conversion rate of cash assets Tourism Organization is divided into the following groups:

- The most liquid assets A1
the sum of all items of cash that can be used for making payments immediately, short-term investments;
- Quick assets A2
accounts receivable (payments expected within 12 months after the reporting date), other receivables assets;
- Slow assets A3
VAT, accounts receivable (payments expected more than 12 months after the reporting date);
- Sticky assets A4
non-current assets.

These assets are intended for use in economic activity for a long period of time.

The first three groups of assets are changing during the financial period and relate to current assets of Tourist Organization. They are more liquid than the rest of the company property.

Organization obligations are also grouped into four groups and are arranged according to the degree of urgency.

- The most urgent obligations (accounts payable) L1
- Current liabilities (short-term borrowings and loans) L2
- Long-term liabilities (long-term and term borrowings and loans) L3
- Constant liabilities (revenue of the future periods, reserves for future expenses) L4

If 3 conditions are fulfilled ($A1 \geq L1$, $A2 \geq L2$, $A3 \geq L3$), it means that last condition is also performed. It confirms the existence of the working capital, means that financial stability conditions have complied.

2.1. Business Plan Russia

2.1.1. Legal Position

Organization Name: "Lime Travel", OOO

Head office and site: unknown

Legal form: limited liability company

Scope of business: travel agency operation, organization, supply and sale of tours.

Contact Person: Veronika Fomicheva

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Solving the issue of choosing the organizational and legal form of the enterprise, I selected a limited liability company.

In a market economy, this is the most flexible form.

LLC is an enterprise whose founders are citizens and legal entities. The source of the formation of property is the contributions of the participants. Responsibility for obligations is shared by all participants only within the limits of their contributions.

The minimum size of the authorized capital is not less than 100 MMW, which is 10,000 rubbles. This amount is quite acceptable for us. The number of employees should not exceed 50 people.

2.1.2. Objectives and Subject of The Company's Activities

The objectives of the Company's activity are to obtain profit from its activities not prohibited by law.

The subjects of the company's activities are:

- The organization of the service for tourists which is located in the Russian Federation, the sale of trips to foreign tourists on a commercial basis, the organization and sale to Russian citizens trips abroad, the development and introduction of new tourism routes;
- The organization and provision of guides translator's services, excursion services, transportation and other services for tourists, including the provision of all types transport services to transit tourists;
- The implementation on a contractual basis of booking transport, hotel and other services and ensuring the provision other agreed and paid services for tourists;
- Processing of visas and passports;
- Providing intermediary services inside and outside the country;
- Wholesale and retail trade.

2.1.3. Activities of Tourist Agency

To describe the main stages of the technology of booking and selling tours, it is necessary to once again indicate the duties of the manager for work with clients of the tourism department, they are as follows:

- Works with clients, clarifies the terms of maintenance, provides full information about the tour, gives information about the necessary formalities and features of the country;
- Concludes a contract with the client - an application that searches for and offers tours to customers, according to their wishes;
- Calculates the cost of the tour for the client and issues invoices for prepayment;
- Sends a reservation request and receives confirmation or refusal;
- Draws up the necessary documents for the customer service.

The basis for the provision of services to the client is a contract for tourist services, which is concluded between the travel agency and the client. When concluding a contract for tourist services, the client receives the necessary memos, information on the formalities and customs of the host country, as well as other information about the upcoming tour. In cases where a client travels to countries that are endemic for some diseases, the firm carries out the client's instruction on the prevention of infectious and parasitic diseases.

Travel agency books a tour only after the conclusion of the contract for tourist services with the client.

After full payment of tour to the client receives a voucher. The ticket is signed by the Director-General or the Deputy Executive Director, the seal of the company is put on it.

In cases of refusal to travel, the cost of services paid by a client will return to him. In this case, the actual expenses of the travel agency on the organization of travel are deducted from it. The actual costs of the travel agency are determined based on travel agency expenses for travel of employees, payment of visa and other fees.

The client has the right to apply to the travel agency with a claim regarding the quality of service. The claim can be submitted within 20 days after the end of the tour. The travel agency within 10 days is obliged to give a response to the claim and, if the claim is justified, to satisfy it.

2.1.4. Selection the Dislocation

At this stage, I have to decide where the company will be located, try to choose the most successful perspective location of the enterprise.

I in my business plan decided to stay at such a regional unit as the city of Moscow, city centre, metro “Tverskaya”.

Rationale:

- Huge population;
- Large number of potential clients;
- The influx of foreign tourists.

2.1.5. Analysis of Competition

Due to the fact that the company's office will be located in the centre of Moscow, metro station is “Tverskaya”, the services will enjoy stable demand. Potential clients can be: families, students (including foreign ones), elderly people, individual tourists.

There are a lot of firms offering tour services (approximately 2020 firms) in Moscow, consider 6 main companies which are located at the same metro station as “Lime Travel”:

I will compare and analyse 6 main competitors by:

- Price
- Number of proposals
- Convenience of a tour selection

Table 1: Main competitors in Moscow

	Company name	Number of offices	Location	Pros and cons
1	“Coral Travel” ООО“Центр Бронирования”	1	Tverskaya,18	Big choice of countries, convenient online tour search, medium price.
2	“Viking” ООО“ВИКИНГ ТК”	1	Malyi Plashevskiy pereulok,6	A small choice of countries, specificity of tours, low price, uncomfortable searching system.
3	“Tris.travel”	2	Tverskaya,29	Small choice of countries, high price, uncomfortable searching system.
4	“Biblio Globus” “ООО ЦБ”	1	Tverskaya,18	Big choice of countries, high price, uncomfortable searching system.
5	“Pegas Touristic” ООО “ЦМТ”	1	Tverskaya,18	Big choice of countries, relatively low price, convenient online tour search.

6	“Alter Via Tour”	1	Tverskaya,18	Big choice of countries, medium price, uncomfortable searching system.
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Source: author

From this comparative table of the nearest competitors, two main competitors can be identified: “Coral Travel” and “Pegas Touristic”, they have relatively low prices, convenient online tour search and big choice of countries and tours.

Most of the nearest competitors have big choice of countries and tours, for our young company this is not an advantage and means that we need to concentrate on selling tours to all possible destinations and countries. Also, it should be noted that the main competitors are dominated by low and medium prices, this means that the price should not be high or overpriced.

It is also necessary to create a convenient system of searching for tours, which will not push customers away.

The analysis of competitors allows drawing a conclusion that their main activity is focused on outbound tourism in different countries of the world. But they also provide services to foreign tourists in the format of visiting the Russian countryside.

2.1.6. Analysis of Customers

In order to analyse customer’s market of tourist services, it is necessary to compare the data on the departure of Russian citizens abroad for the purpose of tourism.

In this comparative table, I compare the data of the total number of outbound tourists to foreign countries for the years 2015 and 2016 are given.

Statistics of outbound tourism in Russia in 2015 and 2016

Table 2: Outbound in Russia

State	2015 year	2016 year	Change in the number
Finland	3 066 658	2 894 394	-6
China	1 284 324	1 676 214	31
Estonia	1 476 915	1 511 413	2
Germany	1 111 448	1 057 388	-5
Thailand	675 089	866 597	28
Cyprus	550 327	812 741	48
Turkey	3 460 325	797 304	-77
Spain	692 996	789 769	14
Greece	633 585	782 476	23
Italy	661 917	709 813	7
Mexico	31943	4 245	-87
Bulgaria	412 967	535291	30
The United Arab Emirates	472 195	499 211	6
France	407 657	393 360	-4
Vietnam	321 001	392269	22
The Czech Republic	361 173	367 474	2
Latvia	311 737	338 839	9

Israel	298801	302877	1
Montenegro	251695	282 829	12
Switzerland	234074	228 571	-2
USA	236 691	225 138	-5
The United Kingdom	246 946	215 390	-13
Korea	166 207	199 446	20
Austria	223016	183 043	-18
Netherlands	174 740	176 891	1
Total	17 764 427	16 242 983	-8,5

Source: <http://www.russiatourism.ru/contents/statistika/statisticheskie-pokazateli-vzaimnykh-poezdok-grazhdan-rossiyskoy-federatsii-i-grazhdan-inostrannykh-gosudarstv/>

In general, outbound tourism in 2016, compared with 2015, decreased by 8.5%, it means that almost 1.5 million Russian tourists preferred to save on vacation during this time.

Preferences of Russian tourists:

It is interesting that the desires of wealthy and low-income Russians are different. Thus, wealthy people prefer foreign holidays (41%), while low-income prefer to rest on the Black Sea.

Features of the target group:

- Age - representatives of all age groups;
- Income level - average and above average;
- Education - usually higher, but does not play a role;
- Marital status - usually a family of two or four people;
- Work, profession - most often: students, entrepreneurs, skilled workers, technical specialists, pensioners;
- Lifestyle - energetic, active person.

2.1.7. Rental of Premises

The firm "Lime Travel", is a travel agency and the main kind of its activity chose: international tourism, but it also provides services to foreign tourists in the format of visiting the Russian countryside.

At this stage, I have to decide where exactly their firm will be located, try to choose the most successful perspective location of the company.

I decided to stay in the city of Moscow, the city centre, the Metro "Tverskaya"

Reasons:

- The centre of the city will provide the agency a constant flow of customers;
- Convenient traffic and transport system.
- The main emphasis will be on the residents of this area, as well as the nearest districts.

The price for offices in the given district is from 120,000 to 500,000 rubbles. According to the site avito.ru I chose the most suitable location on the street Trehprudny pereulok, 11/13.¹⁹ The price is 139.000 rubbles per month.

¹⁹ available at

https://www.avito.ru/moskva/kommercheskaya_nedvizhimost/ofisnoe_pomeschenie_90_m_828788467

2.1.8. Wages and Expenses

“Lime Travel”, a limited liability company, is a company founded by Russian citizens. They are founders, as well as employees of the company.

The main assets are computers and money.

The main part of investments is loans in a credit bank. The interest rate in Russia is on average 13% for 5 years. The other share will be reimbursed at the expense of personal funds. In order to calculate how much money, I should borrow to open the tourist agency all expenses for 3 months are needed to be calculated as: non-recurrent costs+ monthly costs (including wages).

Table 3: Expenses in Moscow

Non-recurrent costs:

Type	Price (in RUB)
Registration of a legal entity and execution of necessary documents for the activities of a travel agency	25.000
Furniture and office preparation for sales	70.000
Website development and registration	90.000
Registration of a trademark	50.000
Employee training	10.000
Additional possible expenses	10.000
Total	255.000

Monthly costs:

Office and infrastructure	
Rent of premises	139.000
Communication services	3.000
Internet	5.000
Water cooler	1.000
Stationery	2.500
Other	6.000
Wages	398.000
Unexpected costs	10.000
Advertising budget	
Internet advertising	15.000
Advertising in banners	15.000
Advertising in social networks	5.000
Advertising in magazines and newspapers	15.000
Total	614.500
Tax (20 %)	117.100
Loan Payment	70.707

Source: author

Table 4: Wages in Moscow

Source: author

Position	Wage per month (in RUB)	Wage per year (in RUB)
Director General	100.000	1.200.000
Deputy Executive Director	90.000	1.080.000
Outsourcing Accountant	13.000	156.000
Customer Service Manager	60.000	720.000
Manager 1	40.000	480.000
Manager 2	40.000	480.000
Secretary	30.000	360.000
Cleaner	25.000	300.000
Total	398.000	4.776.000

All my calculations show that I need to borrow approximately:
 $255.000 + 614.500 \cdot 3 = 2.098.500$ rubbles.

My calculations showed me that the most comfortable way to repay a loan is 36 instalments within the period of 3 years if the annual interest rate is 13%.

$$Alp = \frac{(1 + 0,13|12)^{36}(0,13|12)}{(1 + 0,13|12)^{36} - 1} \cdot 2.098.500 = 70.707 \text{ (loan payment)}$$

2.1.9. Product Tour Calculation

The expected and desired amount of income for the month is 1.200.000. There is no way to plan how many tour packages will be sold in advance, the best is to draw up an approximate table in which I need to specify how many vouchers should be sold for each of the countries in order to reach the planned level of income. The typical tourist agency's commission is 10%.

Table 5: Product tour calculation

Direction	Price for 1 person for 1 week	Earnings from 1 tour (in RUB)	Number of buyers	Total income per month (in RUB)
Thailand	40.000-45.000	4.500	260	1.170.000
The Czech Republic	16.000-26.000	2.600	460	1.196.000
Greece	30.000-45.000	4.500	260	1.170.000
The United Arab Emirates	40.000-55.000	5.500	215	1.182.500
Spain	30.000-35.000	3.500	340	1.190.000
China	40.000-45.000	4.500	260	1.170.000

Source: author

From this table, I found that on average we need to sell 300 packets per month (for 1 person) in order to achieve the assigned task of 1.200.000 rubbles per month.

2.1.10. Calculations

Total revenue=1.200.000

Gross Profit=earnings from sale- monthly cost

1.200.000 - (139.000+3.000+5.000+1.000+2.500+6.000+398.000+10.000) = 635.500

Profit from Sale= Gross Profit – Advertising Cost

635.500– (15.000-15.000-5.000-15.000) = 585.500

TAX=Profit from Sale * 0,2 = 117.100

Net Profit= Profit from Sale –TAX

585.500-117.100= 468.400

Net Profit for 1 year=5.620.800.

2.1.11. Effectiveness of Business Plan

In order to calculate the effectiveness of our business class, you should use the following methods:

ROI (Return on Investment) - this is the coefficient of return on investment. As a percentage, it demonstrates profitability (at a value of more than 100%) or loss (if less than 100%) of a specific amount of investment in a particular project.

$$\text{ROI} = \frac{\text{Net Profit}}{\text{Total Investment}} * 100$$

$$\text{ROI} = \frac{1.200.000 * 12}{255.000 + (614.500 * 12)} * 100 = 188,75 \text{ (profitability)}$$

2.2. Business Plan for the Czech Republic

2.2.1. Legal Position

Organization Name: “Lime Travel” s. r. o.

Head office and site: unknown

ICO: unknown

Legal form: limited liability company

Scope of business: travel agency operation, organization, supply and sale of tours.

Contact Person: Veronika Fomicheva

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Email: verfom95@gmail.com

Solving the issue of choosing the organizational and legal form of the enterprise, I selected a limited liability company (s. r. o.) because it is usually used in small or medium size companies and.

In a market economy, this is the most flexible form. The minimum registered capital for s. r. o. is 1 CZK.²⁰

²⁰ Available at <http://www.doingbusiness.org/data/exploreeconomies/czech-republic/starting-a-business/>

2.2.2. Objectives and Subject of the Company's Activities

The objectives of the Company's activity are to obtain profit from its activities not prohibited by law.

The subjects of the company's activities are:

- The organization of the service for tourists which is located in the Czech Republic, the sale of trips to foreign tourists on a commercial basis, the organization and sale to Czech citizens trips abroad, the development and introduction of new tourism routes;
- Organization and provision of guides translator's services, excursion services, transportation and other services for tourists, including the provision of all types transport services to transit tourists;
- Implementation on a contractual basis of booking transport, hotel, and other services and ensuring the provision other agreed and paid services for tourists;
- Processing of visas and passports;
- Providing intermediary services inside and outside the country;
- Wholesale and retail trade.

2.2.3. Activities of Tourist Agency

To describe the main stages of the technology of booking and selling tours, it is necessary to once again indicate the duties of the manager for work with clients of the tourism department, they are as follows:

- Works with clients, clarifies the terms of maintenance, provides full information about the tour, gives information about the necessary formalities and features of the country;
- Concludes a contract with the client - an application that searches for and offers tours to customers, according to their wishes;
- Calculates the cost of the tour for the client and issues invoices for prepayment;
- Sends a reservation request and receives confirmation or refusal;
- Draws up the necessary documents for the customer service.

The basis for the provision of services to the client is a contract for tourist services, which is concluded between the travel agency and the client. When concluding a contract for tourist services, the client receives the necessary memos, information on the formalities and customs of the host country, as well as other information about the upcoming tour. In cases where a client travels to countries that are endemic for some diseases, the firm carries out the client's instruction on the prevention of infectious and parasitic diseases.

Travel agency books a tour only after the conclusion of the contract for tourist services with the client.

After full payment of tour to the client receives a voucher. The ticket is signed by the Director-General or the Deputy Executive Director, the seal of the company is put on it.

In cases of refusal to travel, the cost of services paid by a client will return to him. In this case, the actual expenses of the travel agency on the organization of travel are deducted from it. The actual costs of the travel agency are determined based on travel agency expenses for travel of employees, payment of visa and other fees.

The client has the right to apply to the travel agency with a claim regarding the quality of service. The claim can be submitted within 20 days after the end of the tour. The travel agency within 10 days is obliged to give a response to the claim and, if the claim is justified, to satisfy it.

2.2.4. Selection the Dislocation

At this stage, I have to decide where the company will be located, try to choose the most successful perspective location of the enterprise.

I in my business plan decided to stay at such a regional unit as the city of Prague.

Rationale:

- Huge population;
- Large number of potential clients;
- The influx of foreign tourists.

2.2.5. Analysis of Competition

Due to the fact that the company's office will be located in the centre of Prague, metro station is “Krzikova”, the services will enjoy stable demand. Potential clients can be: families, students (including foreign ones), elderly people, individual tourists.

There are a lot of firms offering tour services (approximately 897 firms) in Prague, consider 5 main companies which are located at the same metro station as “Lime Travel” company.

Table 6: Main Competitors in Prague

	Company name	Number of offices	Location	Pros and cons
1	“CK FLORATOUR”	1	Sokolovská 444/118	Big choice of countries, uncomfortable searching system, medium price.
2	“INFO-TOUR”	1	Křižíkova 150/43	A small choice of countries, specificity of tours, medium price, uncomfortable searching system.
3	“GEOS cestovní kancelář”	1	Sokolovská 42	Big choice of countries, medium price, uncomfortable searching system.
4	“Go Africa”	1	Pobřežní 249/46	Big choice of countries, high price, convenient online tour search, specificity of tours (only Africa)
5	“Holiday home”	1	Sokolovská 87/95	Small choice of countries, low price, convenient online tour search.

Source: author

From this comparative table of the nearest competitors, two main competitors can be identified: “CK FLORATOUR” and “Holiday home”. From my point of view, they have system of searching tour which is much better, and the prices are at medium-low level.

3 companies have big choice of countries and tours; it also means that I should concentrate on creating the tourist agency that can offer wider range of services at an unreasonable price.

I also consider it necessary to note that most of competitors have, uncomfortable searching system for customers. Because of that, I think that the thorough development of the Internet web-page and the searching system is necessary.

2.2.6. Analysis of Customers

In order to analyse the market of buyers of tourist services, as long as it is in demand in the Czech Republic, we will compile a table that shows the number of long trips (4 and more overnight) of the Czech residents in the Czech Republic and abroad.

Table 7: Tourism in the Czech Republic

Year	In the Czech Republic	Abroad
2011	7.222.000	4.252.000
2012	7.358.000	4.369.000
2013	7.089.000	4.193.000
2014	7.669.000	4.064.000
2015	7.084.000	4.206.000
2016	8.354.000	4.276.000

Source: https://www.czso.cz/csu/czso/home?p_p_id=3&p_p_lifecycle=0&p_p_state=maximized&p_p_mode=view&_3_struts_action=%2Fsearch%2Fsearch&_3_redirect=%2Fc%2Fportal%2Flayout%3Fp_l_id%3D20137706%26p_v_l_s_g_id%3D0&_3_keywords=tourism+_3_groupId=0&x=6&y=15

In general, over the past 2 years the number of Czech residents who travel abroad and within the country has increased, this indicates that the demand for tourism services is growing, and tourist activity for the company at this point is prospective.

The target audience is active and positive people. The main goals of which are qualitative, memorable and unusual rest. The target audience of the travel agency is primarily men and women with a high level of income who have a higher education, a permanent place of work and are residents of large cities.

2.2.7. Rental of Premises

The firm “Lime-Travel”, is a travel agency and the main kind of its activity chose: international tourism, but it also provides services to foreign tourists in the format of visiting the Czech Republic.

At this stage, I have to decide where exactly their firm will be located, try to choose the most successful perspective location of the company.

I decided to stay in the city of Prague, the Metro “Krzikova”.

Reasons:

- Location near to the city centre, will provide the agency a constant flow of customers;
- Convenient traffic and transport system;
- The main emphasis will be on the residents of this area, as well as the nearest districts.

The price for offices in the given district is from 18.000 to 35.000 CZK. According to the site “Bezrealitky.cz” I chose the most suitable location on the street Thámova, 21 The price is 26.000+5000 CZK per month.

²¹ <https://www.bezrealitky.cz/nemovitosti-byty-domy/451873-nabidka-pronajem-kancelare-thamova-praha>

2.2.8. Wages and Expenses

“Lime Travel”, a limited liability company, is a company founded by foreign. They are founders, as well as employees of the company.

The main assets are computers and money.

The main part of investments is loans in a credit bank.

Many foreigners work in the territory of the Czech Republic. Most banks, if a foreigner has a stable income and permanently resides in the Czech Republic, will provide a loan for the required amount of money without problems.

A foreigner must have a permanent residence permit (trvalý pobyt) in the Czech Republic. The residence permit must exceed the loan repayment time. The borrower must also have a permanent income from a Czech employer or income from entrepreneurship, the minimum age of the borrower is 18 years. Many credit banks give loans to foreigners, the average interest rate varies from 5% to 9%. For an example of calculating the loan payments, I will choose 8% interest rate for 3 years.

Given that the company will invest in the early years most of the funds for advertising and starting a business, then we cannot expect a quick profit. Our goal is long-term benefit.

The largest costs pertain to payroll, marketing and office rent. Marketing expenses consist of internet advertising, advertising in banners, advertising in social networks, advertising in magazines and newspapers.

In order to calculate how much money, I should borrow to open the tourist agency all expenses for 3 months are needed to be calculated as: non-recurrent costs+ monthly costs (including wages).

Registrations expenses:

- Check the uniqueness of the company's name
Agency: Ministry of Justice
- Notarize Articles of Association and Lease Agreement CZK 17,066.77
Obtain confirmation of the administrator of the capital contribution of the company, along with the confirmation of the bank that the capital contribution is held in the company's special bank account
Agency: Bank
- Register with the Trade Licensing Office and obtain extract of the trade license
Agency: Trade License Office CZK 1000
- Register in the Business Registry of the Regional Commercial Court through a notary
Agency: Business (Commercial) Registry of the Regional Commercial Court
CZK 4,000 (CZK 2,700 registration fee and CZK 1,300 notary fee)
- Register for taxes (free)
Agency: Tax Office
- Register for social security(free)
Agency: Social Security Administration²²

Table 8: Expenses Prague

Non-recurrent costs:

Type	Price (in CZK)
Registration	25.466
Furniture and office preparation for sales	100.000
Website development and registration	20.000
Registration of a trademark	5.000

²²Available at: <http://www.doingbusiness.org/data/exploreeconomies/czech-republic/starting-a-business>

Employee training	5.000
Additional possible expenses	5.000
Total	161.466

Monthly costs:

Office and infrastructure	
Rent of premises	31.000
Communication services	3.000
Internet	1.200
Water cooler	850
Stationery	1.000
Other	3.000
Wages	207.500
Unexpected costs	7.000
Advertising budget	
Internet advertising	15.000
Advertising in banners	20.000
Advertising in social networks	5.000
Advertising in magazines and newspapers	15.000
Total	309.550
Tax (20 %)	45.685,5
Loan Payment	34.160

Source: author

Table 9: Wages in Prague

Wages: (all wages include Sociální pojištění and Zdravotní pojištění)

Position	Wage per month (in CZK)	Wage per year (in CZK)
Director General	50.000	600.000
Deputy Executive Director	40.000	480.000
Outsourcing Accountant	4.500	54.000
Customer Service Manager	30.000	360.000
Manager 1	25.000	300.000
Manager 2	25.000	300.000
Secretary	18.000	216.000
Cleaner	15.000	180.000
Total	207.500	2.490.000

Source: author

All my calculations show that I need to borrow approximately:

$$161.466 + 309.550 \cdot 3 = 1.090.116 \text{ CZK}$$

My calculations showed me that the most comfortable way to repay a loan is 36 instalments within the period of 3 years if the annual interest rate is 8%.

$$Alp = \frac{(1 + 0,08|12)^{36}(0,08|12)}{(1 + 0,08|12)^{36} - 1} * 1.090.116 = 34.160 \text{ (loan payment)}$$

2.2.9. Product Tour Calculation

The expected and desired amount of income for the month is 550.000 CZK. There is no way to plan how many tour packages will be sold in advance, the best is to draw up an approximate table in which I need to specify how many vouchers should be sold for each of the countries in order to reach the planned level of income. The typical tourist agency's commission is 10%.

Table 10: Product tour calculation in Prague

Direction	Price for 1 person for 1 week	Earnings from 1 tour	Number of buyers	Total income per month
Thailand	30.000	3.000	195	585.000
The Czech Republic	20.000	2.000	270	540.000
Greece	32.000	3.200	170	544.000
The United Arab Emirates	35.000	3.500	160	560.000
Spain	30.000	3.000	195	585.000
China	38.000	3.800	150	570.000

Source: author

From this table, I found that on average we need to sell 190 packets per month (for 1 person) in order to achieve the assigned task of 550.000 CZK per month.

2.2.10. Calculations

Total Revenue= 550.000

Gross Profit=earnings from sale- monthly cost

$550.000 - (31.000+3.000+1.200+850+1000+3.000+207.500+7.000) = 295.450$

Profit from Sale= Gross Profit – Advertising Cost

$295.450 - (15.000+20.000+5.000+15.000) = 240.450$

TAX=Profit from Sale * 0,19 = 45.685,5

Net Profit= Profit from Sale –TAX

$240.450-45.685,5= 194.764,5$

Net Profit for 1 year=2.337.174 CZK

2.2.11. Effectiveness of Business Plan

In order to calculate the effectiveness of our business class, you should use the following methods:

ROI (Return on Investment) - this is the coefficient of return on investment. As a percentage, it demonstrates profitability (at a value of more than 100%) or loss (if less than 100%) of a specific amount of investment in a particular project.

$$\text{ROI} = \frac{\text{Net Profit}}{\text{Total Investment}} * 100$$

$$\text{ROI} = \frac{550.000 * 12}{161.466 + (309.550 * 12)} * 100 = 170,27 \text{ (profitability)}$$

3. Analysis of The Differences

Having calculated 2 business plans, the following conclusions can be made on the opening of a travel agency:

In the Czech Republic, the demand for the tourism industry is increasing, according to previous years, and this indicates that the opening of a travel agency is promising. But in Russia outbound tourism in 2016, compared with 2015, decreased by 8.5%, it means that almost 1.5 million Russian tourists preferred to save on vacation during this time, despite this the number of outbound tourists is still quite big.

The effectiveness of both business plans, which I calculated by Return on Investment (ROI) formula, also says that, based on the approximate and planned volume of sales and expenses for the year, in an optimistic view, both businesses should expect profit.

To create a business, I plan to apply to the bank for a loan, for this in Russia, I chose a bank with an average interest rate that is 13% and in time for 3 years. In Prague, for me as a foreigner, it will be more difficult to take out a loan due to the fact that I need to have a permanent residence (trvalý pobyt) in the Czech Republic. The residence permit must exceed the loan repayment time, but the conditions are much laxer than in the Czech Republic, the interest rate on the loan is much less- 8% for 3 years.

In general, in both countries, I got almost equal expenses and Net Profit.

But in order to achieve the same revenue, for example, in Russia, I have to sell more tours to my customers (about 300), and at the time in the Czech Republic have to sell much fewer tours (about 190).

Comparing the two countries in style of management, I can say that the Russian style of management can only be determined contingently since the modern national concept of enterprise management is absent. Those types of management style cannot be attributed to either the European or Asian style of management, while they are too diverse.

The emerging Russian management style is based on the peculiarities of the mentality of Russians, developed over many centuries. Such features are:

- A tendency (Soviet power) to rely on state aid and support, rather than on one's own initiative;
- The lack of traditions to respect laws and follow their instructions;
- Reluctance to routine and regular work;
- Propensity to implement large-scale, unique projects and participate in the organization and coordination of huge human and material resources;
- Special philosophy of relations to personal and public property.

Management of enterprises in Russia is determined by the stage of business development.

To replace the widespread practice of working with staff in the Czech Republic, oriented towards the consumption of labour in a stable employment, and also rigid organizational structures, new models of management is coming, which provide:

- Creating conditions for the expansion of knowledge;
- Further training;
- The formation of new moral values shared by all personnel of the firm;
- The flexible and adaptive use of "human resources";
- Creative and organizational activity of the staff.

Thus, the new ideology of personnel management in the Czech Republic based on the motivation of the employee. The attitude of an employee to work is formed under the influence of aspirations, life goals, the possibility of self-expression and self-realization.

Conclusion

The aim of my bachelor's work was to investigate the market of tourism services, compare doing business in the Czech Republic and Russia with the help of PEST and SWOT analysis. Also, I will create two business plans for the tourist agency and compare them.

The set of aims and objectives were done.

Having analysed the market of tourist services, I figured out that this kind of activity, in general, is very much demanded nowadays. Besides tourism is not the basic need of a person like clothes, food, medical care, now tourism is an integral part of the modern way of life. So, summing up, it is possible to say that analysis of competitors, marketing analysis, the creation of a good reputation and its original brand, the travel agency is a sufficiently profitable business. In both selected countries, the amount of income was relatively high, despite all the main expenses.

In the first chapter, the handle of tourist services in general, with the help of PEST and SWOT analyses, was analysed. The political, economic, social and technological aspects of business in the Czech Republic and in Russia were determined. I also considered the strengths, weakness, opportunities and threats of travel agencies in general.

In the second chapter, I focused on creating a concrete business plan for both countries. Considered the main objectives, structure, marketing strategy and finance of the travel company.

In the third, concluding chapter, I examined and analysed the differences in the opening of the agency, on the part of profitability and business efficiency, the demand for this range of services in each country, the style of management and financing.

Having developed a business plan, it is possible to say that the project will be effective. In the first year of work, the net profit of the fitness club will be 5.620.800 rubbles and 2.337.174 CZK. From the section "Effectiveness of business plan" it can be noted that the return on investment index is more than 100, then two projects should be accepted.

We are obliged to such indicators due to a wide range of services, the right advertising company, a good location, special attention should be paid to highly qualified personnel, as well as special bonus programs and flexible prices that will suit many.

After successful activity for several years in the future, it is planned to expand the travel agency, to open new branches either in the neighbourhoods or in other areas of these countries.

Summing up, we can say that these projects are effective.

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