

University of Economics, Prague

# Bachelor's thesis

2018

Olga Sheveleva

University of Economics, Prague

Faculty of Business Administration

Bachelors's Field: Corporate Finance and Management



# Business plan of the educational club “Next Generation”

Author: Olga Sheveleva

Supervisor: Ing. Blanka Habrmanová, Ph.D.

### Declaration of Authenticity

I hereby declare that the Bachelor'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,

Signature

## Acknowledgment

I would like to express my sincere gratitude to my supervisor Ing. Blanka Habrmanová for the continuous support of the Bachelor's Thesis, her valuable opinion and comments. Her professional guidance helped me during the whole process of work on the Thesis.

**Title of the Bachelor's Thesis:**

Business plan of the educational club "Next Generation"

**Abstract:**

The aim of my Bachelor Thesis is to create a business plan for the educational club "Next Generation". The purpose of the business plan is to create the strategy, which will allow the business successfully compete on the market. The theoretical part covers various aspects of a business. The practical part of the thesis consists of the description of the conducted analyses, researches, and surveys. Macro and micro environments are analyzed by the SWOT, PEST and Porter's Five Forces analyses. Marketing mix and Segmentation, Targeting, Positioning model were used to design the marketing plan. The financial plan will present costs and scenarios for the 3-year forecast.

**Key words:** business plan, educational club, organizational plan, marketing plan.

## Table of Contents

Introduction .....	1
1. Business Plan .....	2
1.1 Definition .....	2
1.2 Importance of a business plan .....	2
1.3 Structure of a business plan.....	2
1.4 Cover sheet.....	2
1.5 Table of content.....	2
1.7 Executive summary: .....	3
2. Organizational plan .....	3
2.1 Vision .....	3
2.2 Mission.....	3
2.3 Values.....	3
2.4 Company goals.....	3
2.5 Description of the products/services .....	4
2.6 Location .....	4
2.7 Management and personnel.....	4
2.8 SWOT Analysis .....	4
2.9 PEST analysis.....	6
3. Market analysis .....	6
3.1 Customer analysis .....	6
3.2 Competitors analysis .....	6
3.3 Porter's five forces .....	6
4. Marketing plan .....	8
4.1 Marketing mix .....	8
4.2 Segmentation, Targeting and Positioning .....	12
6. Financial plan .....	14
6.1 Cash Flow.....	14
6.2 Scenarios .....	14
6.3 Break-Even analysis.....	14
7. Business plan of the Next Generation Club.....	15
7.1 Executive summary .....	16
7.2 Vision: .....	16
7.3 Mission:.....	16
7.4 Values:.....	16

7.5 Mantra: .....	17
7.6 Goals and Objectives.....	17
7.7 Keys to success .....	17
7.8 Location.....	17
7.9 Office.....	17
7.10 Personnel .....	20
7.11 Services description.....	20
7.12 Schedule .....	22
7.13 SWOT analysis.....	23
7.14 PEST analysis.....	23
8. Market analysis .....	26
8.1 Customer analysis .....	26
8.2 Surveys' results .....	26
8.3 Analysis of competitors:.....	32
8.4 Porter's Five Forces analysis.....	33
9. Marketing plan .....	35
9.1 Marketing mix .....	35
9.2 Segmentation, Targeting and Positioning .....	38
10. Financial plan.....	41
10.1 Start-up summary: .....	41
10.2 Sales forecasting.....	44
10.3 Scenarios .....	45
10.4 Break-Even analysis.....	45
Conclusion .....	46
List of References .....	48
Annex .....	50

## List of figures

Figure 1: Elements of Industry Structure.....	7
Figure 2: The Marketing Mix.....	9
Figure 3: Price adjustment strategies.....	11
Figure 4: Segmentation, Targeting, Positioning.....	12
Figure 5: Office.....	18
Figure 6: Office.....	19
Figure 7: Office.....	19
Figure 8: Office.....	19
Figure 9: Schedule.....	22
Figure 10: SWOT Analysis.....	23
Figure 11: Competitive Hexagon.....	35
Figure 12: Logo.....	39
Figure 13: Perceptual map.....	40



## Introduction

The Bachelor Thesis is aimed to create a Business plan for the children development club “Next Generation”, which will be able to successfully compete on the extra-curriculum courses market in Prague. The main feature of the club is that all courses will be held in English language. The business idea was chosen, because after conducting researches, I concluded, international families with English speaking children are underserved in this field. So, there is a gap in the market which could be filled with the Next Generation club. This business plan may help prospective entrepreneurs to evaluate the perspectives of launching such club in Prague.

The thesis is divided into two parts: the theoretical part and the practical part.

The theoretical part begins with a description of main business plan elements. It covers executive summary, vision and mission statements, main goals of a company. Also, the part includes market analyses, macro and micro environment analyses, marketing, and financial planning. The theoretical part is built on the expertise of various authors. Each part is discussed from the point of how it should be presented in the business plan.

Practical part presents the business plan for the Next Generation club in Prague. It was created in accordance with theoretical frameworks. It begins with the introduction of the company and its main goals, vision, and mission. It then presents the location of the office and how the personnel is structured. The next part focuses on services description. This part is followed by the SWOT and PEST analyses. The next part presents the analyses of customers and competitors, which is continued with the Porter’s Five Forces analysis. Next, it goes into Marketing Mix, and then, it is continued by the Segmentation, Targeting and Positioning model. Finally, the practical part goes to the financial details, which includes scenarios of the most likely, the worst and the best cases of the 3-year financial forecasting.

## 1. Business Plan

### 1.1 Definition

According to Tim Berry (2009, p.9), any plan can be related to the business plan, as long as it allows to consider future events and opportunities, assigns resources and clarifies key points of the business.

### 1.2 Importance of a business plan

As Friend and Zehle (2004, p.8-9) mentioned, one of the reasons of preparing business plan is to secure financing, since it is often the only source on which financial institutions may rely. Another reason is to clarify the operational management and budgeting aspects. So, it will allow to understand the business processes, product specifications and job descriptions. There are also some other reasons such as building consensus, delivering vision, mission and goals.

### 1.3 Structure of a business plan

Linda Pinson (2008, p.6) advised following structure of the business plan:

1. Cover sheet,
2. Table of content,
3. Executive summary,
4. Organizational plan,
5. Marketing plan,
6. Financial documents.

### 1.4 Cover sheet

Concerning the cover sheet, Linda Pinson (2008, p.18) offered to include there following information:

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

### 1.5 Table of content

As Linda Pinson (2008, p.18) mentioned, in the table of content of a business plan should be included following main points:

- Executive Summary,
- Part I: Organizational Plan,
- Part II: Marketing Plan,
- Part III: Financial Documents,
- Supporting Documents.

### 1.7 Executive summary:

According to Pinson (2008, p.22), executive summary summarizes the content and purpose of a finished business plan. It includes essential information about the business: who you are, products/services which the company produce, the direction of the company, why it is going where it is going, and how it will get there. Also, it specifies the purpose of the funding and justifies the financial feasibility of the plan for the lender or investor. The executive summary should make a reader excited and evoke the desire to participate in the project.

Pinson (2008, p.22) stated, that if a plan is for internal use only and is not requires any funding then the executive summary can be written by the following approach: the statement should summarize the plan. It should be written in the form of short analysis of the company's goals and how it is going to achieve them.

## 2. Organizational plan

Linda Pinson (2008, p.31) commented, that organizational plan tells about the organizational details of the business. The following areas could be covered in the organizational plan:

- Administrative Plan, which may include information about location, management and personnel, security and intellectual property;
- Products and/or services description;
- Summary of the business may include mission, business model, and SWOT analysis.

Also, the organizational plan of the company can be completed by the following topics:

### 2.1 Vision

Gerald Schwetje and Sam Vaseghi (2007, p.34) described vision as the long-term picture of a company. It should not be impossible to achieve, but at the same time, it should be desirable and challenging. A clear vision statement awoke creativity of employees.

### 2.2 Mission

As mentioned by Pinson (2008, p.32), a mission is what the company aims for the future within the industry. It is a brief explanation of crucial purposes and values of the company. When reading the mission, a person should be able to understand the reason for a company to exist and it's future plans.

### 2.3 Values

Gerald Schwetje and Sam Vaseghi (2007, p.35) stated, that values show the culture of a company and possible directions of working with parties, which might participate in the running of a company. For example, those parties could be investors, shareholders, employees, directors, customers, and suppliers.

### 2.4 Company goals

According to Schwetje and Vaseghi (2007, p.36), after defining the mission and vision, there should be an idea of the future desirable outcome. So, after that, it is possible to establish goals, which, the same as vision, should be achievable and clear. Strategic goals are targets, which are desired to achieve within the bracket of 3 to 5 years. The goals may relate to the financial part, customers groups, product or services future development.

Also, they pointed out some criteria by which goals can be defined:

- reasons for these goals and targets,
- the height of these goals and targets,
- time schedule for these goals and targets (Schwetje, Vaseghi, 2007, p.36).

## 2.5 Description of the products/services

As Gerald Schwetje and Sam Vaseghi (2007, p.60) stated, description of the products/services part should tell the accurate description of a product/service, it's main characteristics and benefits. Products/services should satisfy customer needs and wants. And at the same time, it should differ and stand out from the competitor's products/services. It can differ by a technology of producing, price, appearance. So, from this part, a reader should be able to understand the reason why customers prefer exact product/service.

When speaking about services, it is important to mention equipment and supplies needed to perform services together with associated costs, and other related overheads (Pinson, 2008, p. 36).

As well, a relationship between the amount of time spent in providing the services and the amount of time that can actually be billed to the customer - is important. Even, if the services are amounted by the job, it is necessary to plan in order to see if a compensation is adequate to cover the time spent providing the service or not. The time involved, and billable hours are keys to success for the service provider (Pinson, 2008, p. 36).

## 2.6 Location

According to Tim Berry (2000, p.43), in the location part should be included a description of an office, also following information: location, square footage, and facilities. Location may be a critical factor, so it is important to justify the choice of it. When thinking about the location, following criteria might play a role: parking facilities, traffic patterns, and customer demographic. Choice of the location should be determined by the target market.

## 2.7 Management and personnel

Tim Berry (2000, p.58) found important to choose right people for positions, personnel and job description should match each other. He recommended mentioning following information: the number of employees, managers, and founders. Also, it worth to mention the job descriptions, the division of the functions.

As mentioned by Linda Pinson (2008, p.39), in the beginning, when the business is still small, usually it is on the owner to do the majority of work. With the growing of the business, the personnel and management team will grow as well. So, when planning the personnel team, it is necessary to keep in mind the ability to afford them in the first stage of the business running.

## 2.8 SWOT Analysis

Linda Pinson (2008, p. 33) commented following about the SWOT Analysis: it examines crucial internal and external aspects of the business. This analysis stands for Strengths, Weaknesses, Opportunities, and Threats.

- Internal factors – are relevant to the organization itself, it's capabilities to compete and the parts in which business may lose.
- External factors – relates to the marketplace. It gives the possibility to notice possible directions, in which the business can grow. Also, it can highlight niche markets, changes, and trends of the industry, which may touch the business.

So, SWOT analysis helps to clarify the most beneficial areas and competencies in which it is the strongest.

Pinson (2008, p.33) pointed out some questions, which might be used when conducting the SWOT analysis:

#### Strengths:

Is the location convenient for stakeholders?

Is the business model unique?

Does the product have some value-added parts?

Have you gained recognition?

#### Weaknesses:

On which part of the business it is necessary to work to improve it?

On which parts of the product or service, it is necessary to work to improve it?

Are there any negative comments related to the company?

#### Opportunities:

Are there any markets which are not covered by the business's product or service?

How the product or service can be improved?

Are there companies to partner with?

Is the international market attractive?

Do some competitors exit the market?

#### Threats:

Are the existing companies in the market becoming stronger?

Are there any new companies, which recently entered the market?

Are there some changes in the prices of rivals?

Are there new products/services from other companies in the market?

Does government put new restrictions on the market? (Pinson, 2008, p. 33)

## 2.9 PEST analysis

According to Graham Friend and Stefan Zehle (2004, p.35), PEST analysis stands for Political, Economic, Social and Technological factors, which may influence the business. Issues should be considered of the local, national and supranational level. So, the analysis can be conducted by analyzing following factors:

Political: direct and indirect taxes, corporate taxation, spending by central and local government, monetary policy, changes in international trade, regulation and deregulation by the government, education, and training.

Economic: business cycle, employment level, inflation, interest rates, exchange rates, stock market prices and economic development.

Social: population growth, age structure, migration level, social and cultural shift.

Technological: new markets, how much competitors spend on research and development and production methods (Friend, G., Zehle, S., 2004, p.35).

## 3. Market analysis

### 3.1 Customer analysis

As Pinson (2008,p.47) mentioned, it is crucial to know your customers. It is possible to recognize a target customer group by the demographic, psychographic, also, by the nature of the niche market. Information about the population, age, and education relevant to the demographic segment. The main criteria of a psychographic group are lifestyles of the potential customer. To the lifestyle refer habits, shopping preferences, ways of spending money, and favorite activities. Concerning the nice market, it is better to choose small segment in the market, this strategy works especially good for small business, so they are able to become leaders in this exact spot.

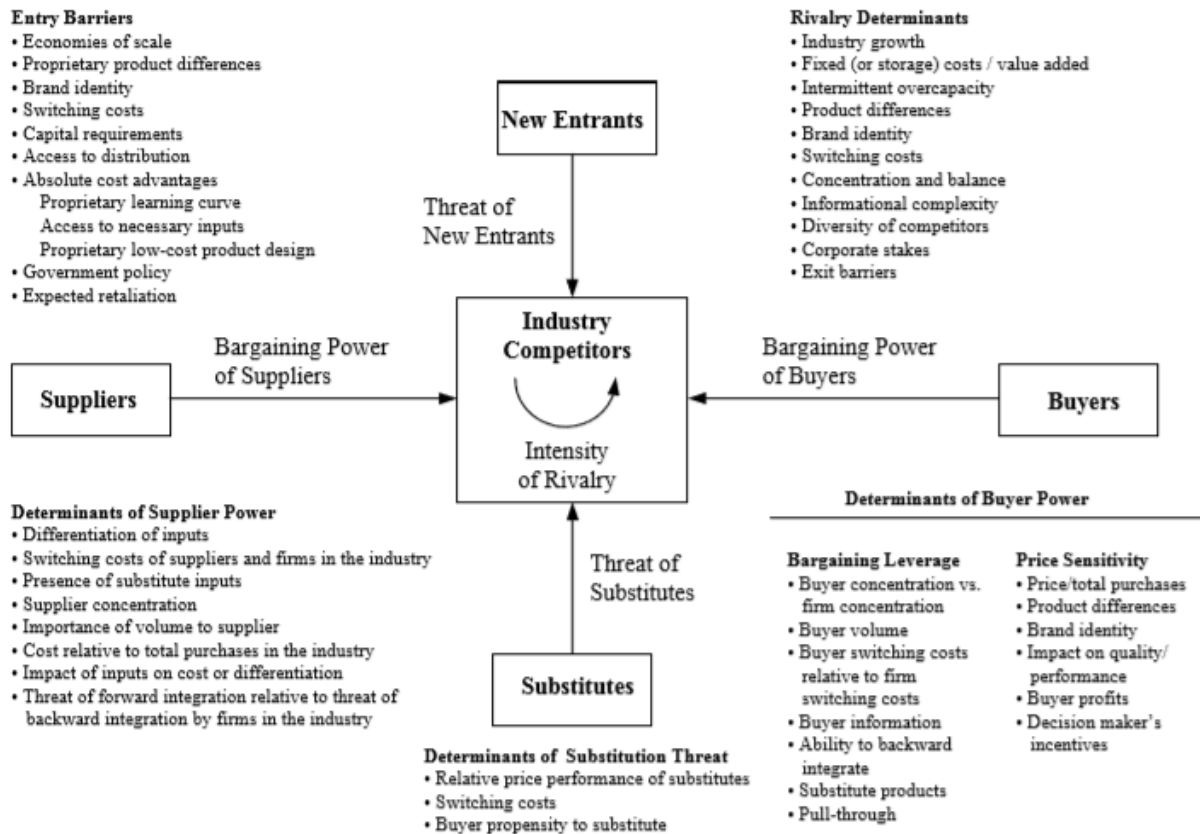
### 3.2 Competitors analysis

According to Linda Pinson (2008, p.48), it is important to know who is in the same market with you. The information, which can help to understand main rivals better is strength, weaknesses and general health of the business. The competitors might be researched using their website, prices on products and services.

### 3.3 Porter's five forces

As it was mentioned by Friend and Zehle (2004, p.57), to create a successful competitive strategy it is crucial to understand the structure of an industry. The Porter's Five Forces analysis is an analytical framework of the factors that directly influence competition. Following five rules define the frameworks of competition:

Figure 1: Elements of Industry Structure



Source: Porter, M.E., Competitive Advantage, 1985, p.6.

Graham Friend and Stefan Zehle (2004, p.57) described forces as follows:

1. Rivalry among existing firms– it is about the numbers and strength of the competitors. Factors below may influence the industry:
  - Extension of monopoly;
  - Price, especially, the price is important, when there is no big differentiation between products;
  - The speed of the market's growth.
2. Potential entrants. Potential entrants of other companies are dangerous, because in the case when demand is lower than the capacity of the market than the profitability reduces. In the following cases, the entry of new companies is not very dangerous: it is expensive to switch the brand, resources are limited, high capital is needed to establish a firm.
3. Substitutes – same or similar products/services to other companies' products/services. As well, products, which satisfy needs and wants similarly as other products do. A substitute product is especially dangerous when the price of it is cheaper.
4. Bargaining power of suppliers - the balance of power between suppliers and the supplied industry. Strategies, as just-in-time manufacturing or holding stocks low, increase dependency on suppliers. The way to reduce this dependency - is to maintain a diverse base of suppliers or to put them in a position where suppliers are dependent on your business. But it is important that it works for both parties, so both are satisfied.

5. Bargaining power of buyers. Profitability of the business mainly depends on prices that are obtained. For a customer, price is one of the most important factors when making a decision, so they want the best deals. Following factors influence the power of buyers:

- the extent, to which products can be differentiated, will have a direct impact on prices.
- When buyers are larger than supplying industry.
- The extent of buyer's knowledge of the suppliers' costs.

#### 4. Marketing plan

According to Pinson (2008, p. 43), marketing plan describes details of marketing strategy, which includes market analysis, promotions, sales.

Pinson (2008, p.43) pointed out several main sections of the marketing plan:

- Market Analysis (Target Market, Competition, Industry Trends);
- Sales Strategy (On-line and Off-line);
- Advertising (Traditional and Web);
- Public Relations;
- Customer Service (Pinson, 2008, p.43).

Components of the marketing strategy should complement each other in order to build a strong image and make the company stand out from the competitors.

Also, Pinson (2008, p.45) mentioned some aspects, which are important to know to establish marketing goals: to know customers and competitors, to know your product in terms of price and quantity, to know ways of reaching target customers and to know the period of most sales.

Pinson (2008, p.45) offered following marketing essentials to reach the goals:

- 1) Active sales – features of a product or service, which will make customers to choose the exact product or service.
- 2) Knowing customers, their preferences, desires, and capabilities.
- 3) Creating a strong image of a product, so clients cannot imagine their lives without this product/service.
- 4) Price for profits. It is crucial, that the product's price covers all the costs, which appeared during the production of products or services. Also, awareness of the prices of competitors will allow deciding on the level of prices for your products/services.

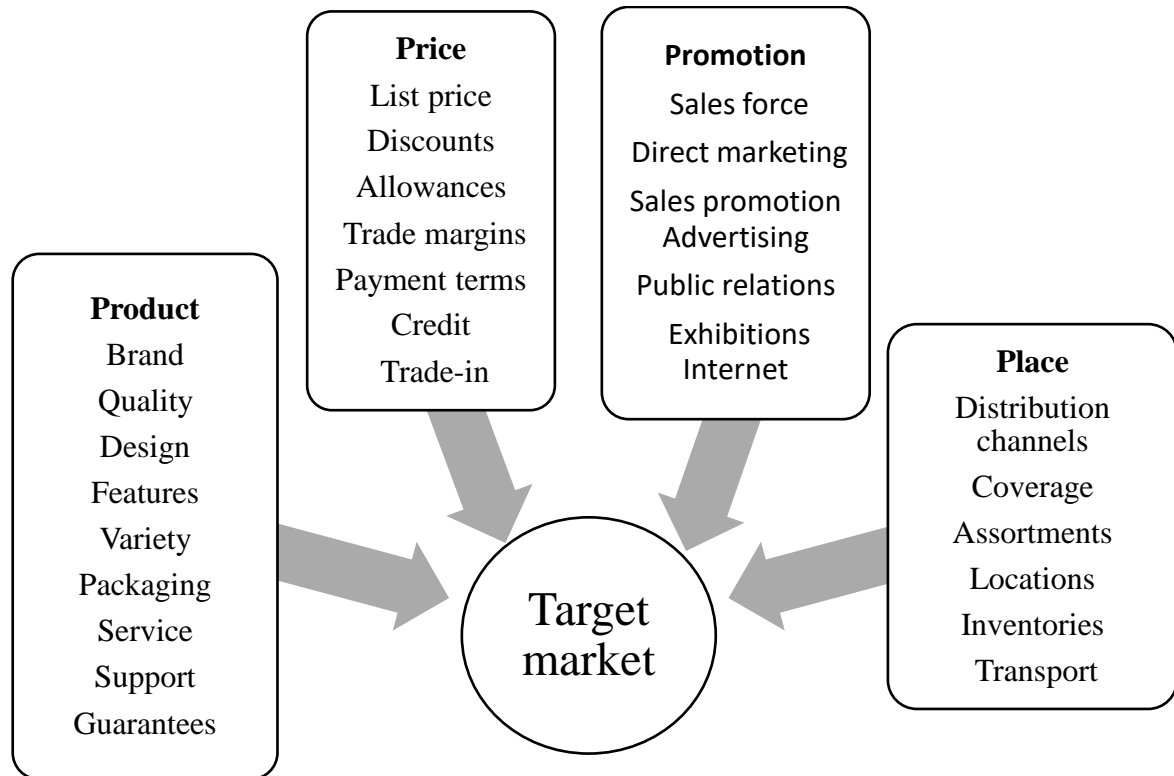
#### 4.1 Marketing mix

Michael J. Baker (2003, p.287) defined Marketing mix as the set of marketing tools. Marketing mix may be called "4Ps". "4Ps" stands for product, price, promotion, and place. As an effective marketing mix can be considered the one, which offers a product/service that solves customer's problems at a relatively low price, speaks about the benefits, and the process of obtaining this product/service does not have major barriers.

Marilyn A. Stone and John Desmond (2007, p.267) mentioned, that all elements within the marketing mix must work together, and also must be integrated with the others.



Figure 2: The Marketing Mix



Source: Michael J. Baker, M., J., 2003, p.287.

#### 1. Products/services

According to Philip Kotler, Veronica Wong, John Saunders and Gary Armstrong (2005, p.539), a product can be anything, that is brought into the market in order to be consumed and acquired to satisfy needs and wants. And services are defined as intangible products, that are built on activities, benefits, and satisfaction, and are offered for sale.

Products are divided into two broad classes, based on the type of consumers:

- 1) Consumer products. Consumer products are sold to the final end-user for personal consumption. They are classified according to consumer shopping habits.
- 2) Industrial goods. Industrial goods are bought by individuals or organizations for further processing or use in conducting a business. They are classified according to their cost and the way they enter the production process (Kotler, Wong, Saunders, Armstrong, 2005, p.540).

As Marilyn A. Stone and John Desmond (2007, p. 226) mentioned, there are 4 levels of a product. Each level adds more customer value:

- The core product - the main purpose and meaning of a product, it makes the product valuable. It is not a tangible physical product
- The tangible product – is an actual product, which is turned out of core benefit.
- The augmented product – is the non-physical part of the product. It includes add-on extras, for which a client may or may not pay a premium. It may be used to enhance the product benefits.

- The potential products – a vision of what the product might become in the future. It is the way of ensuring, that the continuous improvement is one of the main concerns of a company.

## 2. Price

Price directly produces revenue, unlike other elements of marketing mix which produce costs. In addition, even minor change in price may significantly influence sales and shareholders (Kotler, Wong, Saunders, Armstrong, 2005, p.665).

Kotler, Wong, Saunders, and Armstrong (2005, p.666-673) defined internal and external factors, which influence pricing decisions:

- Internal factors: the firm's marketing objectives, marketing-mix strategy, costs and organization for pricing.
- External factors: the nature of the market and demand, competitors' prices and offers, factors such as the economy, reseller needs, and government actions.

Marilyn A. Stone and John Desmond (2007, p. 268) mentioned, prices and goals of the firm should be relevant to each other. Prices should be defined clearly and have time frameworks. There are 4 areas of goals, that are affected by the prices: income generated from the sales of products/services, volume of production, competition, and how the product/service contribute to the customer and society in general.

Consumers often compare the price of a product with the price of competitors' products. There are three general pricing approaches, from which an entrepreneur can select one or a combination of three of them:

- 1) the cost-based approach (cost-plus pricing, break-even analysis, and target profit pricing);
- 2) the buyer-based approach (value-based pricing);
- 3) the competition-based approach (going-rate, sealed-bid pricing or auctions) (Kotler, Wong, Saunders, Armstrong, 2005, p.680).

According to Philip Kotler, Veronica Wong, John Saunders, Gary Armstrong (2005, p.702-703), prices need to be adjusted according to the customers' capabilities and changing situations. The table below summarises price-adjustment strategies:

Figure 3: Price adjustment strategies

<b>Discount and allowance pricing</b>	<b>Segmented pricing</b>	<b>Psychological pricing</b>	<b>Value pricing</b>	<b>Promotional pricing</b>	<b>Geographical pricing</b>	<b>International pricing</b>
Reducing prices to reward customer responses such as paying early or promoting the product.	Adjusting prices to allow for differences in customer, products, and locations.	Adjusting prices for psychological effect.	Adjusting prices to offer the right combination of quality and service at a fair price.	Temporarily reducing prices to increase short-run sales.	Adjusting prices to account for the geographical location of customers.	Adjusting prices in international markets.

Source: Philip Kotler, Veronica Wong, John Saunders and Gary Armstrong (2005, p.693)

As mentioned by Philip Kotler, Veronica Wong, John Saunders and Gary Armstrong (2005, p.702-703), it often comes that the firm needs to change prices. In this case, consideration of the reaction of customers, competitors, suppliers, intermediaries, and government plays a huge role. And even when the rivals change their prices, the business needs to find reasons of their decision to change prices, and to forecast the reaction of customers and the impact it may have on the market.

### 3. Place

According to Andrew Whalley (2010, p.96), the whole value chain refers to the place, is the chain from the point when the product is just raw materials to the point when the product is purchased by the customers.

Kotler, Wong, Saunders and Armstrong (2005, p.857) considered, that strong relationship with suppliers contribute to the production of a product/service, and providing it to the places, where customers can easily obtain them.

Marketing channels have many functions, some of them are information gathering and dissemination, communication and promotion, contact work, matching offers to buyers' needs, negotiation, physical distribution, financing, and risk-taking (Kotler, Wong, Saunders, Armstrong, 2005, p.860).

Intermediaries, ranging from wholesalers, brokers, and agents to retailers, are types of marketing channels.

Channels are assets by the economic, control and adaptive criteria. The company must sell not only through the intermediaries but to and with them. Marketing system, which will satisfy needs of the manufacturer and the partners, might be created by building long-term relationships with channel partners (Kotler, Wong, Saunders, Armstrong, 2005, p.880-882).

#### 4. Promotion

Philip Kotler, Veronica Wong, John Saunders and Gary Armstrong (2005, p.719) claimed, that nowadays when there is always some competition on almost every market, it is important to communicate with current and prospective customers.

There are 5 main tools for promoting a product/service:

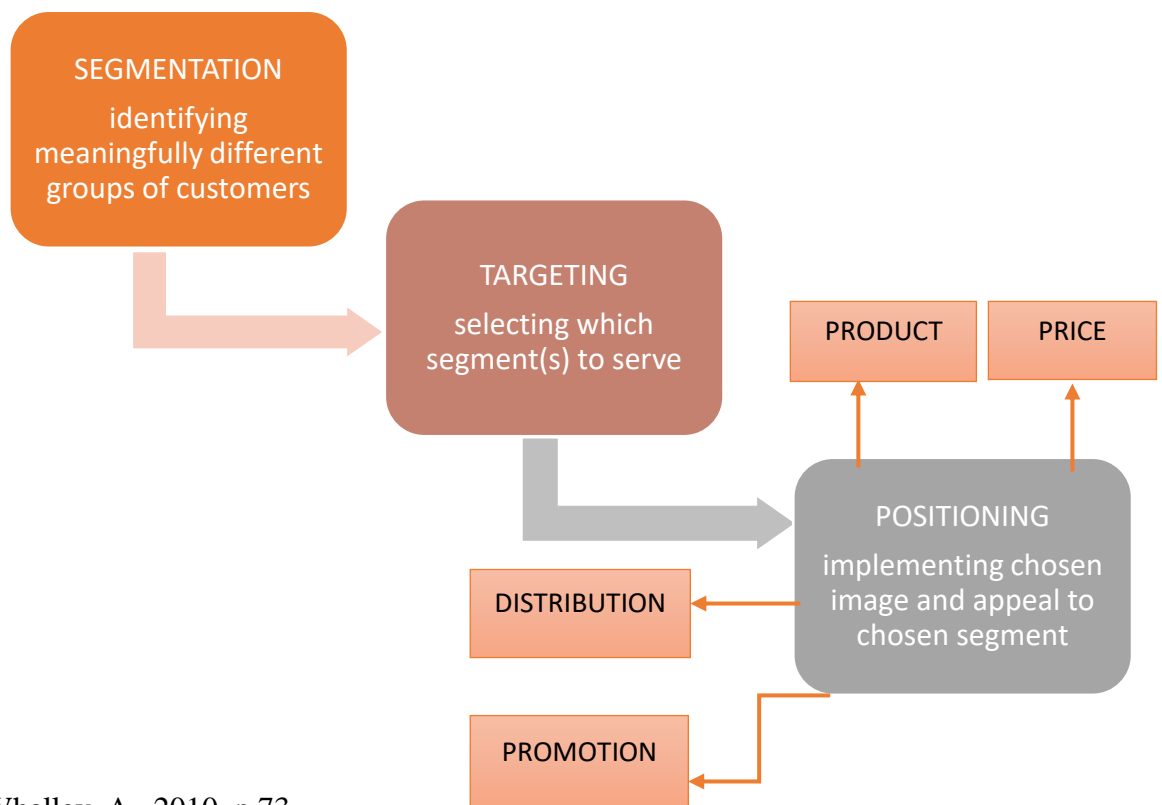
1. Advertising,
2. Personal selling,
3. Sales promotion,
4. Public relations,
5. Direct marketing (Kotler, Wong, Saunders, Armstrong, 2005, p.719).

As mentioned by Marilyn A. Stone and John Desmond (2007, p.291), marketing communication – is all types of communication, for which money was paid.

#### 4.2 Segmentation, Targeting and Positioning

According to Andrew Whalley (2010, p.72), Segmentation, Targeting and Positioning approach considers following factors: increased competition, better-informed and educated customers, and changing patterns of demand.

Figure 4: Segmentation, Targeting & Positioning; The Process



Source: Whalley, A., 2010, p.73

## Segmentation

According to Stone and Desmond (2007, p.174), the segmentation part includes analysis of the market to classify groups of people, which might be interested in the product. This analysis helps to understand their characteristics, financial opportunities, behavior, needs and wants.

The segmentation must rely on customers' behavior relatively to a product or service. There are 4 groups of the main variables. In the geographical group, aspects concerning the region, population density, urban/rural area should be analyzed. The demographic group shows the age, sex, marital status, religion and social class. Lifestyle, value perceptions, personality are considered when forming a group by the psychographic criteria. Use rate, loyalty to a brand, pursuit of benefits are taken into account when forming a group by the behavior (Stone, M., A. & Desmond, J., 2007, p.175).

## Targeting

Marilyn A. Stone and John Desmond (2007, p.190) wrote, that after deciding on the best way to segment the market, the selection of the concrete segment comes next. So, this part called as target market selection.

As it was mentioned by Andrew Whalley (2010, p.76), when making a decision on a target market, there are several factors which should be considered:

- 1) Level of competition, and if the consumers are satisfied with how they are being served by the competitors.
- 2) Size of the group, it's future potential to grow.
- 3) Already gained advantages of the company to strongly introduce itself and its products/services.
- 4) Ways of effective communication with the targeted group.

## Positioning

After segmentation and targeting, the 3<sup>rd</sup> stage is positioning.

As it was stated by Stone and Desmond (2007, p.195), positioning involves creating and maintaining a positive image of the products/services.

Stages involved in the market positioning:

- 1) Identify key characteristics of the products/services;
- 2) Draw a perceptual map;
- 3) Decide on a competitive strategy;
- 4) Design products' attributes and associated imagery;
- 5) Sustain a competitive advantage (Stone, M., A. & Desmond, J., 2007, p.195-197).

## 6. Financial plan

McKeever (2011, p.37) claimed, that the financial part clarifies if the idea is a winner or a loser. The plan should be realistic, it should be based on the real expectations. For the services business, it is important to know which activities will be taken to get billable sales. After that, a frequency of activities should be defined, and expected revenue is forecasted.

Fixed expenses are an important part of the financial plan. It is better to keep them low, especially when the business is small. So, it is better to use resources which are already obtained, for example, a spare room, personal car. Expenses for the rent, utilities, wages are related to the fixed cost (McKeever, 2011, p.40).

### 6.1 Cash Flow

As Pinson (2008, p.84-85) mentioned, cash flow assesses the movement of money during the exact time period. Also, it clarifies when cash is going to be received, and when the business should pay its debts and bills. Cash flows are designed for internal planning. Depreciation and amortization are not part of the Cash Flow, so it should consist of actual cash transactions.

Pinson (2008, p.84-85) recognized several steps for planning Cash Flow Statement:

1. The revenue projections (product and service);
2. Inventory purchases;
3. Variable (selling) expense budget (with marketing budget);
4. Fixed (administrative) expense budget.

### 6.2 Scenarios

As it was mentioned by Vinturella and Erickson (2013, p.128), there are three financial scenarios: the best case, the worst case, and the most likely case. The most likely scenario presents the financial model in the business plan. The best case and the worst case scenarios are created in order to see possible outcomes.

### 6.3 Break-Even analysis

According to Pinson (2008, p. 98), at the break-even point costs matches sales volume. It can be calculated mathematically or by the development of a graph. Also, there are two ways of expressing it: by total revenue and by total units of production.

In order to find the break-even point, following projections will be needed: Fixed Cost, Variable Cost, and Totals Sales Volume.

For mathematical calculation, there is a following formula:

$$\text{B-E Point (Sales)} = \text{Fixed Cost} + [(\text{Variable Cost} / \text{Est. Revenue}) * \text{Sales}]$$
 (Pinson, 2008, p.98).

Practical part

Title-page

## 7. Business plan of the Next Generation Club



Author: Olga Sheveleva

Telephone: +420777174997

Business Description: Educational club

Issued: May 2018

Place of business: Prague

Purpose of the document: For the internal needs of the founders

### 7.1 Executive summary

Next Generation – is an educational club of extra-curriculum courses for children from 10 to 18 years. The main directions of courses are modern trends. All courses will be held in English language, so children who do not speak Czech could also attend them, and Czech students can improve their English while attending interesting courses. The uniqueness of our club is the fact that the courses are keeping up with the new trends in the world: Photography, Fashion, IT app development and Graphic Design.

So, why I decided to launch such courses, and not traditional extra curriculum activities such as dancing, fortepiano, and painting? The answer is simple: the world got changed a lot. Nowadays children are active and ambitious, they find hobbies in early ages and those hobbies may become their professions. Learning how visual media is created and manipulated is now an important part of education. Knowledge and skills, which will be gained from our courses, will become an asset for our students' future. And the club will help them to be involved, and to succeed in what they really like. Especially, since today speaking English is an essential skill, so it is a perfect opportunity for children to improve their English language and at the same to do what they are passionate about.

Courses will be for students with the different levels of skills and knowledge: beginner, intermediate, advanced. In the future when the clients' database will be established there will be conducted surveys in order to make schedules of courses at the most comfortable time for our students.

Next Generation club is located in Národní, Praha 1 - Staré Město, which is right in the city center with convenient public transportation connection.

The design of the club will be minimalistic. Inside of the placement will be a lot of green plants, details of the design will be out of wood or imitating wood.

For the beginning we will have one director, qualified teachers, and the cleaning services will be outsourced to the external company.

7.2 Vision: Our vision is to become a leading educational club in the English language for children in Prague by providing qualitative services.

7.3 Mission: Provide children with deep and qualitative knowledges and skills in a positive and friendly atmosphere.

### 7.4 Values:

- Customer commitment;
- Continuously moving forward, innovating, and improving;
- Quality;
- The courage to shape a better future generation;
- Building communities;



- Celebrate success;
- Empower our students;
- Delivering our very best in all we do, holding ourselves accountable for results.

7.5 Mantra: “Keep learning. Keep growing”.

7.6 Goals and Objectives:

- To provide our students with high level deep knowledges and skills;
- To provide our students with friendly and positive atmosphere;
- To grow and expand, so there will be at least 3 branches of our club in Czech Republic in 5 years;
- To hire more professionals;
- To introduce new courses;
- To constantly keep increasing customer satisfaction.

7.7 Keys to success:

- Constant measuring of performance;
- Personal approach to each client and student;
- Expanding our range of courses;
- Involving in the process of teaching only professionals;
- Participation of students in different fairs and competitions.

7.8 Location

The club will be located in Národní, Praha 1 - Staré Město. The decision on renting this place was made relying on the fact that it is in the very center of Prague. Near to this placement there are tram stations Národní třída, Václavské náměstí and Národní divadlo, also there are metro stations Můstek and Národní třída. So, the public transport connection is convenient for students to move around by themselves without parents accompanying.

Another benefit of the location is the fact that a lot of schools are located near to that place, for example, Anglicko-české gymnázium AMAZON, AKADEMICKÉ GYMNAZIUM škola hlavního města Prahy, 1. Slovanské gymnásium and Gymnázium prof. Jana Patočky. As well, there is easy transportation connection from the following international school such as Riverside School Prague, Lycée Français de Prague, and Park Lane International School.

Another advantage is that it is located in the populous district with people of middle and high-income households. According to the website Ceskovdatech.cz, the majority of English-native expats live in Prague 2, which is a neighbor district, so the public transportation connection from Prague 2 is easy as well.

7.9 Office

It is important that the office will meet all the requirements. When choosing an office for the club, it was important for me to pay special attention to the following criteria: location, lighting, and space.

At the beginning of the organization of the club, only one room will be needed. The club will occupy the 35m<sup>2</sup> room.

Also, there is a hall with a comfortable waiting area and a WC room.

In the hall, students will be able to wait and interact with each other. There will be a sofa, water cooler, hangers. This area can be used for different kinds of activities like playing and active competitions.

The 35m<sup>2</sup> room will be equipped with a whiteboard, projector, chairs and tables, computers with all necessary programs such as Photoshop and Lightroom. Another important requirement for the room is proper natural lightning. The room fulfills the criteria since there are big wide windows. So, the room is perfect for the photography classes. Due to limited space, the maximum capacity of the class will be 12 students.

For the beginning, the club will occupy only one room, which is 35m<sup>2</sup>. Due to the limited number of courses and lack of client database. That is why the decision to share the rent with another company was made. There is a possibility to share the rent of the office with the drawing courses. The administration of drawing courses decided to expand the business by introducing private lessons for preparing for entrance exams and just for students who want to take private lessons. Since the Next Generation club will occupy the office for less time, the tenancy agreement will be signed by the administration of the drawing courses. The drawing courses will fully occupy 16,6 m<sup>2</sup> room and will partly occupy the 35m<sup>2</sup> room. So, taking into account the fact of sharing the rent, the Next Generation club will pay only 40% of the rent price.

Figure 5: Office



Source: sreality.cz

Figure 6: Office



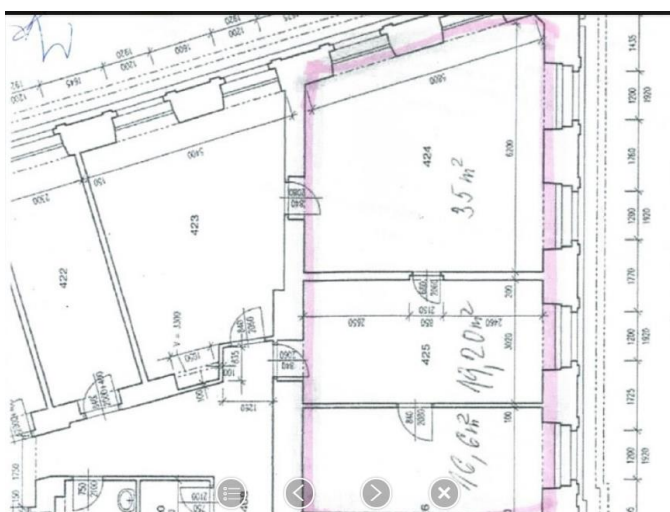
Source: srealty.cz

Figure 7: Office



Source: srealty.cz

Figure 8: Office



Source: srealty.cz

### 7.10 Personnel

Since the personnel of the club will work with children and communicate with them on a daily basis, the administration of the club will need to select staff very carefully. It is necessary to pay attention, that during the preparation of training programs, knowledge in the psychological, pedagogical and creative fields will be required.

Teachers should be professionals in their fields in order to give children proper knowledge and skills. As well, they need to know how to deal with children and make them interested in the course. It is not necessary for them to have a teaching diploma since it is rare when a photographer or a person from fashion industry have a diploma of a teacher. But it is important to have a portfolio of previous works and some recommendations. At the beginning of all programs, the administration will observe how they lead a course. Also, the administration of the club will conduct surveys on a constant basis for our students and their parents to know if they are satisfied with the teachers and the level of knowledge they get and if the methodology of a teacher fits them or not.

Teachers will be responsible for the quality of knowledge and skills students are getting from the classes, and for the positive and friendly atmosphere. Also, they will arrange fairs and competitions among students. For teachers, a rolling schedule is suggested, since the frequency of classes in groups is 2-3 times per week.

The director will take following responsibilities: taking care of all legal necessities, recruiting teachers and staff, supervising their work, taking care of finance and accounting. Also, duties will include receiving calls and letters, forming groups, scheduling classes, maintaining groups in social networks, providing the studio with the necessary equipment.

The responsibility of cleaning lady will be to hold the place clean. She will be coming each working day in the morning before classes or in the evening after all classes. It is in the plan, to have a contract with a cleaning company, so one of their employees will take care of the club.

### 7.11 Services description

The club will have following courses:

- Photography courses - nowadays photography is a very popular hobby. The major impact on the popularity of it played the rise of social media, such as Instagram and Pinterest. During the courses students will work with cameras, learning how to set it, how to find good angle and lighting, how to edit pictures using Photoshop programs. So, following topics will be covered: cameras guides, fundamentals of photography, portrait photography, photography of landscape.
- Fashion – fashion is more complex than people think about it. It is not just about beautiful clothes, but it is about the history and how it influenced and keep influencing people's lives and their way to dress. Fashion is everywhere. It is one of the biggest industries in the world, so knowledge in this field might open a lot of opportunities. And since one of the aims of our club is to help teenagers to find a field they really passionate about, that is why we think it is one of the essential courses in the Next Generation club. The author believes that the demand for this course will be high because nowadays fashion is more accessible

than it ever was and more young people becoming interested in it. In this course, students will learn how history influences fashion and different eras in fashion, will learn how to build their own style, how to distinguish color-types. Also, one of the attractive parts of this exact course - is that it will include sketching lessons. Sketching is a modern and very popular kind of drawing. This is a wonderful skill that helps to transfer an idea from head to paper quickly, effectively and beautifully. Students will learn how to make fashion sketching of clothes they designed.

- Graphic design – this course is a combination of the creativity and logic, as well it includes computer using skills. Deep knowledge of graphic design will allow students in the future to work in the fields of design and marketing. The basis of the course is practical classes, which allows getting technical skills and an integrated approach to solving creative problems. Following topics will be covered during the course: font, typography, sign, logo, corporate identity, packaging, multipage publications, and branding.
- IT app development – today children use computers, mobiles, and tablets from the early ages. So, the author believes that it will be interesting for young people to find out how applications are created and even create one by themselves. During the course, students will identify ideas and concepts of an application they want to develop. They will learn coding language and how to implement them, so the program is usable. After an application is created, students will test it and fix any bugs if those are founded.

To give an opportunity to develop to as many people as it is possible, the club will offer courses and master classes during the weekends. These courses and master classes are for everyone, no matter of age. So, parents of our students can attend them as well.

Besides photography and graphic design, the weekend courses will include:

- Children safety on the internet – it is a session which is only for 2 hours. After the sessions, parents will be able to secure their children on the internet. Nowadays children have access to the Internet from the early ages. Unfortunately, on the internet, there is a lot of content which is not appropriate for kids. So, in order to secure their mental health, it is important to provide them with the safe environment.
- Nutrition. Because the Next Generation club cares about people's health and want's what is best for its clients, I decided to introduce Nutrition course. Especially, since nowadays healthy lifestyle is becoming popular. The major part of the healthy lifestyle is nutrition, and no surprises here since the healthy nutrition can help to avoid diseases and prolong our lives. There is a stereotype that healthy food is not delicious and boring, but the course will dispel the myth, and it will teach how to cook delicious, diverse and healthy food. The length of the course is 2 months. During those 2 months, students will learn how to balance the diet, which products are nutritious, will learn more about superfood and how to combine them, how to cook so the vitamins will stay within products and other topics will be also included in the course.

## 7.12 Schedule

So, the schedule of the courses will look like following:

Figure 9: Schedule

	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Sunday
09.00 - 10.00	*	*	*	*	*	*	*
10.15 - 11.15	*	*	*	*	*	*	*
11.30- 12.30	*	*	*	*	*	*	*
12.45- 13.45	*	*	*	*	*	*	*
14.00- 15.00	*	*	*	*	*	*	*
15.15- 16.15	Photo 1		IT app 1	*	It app 1	Photography	Graphic design
16.30- 17.30	It app 1	Fashion 1	Photo 1	*	Graph design 1		
17.30 – 18.30		Graph design 1		*	Fashion 1	Nutrition	Children safety on the internet

Source: author

In the schedule spots with the “\*” mean that at that time the office space will be used by the company, with which we share the rent of the placement.

As it can be observed from the table, at the moment of launching the business, the club will have all courses by 1 group and 2 times per week. The classes during the working days are designed specifically for school students from 10 till 18 years. The length of a session will be an hour, so children will not get bored or tired.

Courses during the weekends are for everyone, so adults and children can attend classes together. The length of weekend courses varies, the photography and graphic design courses will take 2 hours and 1 time per week. The nutrition and children safety in Internet courses will take place 1 time per week and for an hour.

### 7.13 SWOT analysis

Figure 10: SWOT Analysis

Strength	Weakness
<ul style="list-style-type: none"> <li>• Modern courses;</li> <li>• Experienced teachers;</li> <li>• Teachers who won different fairs and competitions;</li> <li>• Location is in the city center and easy to get to;</li> <li>• Prices are competitive;</li> <li>• Possibility to choose among price packages;</li> <li>• The possibility to choose among courses and switch it is if necessary;</li> <li>• High-quality customer service.</li> </ul>	<ul style="list-style-type: none"> <li>• Possibility to lose special attention to each student;</li> <li>• The club does not provide students with a worldwide recognized certification;</li> <li>• Weak reputation;</li> <li>• The lack of own customer base;</li> <li>• The lack of awareness of parents and students about the club;</li> <li>• The necessity of searching stuff and qualified teachers.</li> </ul>
Opportunities	Threats
<ul style="list-style-type: none"> <li>• Stable economic situation in the country;</li> <li>• Education is always in demand;</li> <li>• Parents are ready to pay for their kid's development;</li> <li>• An opportunity to expand the range of the services;</li> <li>• Increasing population (future students);</li> <li>• Increasing number of foreigners in Prague.</li> </ul>	<ul style="list-style-type: none"> <li>• Lack of funding;</li> <li>• Low demand;</li> <li>• Abusive handling of devices which were expensive to obtain;</li> <li>• Additional demand for equipment and staff;</li> </ul>

Source: author

### 7.14 PEST analysis

#### Political factors

The political environment in the Czech Republic is stable and its legislation is in accordance with the regulations of the European Union. In the Czech Republic and in neighbor countries there are no wars. The government support educational system in the country and trying to create a comfortable environment for this field. Also, commercial, accounting, and bankruptcy laws are under the similar standards with western countries. In all spheres, foreign entities are treated identically with domestic entities (Stable Political and Economic Environment, n.d.). According to Czech Business Web Portal, foreigners are allowed to do business under the same conditions as local citizens.

### Economic factors:

The Czech Republic is a developed export-oriented social market economy. The market of Czech Republic is one of the most stable markets in central Europe, and it keeps prospering. According to the 2016-2017 Global Competitiveness Report published by the World Economic Forum, the Czech Republic ranks 31st among 137 economies in terms of competitiveness.

Positive economic fundamentals are approved by the investment grade rating. Also, the country is a member of international organizations, such as WTO, IMF, and EBRD (Stable Political and Economic Environment, n.d.).

For today, 80% of GDP is generated by the private sector. It has one of the highest GDP per capita in both Central and Eastern Europe. The economy of the country performs very strongly and is expected to keep growing. The government delivered a budget surplus of 0.6% of GDP. (Guidance Overseas Business Risk - Czech Republic, 2017).

For the February of 2018, the unemployment rate was around 2.4%, which is considered to be low (Latest economic data, n.d.). So that means that parents, who are going to pay for the courses, can be sure about their financial situation. There is low possibility for them to lose their jobs due to the economic crisis or political situation. These facts positively influence the income of our company, since parents will be ready to pay for their kid's activities.

In the Czech Republic, the highest salaries are in Prague (Marchenko & Radichkova, 2016). According to the Czech Statistical Office, the average level of salaries steadily goes up. Which is a good signal for our business (Average wages - 3rd quarter of 2017, 2017).

As well, the benefit for the club is the fact, that some parents will be foreigners. So, with some clients, the Czech Koruna is lower than their home currency, so the prices for the courses will seem low for them.

But on the other hand, since the rate of unemployment in the Czech Republic is low, so it might become a problem to find available experienced teachers. As well as, it can be expensive since the economy is good and in their previous or first jobs their salary could be quiet satisfying.

### Social factors

Today, the population of Prague is around 1.3 million inhabitants, and it keeps increasing each year. Prague is the capital and the biggest city in the Czech Republic, it is also a political and economic center with the high amount of international organizations. So, more foreigners with their families come to Prague, and more foreigners come to live in Prague and create their families here, accordingly, there are more bilingual children. Around 14% of inhabitants in Prague are foreigners (Prague Population 2018, 2017).

Nowadays, the lifestyle of people changed a lot, their hobbies and interest are not the same as, for example, 10 years ago. With the rise of social media, the popularity of the fields such as



photography, fashion, and graphic design have significantly grown. Social media are introduced to people's daily life, they keep growing and attracting more users every day, by creating more opportunities for expressing yourself and earning money. Since the content is mainly entertaining, most of the users are young people.

The most popular social media now is Facebook with around 2.01 billion of active users, the average age of the majority of users is between 16-34 years old. On the second place is YouTube - the platform where people can upload and share their videos, there are around 1.5 billion of active users, 31% is in age between 16-24 and 30% 25-34 years old. And the third place goes to Instagram – a social media with the community of people who capture and share moments, the app allows to upload videos and photos. Instagram has 800 million active users, 37% of them are aged 16-24 and 34% are 24-35 years old. Also, now social media became a business area, where entrepreneurs can promote their products and services and bloggers can earn doing promotions. So, today social media is not a threat, but more an opportunity for future development and earnings, and the average age of users is also decreasing each year, so each year younger generation gets to be introduced to social media (Kallas, 2018), (Age distribution of active social media users, 2014).

At the same time, parents need to be conscious about the possible danger of social media and Internet itself. Children are not protected from the content which can damage their mental health. Therefore, the Next Generation Club will introduce the course for parents, where they will learn how to protect their children from the undesirable content on the Internet.

As well, concerning the change in lifestyle, it is worth to mention how healthy way of life became a major issue for a lot of people. Every day more people become curious about the healthy nutrition for themselves and their families. So, that is why the club will give an opportunity to learn more about nutrition and how to keep it healthy.

#### Technological factors:

Today technologies shape our lives. It is everywhere, and kids have access to them from the early ages. Technologies have two sides: the side when it can damage a human's mental health and the side when it can help to develop. So, parents need to be careful and teach their kids how to use Internet mindfully, and even to be able to create quality content by themselves. There are so many applications, with the help of which kids can advance their creative side, imaginary, learn how to expand their use of technologies. So, courses of the Next Generation Club are all directly related to technologies.

There is a huge step ahead to technologies even in the fashion industry. For example, 3D printing of clothes, creating sustainable fashion with the new technologies, or even simple example as sketching and detailed thought of design in a computer using applications for designing. So, children and adults will be able to learn about it more in our Club.

## 8. Market analysis

### 8.1 Customer analysis

Our customers are parents, who want their children to be well educated and comprehensively developed. They understand that world is changing fast, and just ordinary education is not enough for the new generation. The clients of weekend courses are students, parents and employed people. They want to develop, gain new and expand existing knowledge and skills, find new hobbies.

Customers are parents and not children because parents will sign contracts and pay for the courses. Children are users of our services.

Users of the services are divided into 4 groups:

- 10-13 years old – age, when parents make a decision about their hobbies, children will attend courses which mainly their parents want them to attend.
- 13-16 years old – age, when children have an idea what they like and make decision by themselves but taking into account their parents advice and opinion.
- 16-18 years old – age, when teenagers make the decision about their future profession. By this age, they approximately know in which field they are interested in. They start to prepare for it by purposefully attending different extra-curriculum courses.
- 18-50 years old – university students, parents or just people with jobs, who want to spend their leisure time doing something they like and can benefit from.

According to the website [worldpopulationreview.com](http://worldpopulationreview.com), which refers to the latest revision of the UN World Urbanization Prospects, today the population of Prague is 1,346,000. There is positive growth, from 2015 it has grown by 32,000 of people. In the future, it is expected for the population to grow approximately on 0, 57%. The percentage of foreigners who live in Prague is 14% (Prague Population, 2017).

As it was mentioned in [news.expats.cz](http://news.expats.cz), Prague is the biggest city in the Czech Republic and the biggest city in terms of foreigners who lives in the country.

As of 2015, the number of foreigners in Prague is 166 000. The majority of them are Ukrainians 27.4%, the second Slovaks 15.7%, Russians 12.7, and then Vietnamese 6.8%. As well, there are 9 191 native English-speaking foreigners. 3 907 of them are from the USA and 3 284 are UK citizens. Most of the English-native speaking foreigners live in Prague 2 (Park, D., 2015).

### 8.2 Surveys' results

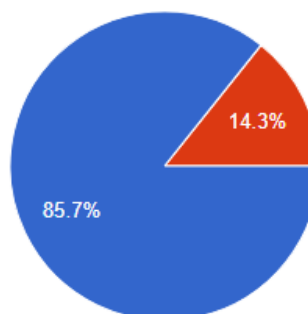
To preferences of the club's potential clients, I conducted surveys. The surveys were conducted online. When introducing the surveys, it was pointed out that the courses are designed for teenagers from 10 to 18 years. It included a brief description of the club and courses.

The first survey was oriented on Russian-speaking parents. I conducted this survey, in order to verify in which language (Russian or English) are more attractive for parents. So, there was an idea to design courses in the Russian language, since a lot of Russian-speaking families live in Prague. In this survey I got 28 responses. The survey Included following questions and the following responses were received:

1. Does your child attend any extra-curriculum activities? (activities outside of school)

☐ Yes

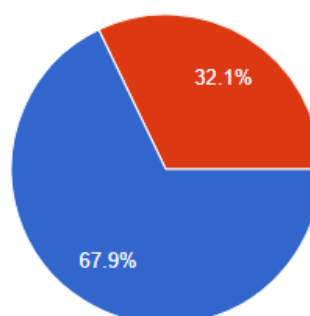
☐ No



2. Would you prefer your child to attend extra-curriculum courses in English or in Russian?

☐ English language

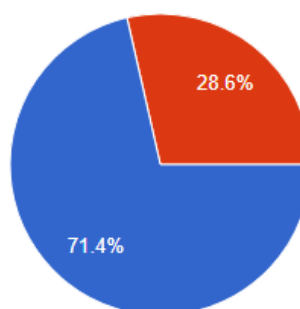
☐ Russian language



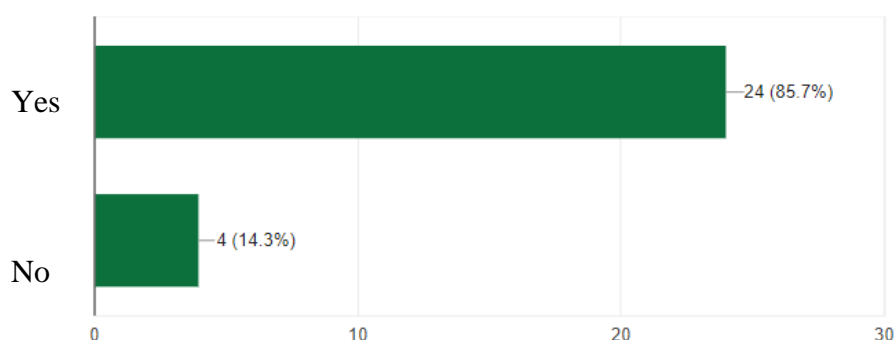
3. Does your child speak English?

☐ Yes

☐ No

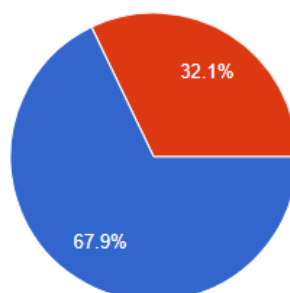


4. Would your child be interested in any of the following courses: Photography, Fashion, Graphic design and IT app development?



5. Will you be ready to pay for your child activities around 5000 CZK monthly?

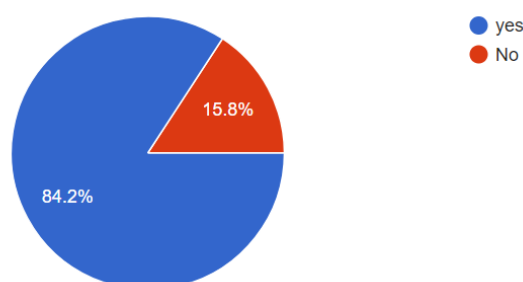
- Yes
- No



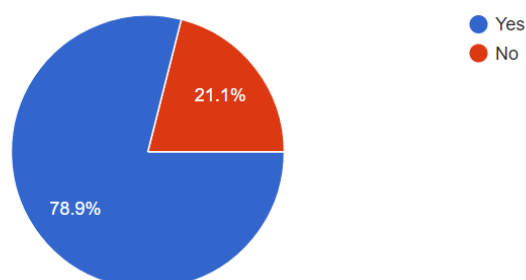
The results of the survey showed, that Russian-speaking parents are more interested in the courses in English language, other than in the Russian language. The courses which are presented in our club are interesting for them as well. The price is accessible for the majority of parents. So, the idea of creating courses in the English language have been confirmed, which allowed further work on the project.

The second survey was oriented on English speaking people with children. The survey included 6 questions, following 57 responses were obtained:

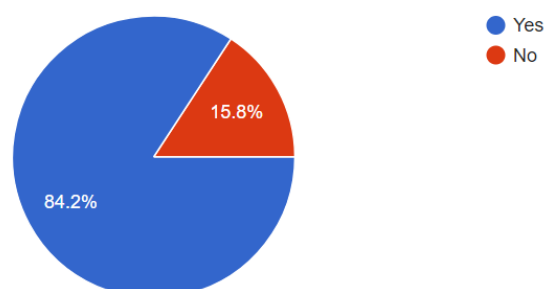
1. Does your child speak English at the A2 level and above?



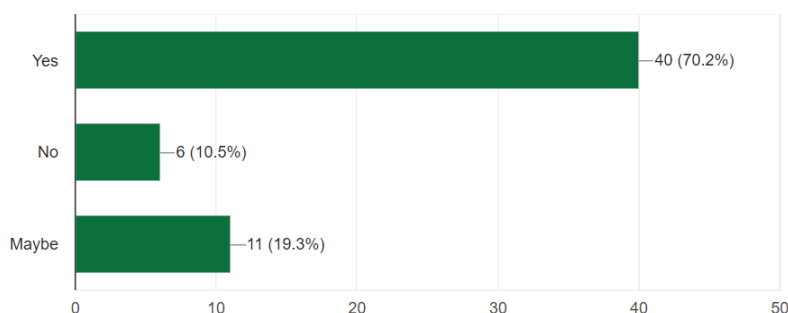
2. Does your child attend any extra-curriculum activities?



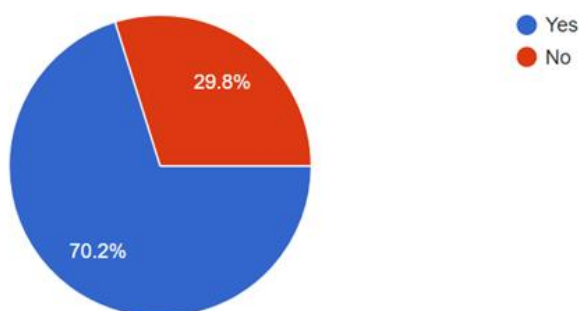
3. Would you like your child to attend extra-curriculum activities in the English Language?



4. Would you like your child to attend any of the following courses in the English language: Photography, Fashion, Graphic design and IT app development?

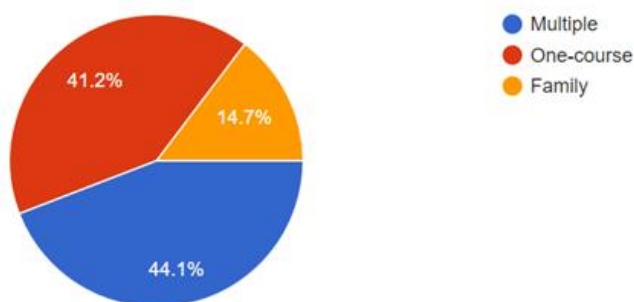


5. Will you be ready to pay for your child activities around 5000 CZK monthly?



6. Which package would you like to buy:

- 1) Multiple package – possibility to attend an unlimited number of courses. Price: 5000 CZK/month;
- 2) One-course package – possibility to attend only one specific course. Price: 4000 CZK/month;
- 3) Family package – possibility for a child (10-18 years) to attend one course and for one another person to attend one course during the weekend. Price: 5500 CZK/month.

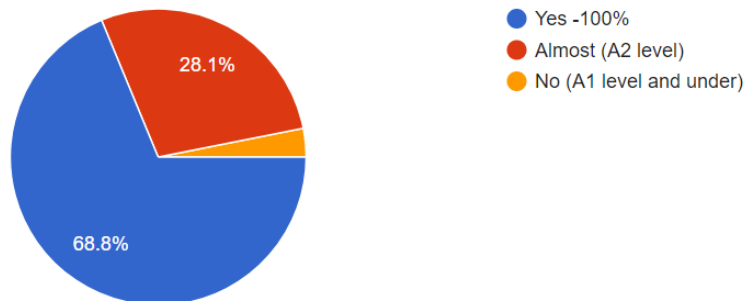


So, the survey for the English-speaking people confirmed that their children speak English at the level A2 and above. Parents would like their children to attend extra-curriculum courses in the English language. Also, positive results were obtained from the question, if they want their children to attend Photography, Fashion, graphic design and IT app development courses. Concerning the price, I found out, that parents are ready to pay around 5000 CZK per month for their children activities. Multiple and Family packages are the most desired.

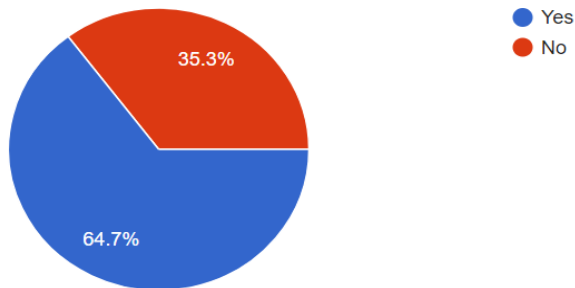
Another survey was conducted in order to understand whether school students (10-18 years old) are interested in the courses, which the club is going to provide, or not. So, in this survey 34 students have participated.

Bellow, there are questions and results of the survey:

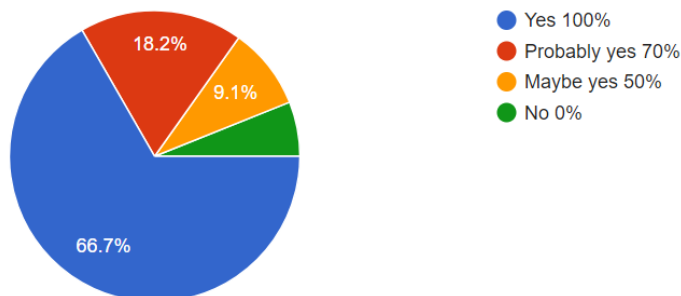
1) Do you speak English on the level B1 and above?



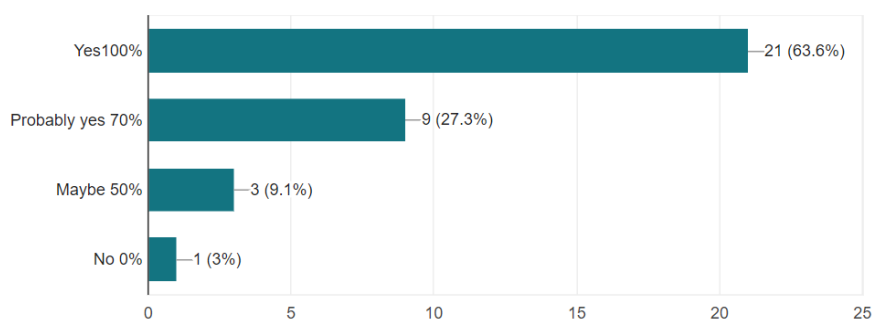
2) Do you attend any extra-curriculum course?



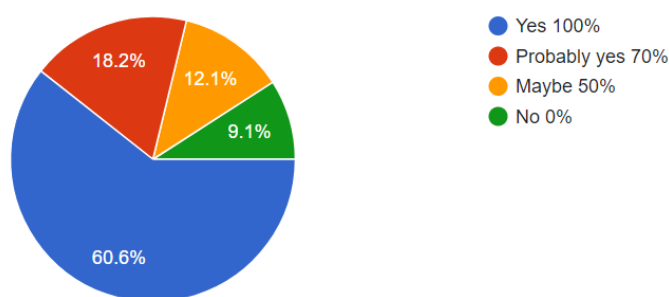
3) Would you be interested in an extra-curriculum course in the English language?



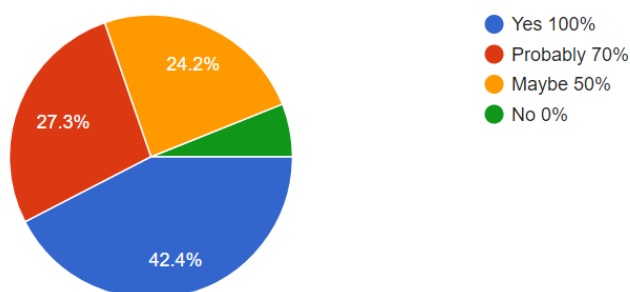
4) Would you be interested in any of the following courses: Photography, Graphic design, IT app development or Fashion?



5) Would you be interested in any of the above courses in the English language?



6) Would you like to make a career in one of the fields mentioned above?



So, the results of this survey are also positive. Children speak English and majority of them would be interested in the courses, which are held in English. As well as, courses of the Next Generation club seem attractive for them.

So, overall number of participants in all 3 surveys is 119. After obtaining the results of the surveys, I concluded, that families are interested in the English-speaking courses and those courses, which will be introduced in the Next Generation Club. Also, there is high probability, that parents would consider the Next Generation club, when choosing the extra-curriculum activities for their children.

### 8.3 Analysis of competitors:

- 1) Rosa dance & Olympia movement Estrella Studio<sup>1</sup> – a dance studio in Prague for adults and children from 18 months to 14 years. Dance courses are held in English, there are following classes are available:  
Pre-ballet classes for 4-5 years old;  
Ballet classes 5-11  
Ballet Youth 11-14  
Tiny tots 2-3 years old  
Dance buffet 5-7  
Broadway musical 4-6  
Pre-Rock N Roll 3-5  
The classes take place only once a week and for 45 min. The tuition is 3260 CZK. As well, there is a possibility to attend Summer sessions. The price of one summer session is 1400 CZK/session, for the month it is 4660 CZK/month. The information regarding the prices is hard to obtain, because it is not indicated in the website, so clients need to request it by the email or phone call.
- 2) Prague Play House<sup>2</sup> - is an acting studio in English language. There are 2 types of courses: acting for beginners and English fluency for actors. The English fluency course is only for professional actors. And acting for beginners is for everyone, there is no specific age frames. There are 2 sessions per week, each session takes an hour and half and the length of a term is 3 months. The price is 5000 CZK.
- 3) Crokidy<sup>3</sup> – agency that have wide range of classes, including photography classes. Classes are held in Czech language. Currently there is no schedule for photography classes. One lecture cost 150 CZK, there is 1 lecture per week the duration of which is 60 minutes. Courses take places in different schools.
- 4) Prague Youth Theater<sup>4</sup> - it is a theater classes for children from 3-17 years old who speaks English. They have 4 venues, which are located in Prague 2 and Prague 1. Their weekly classes take place only one day per week and the session takes 2 hours. During the summer they provide summer camps the length of one camp is one week from Monday till Friday. The price is 5000 CZK per one trial. They have 5% discount for siblings. The information about the prices is also hard to obtain, clients will know the price for the courses only after the requesting it.
- 5) Matela studio<sup>5</sup> - photography courses. It has different services: photography courses, sales of photography, renting the studio and commercial services. According to the website of the studio, they have a variety of different photography courses: Photography I (two months course), Photography II (ten weeks course), Photography ART (ten weeks course), Portraiture (two months course), Portraiture (two days workshop), Digital Editing (two months courses), Digital Editing (two days workshop), Night Photography and

---

<sup>1</sup> <http://www.rosadanza.cz/>

<sup>2</sup> <http://pragueplayhouse.com/>

<sup>3</sup> <http://crokidy.cz>

<sup>4</sup> <https://www.pyt.cz/>

<sup>5</sup> [http://www.matelastudio.com/index\\_en.html](http://www.matelastudio.com/index_en.html)



Luminography (one day workshop), Dark Room (one day workshop), Landscape Photography (three days/weekend workshop), Summer School of Photography, Academy of Contemporary Photography (one year study). Prices depend on type of the courses and vary from the 4000CZK to 20 000CZK. The language of the courses depends on the lecturer, however, there is one lecturer, who runs sessions in English.

#### 8.4 Porter's Five Forces analysis

##### Threat of new entry

The first aspect of Porter's five force analysis that will be analyzed is the threat of new entrants in the market. The industry of extra-curriculum activities itself is considered to be quite competitive and the barriers to entering the market could be seen as not high since the skills and knowledge can be obtained without many difficulties. With relatively small capital investment, it is not difficult for new business to enter the market. No strong restricts imposed by the state.

##### Bargaining Power of Buyers

The next force to be analyzed is the bargaining power of buyers and customers of the Next Generation club. As mentioned above, the extra-activity courses industry is quite competitive with low barriers to start a business. There are several clubs, which concentrates on different activities, as well as some personal tutors that customers can choose. Buyers partly have the power to determine prices because they can choose where to study and which courses to attend. This combined with the price changes from the supply and demand force in the industry is what determines the price, not the firms themselves. Therefore, with all these factors together, the bargaining power of buyers is high. To reduce this bargaining power, it is crucial for businesses to gain a competitive edge, that is something additional to the courses, that will make customers to choose your business instead of another.

In the Next Generation club, the competitive edge could be the fact that the courses are held in the English language. The opportunity to buy the complete or family packages with attractive offers is another competitive advantage of the club. Also, our club is located in the city center with very convenient logistic connection and affordable prices. But as we consider the main factor which makes our club to stand out is the uniqueness of the courses, which are aimed to introduce to our student's modern trends in different spheres. However, the influence is still not enough to say that buyers have a low bargaining power over The Next Generation Club.

##### Bargaining Power of Suppliers

As a supplier of services, the Next Generation Club has its teachers and a cleaning lady. The power of teachers is high because they play a huge role in the functioning of the firm. Without teachers, courses cannot take place. But since the club will need teachers not on the full time but only for several hours per week, so it will not be a big deal to find a new teacher. Since it is quite attractive to earn some extra money, and they do not need to be fully available. Therefore, it is actually the suppliers that rather have to make sure they provide high-quality services and have the firm's best interests in mind.

However, there are some teachers that customers look forward to studying from, so the Next Generation Club itself must make sure to retain the key relationship with such teachers. However, other than this, suppliers have low bargaining power over the Next Generation club. This already low power of suppliers can be even reduced if the club will work towards developing a strong brand name and recognition with a big client base so that suppliers will want to work specifically in this club.

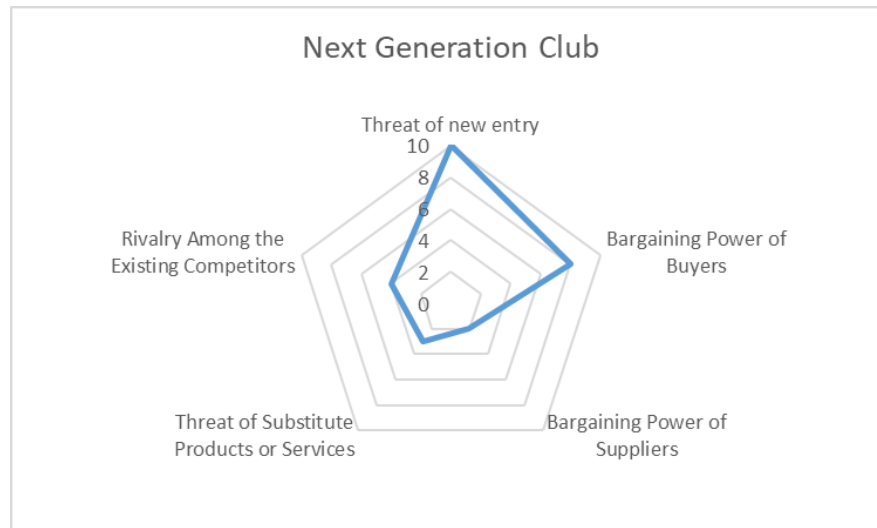
#### Threat of Substitute Products or Services

Moving on to the threat of substitute products or services, since courses in different clubs are differentiated from each other, the threat of substitute is low for the Next Generation club. Courses, methodologies, and teachers differ. For an English-speaking customer in Prague to switch the company in the field of extra-curriculum courses is not an easy task, because of the lack of substitution. As well, what makes the Brand loyalty high - is the fact that it is stressful for a child to switch the habitual medium, also, it takes time for parents to find new courses which will fit all criteria in terms of time schedule, location, and convenience to get there. As concerns the Next Generation Club, it is in the city center with a lot of options for public transportation, as well courses are mainly designed for English speaker students. Another factor which may play a role is that the students will study in groups, so they will make new friends with the same interests or they may bring their friends and study together. So, the probability that a child and her/his parents will want to switch the club is low.

#### Rivalry Among the Existing Competitors

Last of the five forces is the overall rivalry among the existing competitors in the market. Like mentioned multiple times above, in Prague, the level of rivalry among the existing competitors in the extra-curriculum courses industry in the English language is not very high. We consider as our main competitors Estrella Studio and Prague Youth theater. The threat from private tutors and online courses cannot be ignored as well, since they may offer courses at lower prices, but from the other side, in the Next Generation club students get the whole experience including interaction, new friends and the place to spend time with lots of fun. To successfully compete in the market the club will need to create and heavily advertise its brand image of having high-quality services, also continuously keep improving and eliminating each gap, which the club may have. Also, to improve operating efficiency and lower its cost is a long-term goal.

Figure 11: Competitive Hexagon



Source: author

Based on the evaluation of the five forces, the Competitive Hexagon of the Next Generation club can be created with the threat of new entrants being high with 10/10, threats of substitute products or services with low 3/10, bargaining power of buyers again quite high with 8/10, bargaining power of suppliers with low 2/10 and finally rivalry among existing competitors with medium 4/10. This creates the particular competitive hexagon of the Next Generation club, the area of the hexagon reflecting the relative competitiveness of the company.

## 9. Marketing plan

### 9.1 Marketing mix

#### Product

The products of the club are services of teaching children from 10 to 18 years the following courses: Photography, Fashion, Graphic design and IT app development.

The features of the Next Generation club are stylish placement, modern equipment, knowledge and skills applicable in the daily life and students can see the immediate results, courses which are on trend, modern equipment, qualified and innovative teachers, friendly staff, an opportunity to meet peers with the same interests.

The product refers to consumer products because services are sold to the end-user for personal consumption.

Levels of products:

- The core product – knowledge and skills which students will get by attending the courses of the Next Generation club.
- The tangible product – the courses of the club: Photography, Graphic design, Fashion and IT app development.
- The augmented product – courses and master classes with external teachers/lecturers.

- The potential products – an introduction of new courses, private lessons and launching online courses.

### Price

There will be several packages with different prices for the courses:

1. Complete – a monthly package, a student from 10-18 years old can attend any courses which he/she wants to. It does not bound with one course, meaning it is possible to attend several or even all courses in one month. This package refers to a premium. The price is 5000 CZK.
2. Family – a monthly package, where students from 10-18 years can attend only one type of courses with one of the adults (+18 years old). Meaning that the adult will be allowed to attend only one type of course during the weekends. This package refers to a premium. The price is 5500 CZK.
3. One-course – the package, when a child allowed to attend only one specific course. It will not be possible to switch a course during the month, but he/she will be able to switch to another course at the beginning of the next month if the capacity of a class will not be full. With this package, the student will have the same access to all equipment. This package is cheaper and allows to save money. The price is 4000 CZK.
4. One-week membership – the package for those who want to give a try before paying the full price of one of the packages. This package allows to visit all courses for one week, and then a student can choose whether he/she will attend any of the courses or not. The price is 1000 CZK.
5. Masterclass – the package includes price only for master classes, meaning a person will not be able to attend any of the full-time courses. The price will not be fixed and will vary depending on the type and hours of a master class. The price might vary from 1000-5000 CZK.

For the courses, which will take place during the weekends, prices are as follow:

The price of the Photography courses will be 5000CZK per month. The price is this because it takes 2 hours each Saturday.

Graphic Design will cost 4000 CZK per month. The length of sessions is also 2 hours and it takes place on Sundays.

The price of Nutrition course is 3000 CZK per month. The length of the session is 1 hour, and it is on Saturdays.

Children Safety on Internet - cost 1000 CZK per course. The course will take place on Sundays.

As well, it will be possible to buy a monthly membership for courses during the weekend and attend any weekend courses. The price of such membership will be 8 000 CZK/month. With this membership, it is important to sign up for a master class before, due to limited capacity.

Discount programs:

Also, there is a possibility to acquire a membership for one month, three month or six months. One-month membership is a price of a selected package.

Three-month membership will be with discount 7%, so it will cost 13 950 CZK.

Six months membership will cost 27 000 CZK, so the discount will be 10%.

There will be a regular special offer “Bring a friend and get 10% off from the price of a chosen package for a month”.

From time to time, the club will conduct different kinds of giveaways and competition with prizes: a monthly package for one selected course or discounts.

### Place

The courses will be held in a rental placement. It will be located in Národní, Praha 1 - Staré Město.

### Promotion

The Next Generation club will be mainly promoted through the Internet. Main ways of promoting the club will be accounts in such social media like Facebook, Instagram, YouTube, and Vkontakte. In order to attract more customers, all accounts will be constantly updated with the relevant information. There will be posted information about the courses, achievements of our students and teachers, schedules and all information connected to the work of the club. Also, it is important to give not only news of the club, but also to post helpful information, making the content of our accounts helpful and cognitive. The club cares about students and other people, so they will get some knowledge through the accounts. And thereby the awareness about the Next Generation club will grow. Also, different kinds of giveaways will take place in the social media accounts of the club. Such giveaways will contribute to the awareness of the club and will attract new clients, just entertain our clients.

Also, the club will have its own website. The website will be mainly for getting the information about the club, courses and future plans. There will be posted information about the club, it's mission, vision, and goals. So, prospective clients will get a clear idea of who we are, what we do and why we do it. In the website, people can find schedules of courses, contacts, prices, information about the teachers and staff, photo gallery where will be posted pictures of the placement and how courses are held. Also, clients will be able to leave a comment and to rank the services on the 5 stars scale.

Leaflets street distribution will be held near to different schools, but special attention will be paid to international schools. Another tool will be search engines marketing. Often when searching for courses, parents just google it. I assume it will be effective if the club will be at the top of the search engines, so the possibility of opening the website of the club and getting to know it is higher.

Word of mouth approach may also help to win new clients because children and parents can tell their classmates and friends about the courses and share their feedback. Also, there will be a special

offer “Bring a friend and get a 10% off from the price of a chosen package for a month”, which will motivate our customers to share positive information about the club with their friends.

Also, strong promotion of the club will be in school. There will be several ways:

1. Distributing leaflets near to schools;
2. Making schools interested in the club, so they would mention the club during different events and parent meetings;
3. Participating in fairs for educational institutions;
4. One-month memberships certificates will be offered to schools as a prize in different schools’ competitions.

## 9.2 Segmentation, Targeting and Positioning

### Segmentation

Geographical – families who live in the city center or students of the schools, which are located not far from the club. As well, our customers might be families with a car.

Demographic – parents with middle and high income and with kids from 10 to 18 years. International families which speak mostly in English or families with bilingual children. For weekend courses - adults with middle and higher income level. Usually, these people have University Education and middle/upper social class. Their age can vary from 18 to 55 years old.

Psychographic – people with active lifestyle. Education plays an important role in their life, they want their kids also to be active and developed. They care about the quality of their children education. Middle and higher income.

Behavioral – our clients might be loyal because the quality of our services and customer satisfaction are very important for us. Also, because they are working parents, they do not have time to always search for new courses if the courses which their child attends are satisfactory. As well, for a child, it is stressful to keep switching courses. Another factor which might contribute to their loyalty is that the club will have different benefit programs such as giveaways, discounts.

So, our average client will be a parent, who has one or more kids. They have middle or higher income and relevant to their income social status. As well they are interested in their kids obtaining a proper and comprehensive education.

### Targeting

The main target group is international families. After conducting researches on courses in the English language in Prague, I concluded, that there are no such clubs as the Next Generation club which offer similar courses in English. So, there is a gap in the market in the field of modern extra-curriculum courses for teenagers in the English language. And the amount of kids in Prague, which native language is not Czech or who study in English, is growing. Concerning of courses during the weekends, the club targets mainly young people (students and recent graduates), parents and siblings of our students.

## Positioning

Figure 12: Logo



Source: author

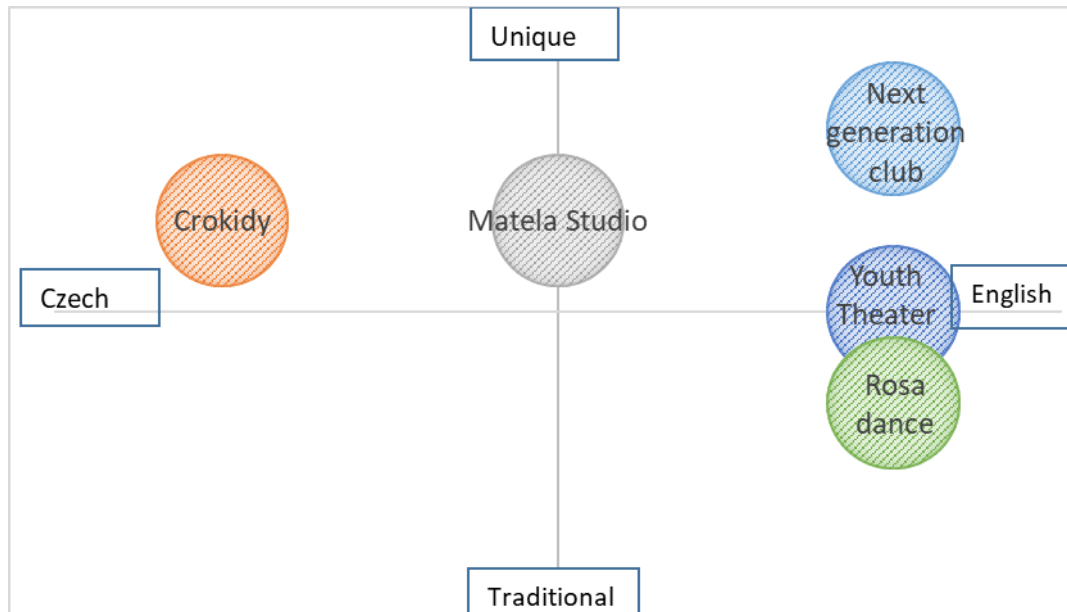
The positioning statement of the club is as follows:

For teenagers from 10 to 18 years, who are active, want to expand the horizons of knowledge and skills, want to keep up with the new waves of trends in the world, there is the possibility to attend courses in the Next Generation club. Our club has a variety of courses aimed at modern trends and all courses are held in the English language! We offer unique knowledge and skills in a friendly atmosphere. What's more, kids can make friends, who have the same interest, so the whole experience which is provided in our club will be not only cognitive but also fun.

Key characteristics of the Next Generation club, which will make the target customers choose specifically our business, are following:

- all courses will be held in English. So, children who do not speak Czech or are not comfortable with the Czech language can attend it. As well as Czech students who want to improve their English, so for them, it is two in one, they will gain new knowledge and skills in the field which is interesting for them and at the same time, they will improve their English.
- courses are unique for Prague. Our club will be concentrating on courses, which are not widely represented in the market among the courses for teenagers in the English language in Prague. Also, in the future,  
the club will expand and introduce new courses.
- as well, the results of the courses will be highly controlled by the administration of the club, so there will be constant work on improvement of internal processes, and the club will always strive for excellence.

Figure 13: Perceptual map



Source: author

As it is showed in the perceptual map, the Next Generation Club provides unique courses for Prague in the English language, where at the same time operate some other schools but the courses are more of traditional style. The only competitor, which provides some similar courses, is Crokidy, but it provides them only in the Czech language.

When developing a competitive strategy, the firm will concentrate on differentiation strategy. Because our main customers are international families and they have a specific need: diverse courses and activities in the English language. After the conducted researches I concluded that international customers in Prague are underserved in this field. So, the Next Generation club is aimed to satisfy their needs by offering a variety of interesting and useful courses in English.

Regarding the design product attributes and associated with its imagery, the author came up with the name “Next Generation”. I believe, the name perfectly matches the idea of the club, which is to give to the students’ skills and knowledge, which will make them able to compete in comparatively new and booming markets such as digital design, applications development, and fashion. The courses will help our students to become the generation, which feels very comfortable with digitalization and knows how to mindfully get all the benefits of today’s technologies and trends.

The mantra of the club is “Keep learning. Keep growing”. As it was with the name, the author believes, that the mantra makes our customers and users of the services become curious about what stands behind this mantra. At the same time, customers get an idea that courses are for young people and for people who are keeping up with what is going on in the world.

When advertising the club, main themes will be successful future, modern trends, and fun learning, because these themes could perfectly translate the meaning of the courses and its processes.



Concerning prices, prices will be middle and high level, because the club will provide courses which will require obtaining some equipment and highly qualified teachers will require higher payment. From the conducted surveys for parents, the author found out that parents are actually ready to pay around 5000CZK per month for their children extra-curriculum activities. Taking into account that one-course package costs even less (4000CZK/month), and for 5000CZK our clients will get an access to all courses of the Next Generation club, I assume that the club will successfully find its customers and will build a proper client base. Also, from the conducted research author found out that English-native speakers, similarly to other English-speaking employees, have a higher income than the average employee in the Czech Republic with only Czech language.

The main distribution outlet of the services will be located in the office, which is located in Národní, Praha 1 - Staré Město. The place is convenient to get to since it is located in the city center of Prague with a lot of options of public transportation connection. In the future, the club will develop, and we do not rule out the possibility of moving to a more spacious place, but when choosing a new placement, the business owners will consider offices only in the city center.

The logo of the club is minimalistic but still bright and modern, as it translates future students of the club, who are bright, outstanding and creative.

The competitive advantage of the club is that it offers courses for children and adults who do not speak Czech language or want to improve English and gain new skills and knowledge by attending unique courses. Also, an advantage of courses in the Next Generation club is that gained knowledge and skills can be immediately implemented.

## 10. Financial plan

### 10.1 Start-up summary:

	Price
Safe for money and document <sup>6</sup>	1521 CZK
Table for a teacher in classroom <sup>7</sup>	399 CZK
Chairs for teachers in classroom <sup>8</sup>	999 CZK
Tables in classroom N.1 (12 pcs) <sup>9</sup>	399*12=4788 CZK
Chairs in classroom N.1 (12 pcs) <sup>10</sup>	999*12=11 988 CZK
Computers 12 pcs <sup>11</sup>	14590*12=175080 CZK
Whiteboard <sup>12</sup>	2195 CZK
Projectors <sup>13</sup>	7490 CZK

<sup>6</sup> <https://www.alza.cz/richter-czech-rs-25-edk-d5115537.htm>

<sup>7</sup> <https://www.ikea.com/cz/cs/catalog/products/10251677/>

<sup>8</sup> <https://www.ikea.com/cz/cs/catalog/products/30320236/>

<sup>9</sup> <https://www.ikea.com/cz/cs/catalog/products/10251677/>

<sup>10</sup> <https://www.ikea.com/cz/cs/catalog/products/30320236/>

<sup>11</sup> <https://www.alza.cz/hp-24?dq=5091150>

<sup>12</sup> <https://www.b2bpartner.cz/bila-popisovaci-tabule-nemagneticka-1800x1200-mm/>

<sup>13</sup> <https://www.alza.cz/acer-x1123h-d5256850.htm>

Loudspeakers <sup>14</sup>	1699 CZK
Printer <sup>15</sup>	1799 CZK
Water dispenser <sup>16</sup>	1806 CZK
Sofa 1 pcs <sup>17</sup>	4 990 CZK
Telephone <sup>18</sup>	465 CZK
Modem for the internet <sup>19</sup>	1190 CZK
Wall clock <sup>20</sup>	269 CZK
Signboard with the club name <sup>21</sup>	6500 CZK
Stationery <sup>22</sup>	5000 CZK
Cabinet <sup>23</sup>	3 990 CZK
Box for trash <sup>24</sup>	309 CZK
Plants <sup>25</sup>	299+149+249=697 CZK
Total	233174 CZK

Registration of the firm<sup>26</sup> 13290 CZK.

Rent: the cost of renting the placement<sup>27</sup> is 21000CZK per month, but since the placement will be shared with another company. The New Generation club will pay 40% of the rental price, which is 8400CZK.

<sup>14</sup> <https://www.alza.cz/stereo-reproduktory-creative-inspire-t20-d107450.htm>

<sup>15</sup> <https://www.alza.cz/hp-laserjet-laserjet-pro-m12a-d4517551.htm>

<sup>16</sup> [https://www.amazon.com/gp/product/B07BP9CBB6/ref=s9\\_acsd\\_newrz\\_hd\\_bw\\_bk2fr9\\_c\\_x\\_w?pf\\_rd\\_m=ATVPDKIKX0DER&pf\\_rd\\_s=merchandised-search-5&pf\\_rd\\_r=9GCPBDZ1STV29RQG8H2A&pf\\_rd\\_t=101&pf\\_rd\\_p=33c8ae72-9950-54f5-a9d6-515755aa8794&pf\\_rd\\_i=680349011](https://www.amazon.com/gp/product/B07BP9CBB6/ref=s9_acsd_newrz_hd_bw_bk2fr9_c_x_w?pf_rd_m=ATVPDKIKX0DER&pf_rd_s=merchandised-search-5&pf_rd_r=9GCPBDZ1STV29RQG8H2A&pf_rd_t=101&pf_rd_p=33c8ae72-9950-54f5-a9d6-515755aa8794&pf_rd_i=680349011)

<sup>17</sup> <https://www.ikea.com/cz/cs/catalog/products/S09251777/>

<sup>18</sup> <https://www.alza.cz/panasonic-kx-tg1611fx-blue-green-levne-d5221457.htm>

<sup>19</sup> <https://www.alza.cz/tp-link-archer-c2-ac900-dual-band-d5250852.htm>

<sup>20</sup> [https://www.xxxlutz.cz/p/ambia-home-hodiny-nastenne-0031690178?utm\\_id=xpi1HGJb.5NwXPJb.opid2.opid](https://www.xxxlutz.cz/p/ambia-home-hodiny-nastenne-0031690178?utm_id=xpi1HGJb.5NwXPJb.opid2.opid)

<sup>21</sup> <http://www.umelecky-kovar.com/ukazka-me-prace/exteriery/vyvesni-stity/vyvesni-stit-c-1.html>

<sup>22</sup> <https://www.papirnictvipavlik.cz/>

<sup>23</sup> <https://www.ikea.com/cz/cs/catalog/products/40338047/>

<sup>24</sup> [https://www.vsedokoupelen.cz/kose-na-odpadky/brasil-kos-s-otocnym-vikem--tmavosedy/?gclid=EAIaIQobChMI-9306Yvf2gIVE4uyCh2r7wCwEakYAiABEGLzbvD\\_BwE](https://www.vsedokoupelen.cz/kose-na-odpadky/brasil-kos-s-otocnym-vikem--tmavosedy/?gclid=EAIaIQobChMI-9306Yvf2gIVE4uyCh2r7wCwEakYAiABEGLzbvD_BwE)

<sup>25</sup> <https://www.ikea.com/cz/cs/catalog/products/30349490/>

<https://www.ikea.com/cz/cs/catalog/products/56804613/>

<https://www.ikea.com/cz/cs/catalog/products/90037990/>

<sup>26</sup> <http://www.e-sro.cz/naklady-zalozeni-spolecnosti.htm>

<sup>27</sup> <https://www.sreality.cz/en/detail/lease/commercial/office/praha-stare-mesto-narodni/2137006428#img=1&fullscreen=false>

Each year there will be necessary to repurchase programs for the computers<sup>28</sup> on the sum of 13080CZK.

There is a possibility of unexpected costs in average of 15 000CZK.

Staff cost:

Director	27 000 CZK/Month
Teachers:	*10500 CZK/month
Cleaning services <sup>29</sup>	**2750 CZK/month
Total	40 250 CZK/month

\* Teachers' salary will depend on the number of hours they teach in our club. So, 1hour=700 CZK.

\*\*the cleaning services will be outsourced to the company which specialized in cleaning services. 1 cleaning per day for working days in a week. The expenses for the service will be shared with the other company.

The wages are indicated including taxes and insurances<sup>30</sup>.

Promotion and advertising expenses:

Social media advertising <sup>31</sup>	up to 40.000 CZK per month
Search engines marketing <sup>32</sup>	up to 10.000 CZK per month
leaflets street distribution <sup>33</sup>	463*3 batches = 1362 CZK
Search engines optimization <sup>34</sup>	up to 5.000 CZK per month
Total	56 362

Utilities: the expenses on utilities may vary, but the author assumes that the cost of utilities will be approximately 1900 CZK/month.

Also, the author assumed, that the prices for the telephone services will be 300<sup>35</sup> CZK and for the internet will be 490<sup>36</sup> CZK.

---

<sup>28</sup> [https://www.smartlicence.cz/produkt/windows-10-home/?attribute\\_pa\\_licence=originalni&attribute\\_pa\\_distribuce=elektronicka&attribute\\_pa\\_varianta=64-bit&gclid=EAlaIQobChMI4KPEoabf2gIVxrYYCh1-VQsyEAQYASABEgKoSPD\\_BwE](https://www.smartlicence.cz/produkt/windows-10-home/?attribute_pa_licence=originalni&attribute_pa_distribuce=elektronicka&attribute_pa_varianta=64-bit&gclid=EAlaIQobChMI4KPEoabf2gIVxrYYCh1-VQsyEAQYASABEgKoSPD_BwE)

<sup>29</sup> <http://www.topclassservice.cz/cenik-uklidovych-praci.html#>

<sup>30</sup> <https://www.finance.cz/501758-jak-se-pocita-cista-mzda/>

<sup>31</sup> <https://www.facebook.com/business/help/201828586525529>  
<https://www.promo-webcom.by/services/targeted-advert/reklama-v-instagram/>

<sup>32</sup> [https://adwords.google.com/intl/ru\\_ru/home/](https://adwords.google.com/intl/ru_ru/home/)

<sup>33</sup> [https://www.onlineprinters.cz/p/letaky-a6-oboustranny-potisk?d=1&ci=000583&devar\\_index\\_setparent=%3CPFLA644%3E%3CPFLA644.135...1000%3E&devar\\_index\\_set\\_1=%3CZFLXXXXA%3E%3CZFLXXXXAA01%3E&devar\\_index\\_set\\_2=%3CZXXXX97N%3E%3CZXXXX97NN90%3E&devar\\_index\\_set\\_3=%3CZFLXXXXD%3E%3CZFLXXXXD00%3E&devar\\_index\\_set\\_4=%3CZXXXXX1B%3E%3CZXXXXX1BB90%3E&devar\\_index\\_set\\_5=%3CZFLA600Y%3E%3CZFLA600YY34%3E](https://www.onlineprinters.cz/p/letaky-a6-oboustranny-potisk?d=1&ci=000583&devar_index_setparent=%3CPFLA644%3E%3CPFLA644.135...1000%3E&devar_index_set_1=%3CZFLXXXXA%3E%3CZFLXXXXAA01%3E&devar_index_set_2=%3CZXXXX97N%3E%3CZXXXX97NN90%3E&devar_index_set_3=%3CZFLXXXXD%3E%3CZFLXXXXD00%3E&devar_index_set_4=%3CZXXXXX1B%3E%3CZXXXXX1BB90%3E&devar_index_set_5=%3CZFLA600Y%3E%3CZFLA600YY34%3E)

<sup>34</sup> <https://support.google.com/adwords/answer/2472742>

<sup>35</sup> <http://www.297.cz/telefon>

<sup>36</sup> <http://airwaynet.cz/en/home-internet-30mb-prague>

The expenses on the office supplies are assumed to be as following:

Print ink <sup>37</sup>	419 CZK
Paper <sup>38</sup>	95*3= 285 CZK
Plastic cups <sup>39</sup>	40*10=400 CZK
Whiteboard markers <sup>40</sup>	158 CZK
Programs for computers <sup>41</sup>	21 840 CZK
Total	23102 CZK

## 10.2 Sales forecasting

Sales forecasting for the first year of the most likely case scenario is as bellow:

	January	February	March	April	May
One-course p.	5	5	6	6	11
Multiple p.	3	5	5	6	6
Family p.	5	5	5	3	2
One-week p.	7	8	4	2	1
Photography cours	3	5	5	6	5
Graphic Design c.	4	4	5	6	4
Nutrition	2	4	5	7	6
Children Safety in Internet	3	4	4	3	3

June	July	August	September	October	November	December
6	4	4	7	12	12	12
4	4	3	8	9	10	10
0	1	1	4	3	5	5
0	0	0	8	6	3	2
4	4	4	7	6	7	7
4	4	4	3	6	7	6
7	7	7	6	5	5	4
2	2	2	2	4	4	3

Sales forecasting of the following years may be found in Appendix 1: Sales forecasting of the 2<sup>nd</sup> year of the most likely case. Also, sales forecasting of the worst case and the best case scenarios, may be found in Appendix 2: Sales forecasting of the 1<sup>st</sup> and 2<sup>nd</sup> years of the worst case and in Appendix 3: Sales forecasting of the 1<sup>st</sup> and 2<sup>nd</sup> year of the best case.

<sup>37</sup> <https://www.alza.cz/hp-f6u65ae-c-302-d4089675.htm>

<sup>38</sup> [https://www.sevt.cz/produkt/euro-basic-kancelarsky-papir-a4-80-g-500-listu-32900600/?gclid=EAlaIQobChMlw7qJ3o3f2gIVWEkZCh0TWAnMEAQYBSABEGK9dPD\\_BwE](https://www.sevt.cz/produkt/euro-basic-kancelarsky-papir-a4-80-g-500-listu-32900600/?gclid=EAlaIQobChMlw7qJ3o3f2gIVWEkZCh0TWAnMEAQYBSABEGK9dPD_BwE)

<sup>39</sup> [https://www.obaly.cz/plastovy-kelimek-0-2-l-100-ks-transparentni-p22681/?gclid=EAlaIQobChMlqd-6rl7f2gIVVouyCh3hnQcpEAYYBSABEgLRJ\\_D\\_BwE](https://www.obaly.cz/plastovy-kelimek-0-2-l-100-ks-transparentni-p22681/?gclid=EAlaIQobChMlqd-6rl7f2gIVVouyCh3hnQcpEAYYBSABEgLRJ_D_BwE)

<sup>40</sup> [https://www.papirnictvipavlik.cz/popisovac-na-bile-tabule-seriznuty-k-marker-10-ks-20801/?gclid=EAlaIQobChMImNy8xY7f2gIVSWUZCh3WOAsOEAKYBCABEGLPdvD\\_BwE](https://www.papirnictvipavlik.cz/popisovac-na-bile-tabule-seriznuty-k-marker-10-ks-20801/?gclid=EAlaIQobChMImNy8xY7f2gIVSWUZCh3WOAsOEAKYBCABEGLPdvD_BwE)

<sup>41</sup> <https://www.adobe.com/cz/creativecloud/plans.html>

### 10.3 Scenarios

The revenue is calculated by the packages: how many people will buy a package. The packages are one-course, complete, family, one-week, also to the revenue refer income from the weekend courses. The weekend courses are without packages, so the revenue for each course was calculated separately. When assuming how many people will buy which packages, I took into account the results of the surveys. Specifically, the fact that responders were more interested in the one-course and complete packages. So, these two packages are the most popular.

In the most likely scenario I assumed the capacity of classes to be only 40% full, since the company is new on the market, so, due to the lack of customer base. Also, I assume in summer months the number of students in the classes will reduce. In the most likely scenario, the capital investment is 500 000CZK. The cash flow becomes positive after 8 months of operating. The extended financial calculations may be found in the Appendixes 4: most likely case scenario.

Worst case scenario: worst case scenario assumes, the capital investment to be 450 000. Expenses remain the same. Also, this scenario assumes less number of students in all courses and in summer period it decreased even more. The cash flow turns to be positive after 9 months of launching the club. The extended financial calculations may be found in the Appendixes 5: worst case scenario.

In the best-case scenario, the investment has amounted to 500 000CZK, expenses remain the same. However, the sales assume higher number of clients. The level of profitability is relatively high since the cash flow becomes positive after 2 months of operating. The extended financial calculations may be found in the Appendixes 6: best case scenario.

### 10.4 Break-Even analysis

In order to conduct the Break-Even analysis, I defined a course as a unit. For example, I chose the Graphic design course for 4000CZK or one-course package.

Fixed costs have amounted 120 304CZK, it includes such items as rent, utilities, advertisement, office stuff, internet, and telephone.

Selling price per unit: I assume the average number of students in the classes will be around 6 students per course. The price is 4000CZK per student. So, the total sales value of the package is 24000 CZK.

The course requires 2 hours of labor at the rate of 700CZK per hour. So, the total labor cost is 1400CZK, which refers to the variable cost.

$$\text{Breakeven point} = 120304 / (24000 - 1400) = 5,323$$

So, the club needs to run this course 5 times per year to break even. Since the average number of the students will be 6, the business requires 30 clients to pay this price.

## Conclusion

The aim of the Bachelor thesis is to create a business plan allowing successful implementation of the business idea into the real company, which will be able to successfully compete on the market.

The Next Generation club - is the club on the market of the extra-curriculum courses. The main goal of the club is to provide students with the deep and qualitative knowledge and skills in a friendly atmosphere. The vision, mission and value statements are focusing on qualitative services, pleasant environment, customer commitment, continuous improvement of the services and customer satisfaction. These statements were stated to ensure that the company does it best, cares about customers and users of the services.

After conducting researches, I found out, that Prague has the highest number of foreigners living in the Czech Republic. And, also Prague has highest average income among all cities of the Czech Republic. So, these facts make Prague the most suitable city in Czech Republic to establish such business. Also, the location of the office is justified by the facts, that it is near to the district Prague 2, where the majority of English speaking natives live. Also, the office located in the city center with good public transportation connection, which allows students to get there without problems. And the last but not least, several schools, including international schools, are located near to the club.

The description of the services clarifies which topics will be covered during the courses and explains why the courses were chosen. The target customer group was backed up by the conducted surveys, where international families were asked to fill the forms. Based on the results of the surveys, it was concluded, that families, whose native language is not Czech, are interested in English language extra-curriculum courses. Also, surveys showed that international parents are ready to pay around 5000 CZK for their children extra-curriculum courses. After conducting the survey, which was designed specifically for school students, it was identified that presented courses are interesting for them. So, the results of the surveys justify the choice of the business.

In the SWOT analysis among opportunities were identified the location, competitive prices, the attractiveness of the courses and flexibility for customers when choosing a package to pay for. The lack of customer base and weak reputation are related to the weaknesses of the club. To the opportunities were attributed stable economy and increasing number of foreigners. Threats included additional demand for equipment and staff, low demand and lack of funding. PEST analysis identified positive macro environment for such club as Next Generation, relying on facts, that the country is politically and economically stable, growing population contributes to the positive social environment, also the boom of technologies will contribute to the popularity of the club since main courses are related to the digital field.

After analyzing competitors, it was found out, that there are some courses for children in the English language, but the area in which they specialize significantly differ.

Following the conduction of the Porter's Five Forces analysis, the competitive hexagon was created. The hexagon shows the results of the analysis. The next stage was to decide on the target group of customers and the way of positioning the brand. So, the positioning of the brand was designed by the identification of the competitive strategy and advantages, main advertising themes,

price range, and logo. Marketing mix set actions and strategies concerning the product, price, place, and promotion.

The last part is financial. It shows the cost necessary to start such club. Social and health insurances and taxes were included in the expenses related to salaries and wages according to Czech law. Also, the financial plan proposes several potential financial outcomes in three-year perspective.

## List of References

### Books:

- Baker, M.J., (2003). The Marketing Book. Butterworth-Heinemann.
- Berry, T. (2006). Hurdle, the book on business planning: a step-by-step guide to creating a thorough, concrete, and concise business plan. Eugene, OR: Palo Alto Software.
- Friend, G., & Zehle, S. (2004). Guide to business planning. London: Profile Books.
- Kotler, P., Wong, V., Saunders, J. & Armstrong, G. (2005). Principles of marketing. Pearson Education Limited.
- McKeever, M. P. (2011). How to write a Business plan. Berkeley: NOLO.
- Pinson, L., & Jinnett, J. (1996). Anatomy of Business Plan: a Step-by-Step Guide to Starting Smart, Building the Business and Securing your Company's Future. Chicago, Il.: Upstart Pub. Co.
- Porter, M. E. (1998). Competitive advantage: Creating and sustaining superior performance: With a new introduction/Michael E. Porter. New York: Free Press.
- Schwab, K., (2016). The Global Competitiveness Report 2016-2017. World Economic Forum Geneva.
- Schwetje, G., & Vaseghi, S. (2007). The business plan: How to win your investors confidence. Berlin: Springer.
- Stone, M. A., & Desmond, J. (2007). Fundamentals of marketing. New York: Routledge.
- Vinturella, J. B., & Erickson, S. M. (2013). Raising entrepreneurial capital. London: Elsevier.
- Whalley, A. (2010). Strategic Marketing. BookBooN.com

### Online Sources:

- Age distribution of active social media users worldwide as of 3rd quarter 2014, by platform. (n.d.). Retrieved from:

<https://www.statista.com/statistics/274829/age-distribution-of-active-social-media-users-worldwide-by-platform/>

- Average wages - 3rd quarter of 2017. (2017, December 4). Retrieved from:

<https://www.czso.cz/csu/czso/ari/average-wages-3-quarter-of-2017>

- Guidance Overseas Business Risk - Czech Republic. (2017, June 26). Retrieved from:

<https://www.gov.uk/government/publications/overseas-business-risk-czech-republic/overseas-business-risk-czech-republic>

- Kallas, P., Top 15 Most Popular Social Networking Sites and Apps [April 2018]. (2018, April 16). Retrieved from:

<https://www.dreamgrow.com/top-15-most-popular-social-networking-sites/>

- Latest economic data. (n.d.). Retrieved from:

<https://www.czso.cz/csu/czso/engaktualniinformace>



- Licences and permits, rules and regulation schemes (requirements for cross-border provision). (n.d.). Retrieved from:

<http://www.businessinfo.cz/en/psc/start-your-business/licences-and-permits-rules-and-regulation-schemesrequirements-for-cross-border-provision-.html>

- Marchenko, I., Radichkova, K., Salary Levels in the Czech Republic by Regions and Sectors. (2016, April 18). Retrieved from:

<https://www.jobspin.cz/2016/04/salary-levels-in-prague-brno-and-other-czech-cities-and-various-industries-sectors/>

- Park, D., How Many Foreigners Live in Prague? And Where?. (2015, September 30). Retrieved from:

<https://news.expats.cz/weekly-czech-news/where-do-foreigners-live-in-prague/>

- Prague Population 2018. (2017, November 20). Retrieved from:

<http://worldpopulationreview.com/world-cities/prague-population/>

- Stable Political and Economic Environment. (n.d.). Retrieved from:

<https://www.czechinvest.org/en/Reasons-to-invest/Stable-Political-and-Economic-Environment>

- To rent office spaces 71 m<sup>2</sup>. (n.d.). Retrieved from:

<https://www.sreality.cz/en/detail/lease/commercial/office/praha-stare-mesto-narodni/2137006428#img=1&fullscreen=false>

## Annex

### Appendix 1: Sales forecasting of the 2<sup>nd</sup> year of the most likely case

	January	February	March	April	May	June	July	August	September	October	November	December
One-course p.	14	14	14	14	14	14	14	14	14	14	14	14
Multiple p.	12	12	12	12	12	12	12	12	12	12	12	12
Family p.	6	6	6	6	6	6	6	6	6	6	6	6
One-week p.	2	2	2	2	2	2	2	2	2	2	2	2
Photography courses	8	8	8	8	8	8	8	8	8	8	8	8
Graphic Design	7	7	7	7	7	7	7	7	7	7	7	7
Nutrition	5	5	5	5	5	5	5	5	5	5	5	5
Children Safety on Internet	4	4	4	4	4	4	4	4	4	4	4	4

### Appendix 2: Sales forecasting of the 1<sup>st</sup> and 2<sup>nd</sup> years of the worst case

1st year	January	February	March	April	May	June	July	August	September	October	November	December
One-course p.	3	4	5	6	8	5	4	4	7	9	10	9
Multiple p.	2	3	4	5	5	2	2	2	6	7	9	9
Family p.	3	3	4	4	3	0	1	1	5	3	4	5
One-week p.	5	4	4	3	2	0	0	0	4	6	1	1
Photography courses	3	3	4	3	3	3	2	3	6	7	6	5
Graphic Design	3	4	4	5	3	2	2	3	4	6	6	5
Nutrition	2	3	4	6	4	5	4	6	4	5	4	4
Children Safety on Internet	2	3	4	3	2	3	2	2	2	3	4	2

2nd year	January	February	March	April	May	June	July	August	September	October	November	December
One-course p.	11	11	11	11	11	11	11	11	11	11	11	11
Multiple p.	10	10	10	10	10	10	10	10	10	10	10	10
Family p.	5	5	5	5	5	5	5	5	5	5	5	5
One-week p.	1	1	1	1	1	1	1	1	1	1	1	1
Photography courses	6	6	6	6	6	6	6	6	6	6	6	6
Graphic Design	6	6	6	6	6	6	6	6	6	6	6	6
Nutrition	5	5	5	5	5	5	5	5	5	5	5	5
Children Safety on Internet	2	2	2	2	2	2	2	2	2	2	2	2

### Appendix 3: Sales forecasting of the 1st and 2nd years of the best case

1st year	January	February	March	April	May	June	July	August	September	October	November	December
One-course p.	5	6	8	9	11	6	5	4	9	12	12	12
Multiple p.	5	4	5	8	7	4	4	4	9	10	11	11
Family p.	5	4	5	4	4	3	2	2	5	6	6	6
One-week p.	9	3	4	5	2	2	1	1	5	8	8	5
Photography courses	4	6	7	6	7	7	6	5	8	8	7	8
Graphic Design	4	4	5	6	6	5	3	3	5	6	7	7
Nutrition	3	5	5	7	6	7	8	8	7	6	6	5
Children Safety on Internet	3	3	3	4	4	3	2	2	4	3	3	3

2nd year	January	February	March	April	May	June	July	August	September	October	November	December
One-course p.	14	14	14	14	14	14	14	14	14	14	14	14
Multiple p.	13	13	13	13	13	13	13	13	13	13	13	13
Family p.	7	7	7	7	7	7	7	7	7	7	7	7
One-week p.	6	6	6	6	6	6	6	6	6	6	6	6
Photography courses	10	10	10	10	10	10	10	10	10	10	10	10
Graphic Design c.	8	8	8	8	8	8	8	8	8	8	8	8
Nutrition	6	6	6	6	6	6	6	6	6	6	6	6
Children Safety on Internet	4	4	4	4	4	4	4	4	4	4	4	4

## Appendix 4: Most likely case scenario

	December 2018	January	February	March	April	May	June	July	August	September	October	November	December	TOTAL 2019
One-course p.	0	20000	20000	24000	24000	44000	24000	16000	16000	28000	48000	48000	48000	360000
Complete p.	0	15000	25000	25000	30000	30000	20000	20000	15000	40000	45000	50000	50000	365000
Family p.	0	27500	27500	27500	16500	11000	0	5500	5500	22000	16500	27500	27500	214500
One-week p.	0	7000	8000	4000	2000	1000	0	0	0	8000	6000	3000	2000	41000
Photography cours	0	15000	25000	25000	30000	25000	20000	20000	20000	35000	30000	35000	35000	315000
Graphic Design c.	0	16000	16000	20000	24000	16000	16000	16000	16000	12000	24000	28000	24000	228000
Nutrition	0	6000	12000	15000	21000	18000	21000	21000	21000	18000	15000	15000	12000	195000
Children Safety in Internet	0	3000	4000	4000	3000	3000	2000	2000	2000	2000	4000	4000	3000	36000
Total Grand Revenue	0	109500	137500	144500	150500	148000	103000	100500	95500	165000	188500	210500	201500	1754500
Capital Investment	500000													500000
TOTAL CASH INFLOW	500000	109500	137500	144500	150500	148000	103000	100500	95500	165000	188500	210500	201500	2254500
Registration of the firm	13290													13290
Furniture, equipment	233174													233174
Rental	8400	8400	8400	8400	8400	8400	8400	8400	8400	8400	8400	8400	8400	109200
Utilities	1900	1900	1900	1900	1900	1900	1900	1900	1900	1900	1900	1900	1900	24700
Advertising	56362	56362	56362	56362	56362	56362	56362	56362	56362	56362	56362	56362	56362	732706
Wages&salaries (gross)	0	40250	40250	40250	40250	40250	40250	40250	40250	40250	40250	40250	40250	483000
Internet+telephone	790	790	790	790	790	790	790	790	790	790	790	790	790	10270
Office supplies	0	23102	23102	23102	23102	23102	23102	23102	23102	23102	23102	23102	23102	277224
Softwares	13080													13080
Unexpected expenses	15000													15000
Taxes		20805	26125	27455	28595	28120	19570	19095	18145	31350	35815	39995	38285	333355
TOTAL CASH OUTFLOW	341996	151609	156929	158259	159399	158924	150374	149899	148949	162154	166619	170799	169089	2244999
Total revenue over expenses	158004	-42109	-19429	-13759	-8899	-10924	-47374	-49399	-53449	2846	21881	39701	32411	-490499
Cash Balance at the beginning of month	0	158004	115895	96466	82707	73808	62884	15510	-33889	-87338	-84492	-62611	-22910	
Cash Balance at the end of month	158004	115895	96466	82707	73808	62884	15510	-33889	-87338	-84492	-62611	-22910	9501	9501

January	February	March	April	May	June	July	August	September	October	November	December	TOTAL 2020
56000	56000	56000	56000	56000	56000	56000	56000	56000	56000	56000	56000	672000
60000	60000	60000	60000	60000	60000	60000	60000	60000	60000	60000	60000	720000
33000	33000	33000	33000	33000	33000	33000	33000	33000	33000	33000	33000	396000
2000	2000	2000	2000	2000	2000	2000	2000	2000	2000	2000	2000	24000
40000	40000	40000	40000	40000	40000	40000	40000	40000	40000	40000	40000	480000
28000	28000	28000	28000	28000	28000	28000	28000	28000	28000	28000	28000	336000
15000	15000	15000	15000	15000	15000	15000	15000	15000	15000	15000	15000	180000
4000	4000	4000	4000	4000	4000	4000	4000	4000	4000	4000	4000	48000
238000	238000	238000	238000	238000	238000	238000	238000	238000	238000	238000	238000	2856000
												0
238000	238000	238000	238000	238000	238000	238000	238000	238000	238000	238000	238000	2856000
												0
												0
8400	8400	8400	8400	8400	8400	8400	8400	8400	8400	8400	8400	100800
1900	1900	1900	1900	1900	1900	1900	1900	1900	1900	1900	1900	22800
56362	56362	56362	56362	56362	56362	56362	56362	56362	56362	56362	56362	676344
40250	40250	40250	40250	40250	40250	40250	40250	40250	40250	40250	40250	483000
790	790	790	790	790	790	790	790	790	790	790	790	9480
23102	23102	23102	23102	23102	23102	23102	23102	23102	23102	23102	23102	277224
13080												13080
15000												15000
45220	45220	45220	45220	45220	45220	45220	45220	45220	45220	45220	45220	542640
204104	176024	176024	176024	176024	176024	176024	176024	176024	176024	176024	176024	2140368
33896	61976	61976	61976	61976	61976	61976	61976	61976	61976	61976	61976	715632
9501	43397	105373	167349	229325	291301	353277	415253	477229	539205	601181	663157	
43397	105373	167349	229325	291301	353277	415253	477229	539205	601181	663157	725133	725133

January	February	March	April	May	June	July	August	September	October	November	December	TOTAL 2021
56000	56000	56000	56000	56000	56000	56000	56000	56000	56000	56000	56000	672000
60000	60000	60000	60000	60000	60000	60000	60000	60000	60000	60000	60000	720000
33000	33000	33000	33000	33000	33000	33000	33000	33000	33000	33000	33000	396000
2000	2000	2000	2000	2000	2000	2000	2000	2000	2000	2000	2000	24000
40000	40000	40000	40000	40000	40000	40000	40000	40000	40000	40000	40000	480000
28000	28000	28000	28000	28000	28000	28000	28000	28000	28000	28000	28000	336000
15000	15000	15000	15000	15000	15000	15000	15000	15000	15000	15000	15000	180000
4000	4000	4000	4000	4000	4000	4000	4000	4000	4000	4000	4000	48000
238000	238000	238000	238000	238000	238000	238000	238000	238000	238000	238000	238000	2856000
												0
238000	238000	238000	238000	238000	238000	238000	238000	238000	238000	238000	238000	2856000
												0
												0
8400	8400	8400	8400	8400	8400	8400	8400	8400	8400	8400	8400	100800
1900	1900	1900	1900	1900	1900	1900	1900	1900	1900	1900	1900	22800
56362	56362	56362	56362	56362	56362	56362	56362	56362	56362	56362	56362	676344
40250	40250	40250	40250	40250	40250	40250	40250	40250	40250	40250	40250	483000
790	790	790	790	790	790	790	790	790	790	790	790	9480
23102	23102	23102	23102	23102	23102	23102	23102	23102	23102	23102	23102	277224
13080												13080
15000												15000
45220	45220	45220	45220	45220	45220	45220	45220	45220	45220	45220	45220	542640
204104	176024	176024	176024	176024	176024	176024	176024	176024	176024	176024	176024	2140368
33896	61976	61976	61976	61976	61976	61976	61976	61976	61976	61976	61976	715632
725133	759029	821005	882981	944957	1006933	1068909	1130885	1192861	1254837	1316813	1378789	
759029	821005	882981	944957	1006933	1068909	1130885	1192861	1254837	1316813	1378789	1440765	1440765

## Appendix 5: Worst case scenario

	December 2018	January	February	March	April	May	June	July	August	September	October	November	December	TOTAL 2019
One-course p.	0	12000	16000	20000	24000	32000	20000	16000	16000	28000	36000	40000	36000	296000
Complete p.	0	10000	15000	20000	25000	25000	10000	10000	10000	30000	35000	45000	45000	280000
Family p.	0	16500	16500	22000	22000	16500	0	5500	5500	27500	16500	22000	27500	198000
One-week p.	0	5000	4000	4000	3000	2000	0	0	0	4000	6000	1000	1000	30000
Photography cours	0	15000	15000	20000	15000	15000	15000	10000	15000	30000	35000	30000	25000	240000
Graphic Design c.	0	12000	16000	16000	20000	12000	8000	8000	12000	16000	24000	24000	20000	188000
Nutrition	0	6000	9000	12000	18000	12000	15000	12000	18000	12000	15000	12000	12000	153000
Children Safety in Internet	0	2000	3000	4000	3000	2000	3000	2000	2000	2000	3000	4000	2000	32000
<b>Total Grand Revenue</b>	<b>0</b>	<b>78500</b>	<b>94500</b>	<b>118000</b>	<b>130000</b>	<b>116500</b>	<b>71000</b>	<b>63500</b>	<b>78500</b>	<b>149500</b>	<b>170500</b>	<b>178000</b>	<b>168500</b>	<b>1417000</b>
Capital investment	470 000													470000
<b>TOTAL CASH INFLOW</b>	<b>470 000</b>	<b>78 500</b>	<b>94 500</b>	<b>118 000</b>	<b>130 000</b>	<b>116 500</b>	<b>71 000</b>	<b>63 500</b>	<b>78 500</b>	<b>149 500</b>	<b>170 500</b>	<b>178 000</b>	<b>168 500</b>	<b>1887000</b>
Registration of the firm	13290													13290
Furniture, equipment	233 174													233174
Rental	8 400	8400	8400	8400	8400	8400	8400	8400	8400	8400	8400	8400	8400	109200
Utilities	1900	1900	1900	1900	1900	1900	1900	1900	1900	1900	1900	1900	1900	24700
Advertising	56362	56362	56362	56362	56362	56362	56362	56362	56362	56362	56362	56362	56362	732706
wages&salaries (gross)	0	40250	40250	40250	40250	40250	40250	40250	40250	40250	40250	40250	40250	483000
Internet+telephon	790	790	790	790	790	790	790	790	790	790	790	790	790	10270
Office supplies	0	23102	23102	23102	23102	23102	23102	23102	23102	23102	23102	23102	23102	277224
Softwares	13080													13080
Unexpected expenses	15000													15000
Taxes		14915	17955	22420	24700	22135	13490	12065	14915	28405	32395	33820	32015	269230
<b>TOTAL CASH OUTFLOW</b>	<b>341996</b>	<b>145719</b>	<b>148759</b>	<b>153224</b>	<b>155504</b>	<b>152939</b>	<b>144294</b>	<b>142869</b>	<b>145719</b>	<b>159209</b>	<b>163199</b>	<b>164624</b>	<b>162819</b>	<b>2180874</b>
<b>Total revenue over expenses</b>	<b>128 004</b>	<b>-67 219</b>	<b>-54259</b>	<b>-35224</b>	<b>-25504</b>	<b>-36439</b>	<b>-73 294</b>	<b>-79369</b>	<b>-67219</b>	<b>-9 709</b>	<b>7301</b>	<b>13376</b>	<b>5681</b>	<b>-763874</b>
Cash Balance at the beginning	0	128004	60785	6526	-28698	-54202	-90641	-163935	-243304	-310523	-320232	-312931	-299555	
Cash Balance at the end of mo	128 004	60785	6526	-28698	-54202	-90641	-163935	-243304	-310523	-320232	-312931	-299555	-293874	-293874

January	February	March	April	May	June	July	August	September	October	November	December	TOTAL 2020
44000	44000	44000	44000	44000	44000	44000	44000	44000	44000	44000	44000	528000
50000	50000	50000	50000	50000	50000	50000	50000	50000	50000	50000	50000	600000
27500	27500	27500	27500	27500	27500	27500	27500	27500	27500	27500	27500	330000
1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	12000
30000	30000	30000	30000	30000	30000	30000	30000	30000	30000	30000	30000	360000
24000	24000	24000	24000	24000	24000	24000	24000	24000	24000	24000	24000	288000
15000	15000	15000	15000	15000	15000	15000	15000	15000	15000	15000	15000	180000
2000	2000	2000	2000	2000	2000	2000	2000	2000	2000	2000	2000	24000
193500	193500	193500	193500	193500	193500	193500	193500	193500	193500	193500	193500	2322000
												0
193500	193500	193500	193500	193500	193500	193500	193500	193500	193500	193500	193500	2322000
												0
												0
8400	8400	8400	8400	8400	8400	8400	8400	8400	8400	8400	8400	100800
1900	1900	1900	1900	1900	1900	1900	1900	1900	1900	1900	1900	22800
56362	56362	56362	56362	56362	56362	56362	56362	56362	56362	56362	56362	676344
40250	40250	40250	40250	40250	40250	40250	40250	40250	40250	40250	40250	483000
790	790	790	790	790	790	790	790	790	790	790	790	9480
23102	23102	23102	23102	23102	23102	23102	23102	23102	23102	23102	23102	277224
13080												13080
15000												15000
36765	36765	36765	36765	36765	36765	36765	36765	36765	36765	36765	36765	441180
195649	167569	167569	167569	167569	167569	167569	167569	167569	167569	167569	167569	2038908
-2149	25931	25931	25931	25931	25931	25931	25931	25931	25931	25931	25931	283092
-293874	-296023	-270092	-244161	-218230	-192299	-166368	-140437	-114506	-88575	-62644	-36713	
-296023	-270092	-244161	-218230	-192299	-166368	-140437	-114506	-88575	-62644	-36713	-10782	-10782

January	February	March	April	May	June	July	August	September	October	November	December	TOTAL 2021
44000	44000	44000	44000	44000	44000	44000	44000	44000	44000	44000	44000	528000
50000	50000	50000	50000	50000	50000	50000	50000	50000	50000	50000	50000	600000
27500	27500	27500	27500	27500	27500	27500	27500	27500	27500	27500	27500	330000
1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	12000
30000	30000	30000	30000	30000	30000	30000	30000	30000	30000	30000	30000	360000
24000	24000	24000	24000	24000	24000	24000	24000	24000	24000	24000	24000	288000
15000	15000	15000	15000	15000	15000	15000	15000	15000	15000	15000	15000	180000
2000	2000	2000	2000	2000	2000	2000	2000	2000	2000	2000	2000	24000
193500	193500	193500	193500	193500	193500	193500	193500	193500	193500	193500	193500	2322000
												0
193500	193500	193500	193500	193500	193500	193500	193500	193500	193500	193500	193500	2322000
												0
												0
8400	8400	8400	8400	8400	8400	8400	8400	8400	8400	8400	8400	100800
1900	1900	1900	1900	1900	1900	1900	1900	1900	1900	1900	1900	22800
56362	56362	56362	56362	56362	56362	56362	56362	56362	56362	56362	56362	676344
40250	40250	40250	40250	40250	40250	40250	40250	40250	40250	40250	40250	483000
790	790	790	790	790	790	790	790	790	790	790	790	9480
23102	23102	23102	23102	23102	23102	23102	23102	23102	23102	23102	23102	277224
13080												13080
15000												15000
36765	36765	36765	36765	36765	36765	36765	36765	36765	36765	36765	36765	441180
195649	167569	167569	167569	167569	167569	167569	167569	167569	167569	167569	167569	2038908
-2149	25931	25931	25931	25931	25931	25931	25931	25931	25931	25931	25931	283092
-10782	-12931	13000	38931	64862	90793	116724	142655	168586	194517	220448	246379	
-12931	13000	38931	64862	90793	116724	142655	168586	194517	220448	246379	272310	272310

## Appendix 6: Best case scenario

	December 2018	January	February	March	April	May	June	July	August	September	October	November	December	TOTAL 2019
One-course p.	0	20000	24000	32000	36000	44000	24000	20000	16000	36000	48000	48000	48000	396000
Complete p.	0	25000	20000	25000	40000	35000	20000	20000	20000	45000	50000	55000	55000	410000
Family p.	0	27500	22000	27500	22000	22000	16500	11000	11000	27500	33000	33000	33000	286000
One-week p.	0	9000	3000	4000	5000	2000	2000	1000	1000	5000	8000	8000	5000	53000
Photography cours	0	20000	30000	35000	30000	35000	35000	30000	25000	40000	40000	35000	40000	395000
Graphic Design c.	0	16000	16000	20000	24000	24000	20000	12000	12000	20000	24000	28000	28000	244000
Nutrition	0	9000	15000	15000	21000	18000	21000	24000	24000	21000	18000	18000	15000	219000
Children Safety in Internet	0	3000	3000	3000	4000	4000	3000	2000	2000	4000	3000	3000	3000	37000
Total Grand Revenue	0	129500	133000	161500	182000	184000	141500	120000	111000	198500	224000	228000	227000	2040000
Capital Investment	500000													500000
TOTAL CASH INFLOW	500000	129500	133000	161500	182000	184000	141500	120000	111000	198500	224000	228000	227000	2540000
Registration of the firm	13290													13290
Furniture, equipment	233 174													233174
Rental	8 400	8400	8400	8400	8400	8400	8400	8400	8400	8400	8400	8400	8400	109200
Utilities	1900	1900	1900	1900	1900	1900	1900	1900	1900	1900	1900	1900	1900	24700
Advertising	56362	56362	56362	56362	56362	56362	56362	56362	56362	56362	56362	56362	56362	732706
Wages&salaries (gross)	0	40250	40250	40250	40250	40250	40250	40250	40250	40250	40250	40250	40250	483000
Internet+telephon	790	790	790	790	790	790	790	790	790	790	790	790	790	10270
Office supplies	0	23102	23102	23102	23102	23102	23102	23102	23102	23102	23102	23102	23102	277224
Softwares	13080													13080
Unexpected expenses	15000													15000
Taxes		24605	25270	30685	34580	34960	26885	22800	21090	37715	42560	43320	43130	387600
TOTAL CASH OUTFLOW	341996	155409	156074	161489	165384	165764	157689	153604	151894	168519	173364	174124	173934	2299244
Total revenue over expenses	158004	-25909	-23074	11	16616	18236	-16189	-33604	-40894	29981	50636	53876	53066	-259244
Cash Balance at the beginning of month	0	158004	132095	109021	109032	125648	143884	127695	94091	53197	83178	133814	187690	
Cash Balance at the end of month	158004	132095	109021	109032	125648	143884	127695	94091	53197	83178	133814	187690	240756	240756

January	February	March	April	May	June	July	August	September	October	November	December	TOTAL 2020
56000	56000	56000	56000	56000	56000	56000	56000	56000	56000	56000	56000	672000
65000	65000	65000	65000	65000	65000	65000	65000	65000	65000	65000	65000	780000
38500	38500	38500	38500	38500	38500	38500	38500	38500	38500	38500	38500	462000
6000	6000	6000	6000	6000	6000	6000	6000	6000	6000	6000	6000	72000
50000	50000	50000	50000	50000	50000	50000	50000	50000	50000	50000	50000	600000
32000	32000	32000	32000	32000	32000	32000	32000	32000	32000	32000	32000	384000
18000	18000	18000	18000	18000	18000	18000	18000	18000	18000	18000	18000	216000
4000	4000	4000	4000	4000	4000	4000	4000	4000	4000	4000	4000	48000
269500	269500	269500	269500	269500	269500	269500	269500	269500	269500	269500	269500	3234000
												0
269500	269500	269500	269500	269500	269500	269500	269500	269500	269500	269500	269500	3234000
												0
												0
8400	8400	8400	8400	8400	8400	8400	8400	8400	8400	8400	8400	100800
1900	1900	1900	1900	1900	1900	1900	1900	1900	1900	1900	1900	22800
56362	56362	56362	56362	56362	56362	56362	56362	56362	56362	56362	56362	676344
40250	40250	40250	40250	40250	40250	40250	40250	40250	40250	40250	40250	483000
790	790	790	790	790	790	790	790	790	790	790	790	9480
23102	23102	23102	23102	23102	23102	23102	23102	23102	23102	23102	23102	277224
13080												13080
15000												15000
51205	51205	51205	51205	51205	51205	51205	51205	51205	51205	51205	51205	614460
210089	182009	182009	182009	182009	182009	182009	182009	182009	182009	182009	182009	2212188
59411	87491	87491	87491	87491	87491	87491	87491	87491	87491	87491	87491	1021812
240756	300167	387658	475149	562640	650131	737622	825113	912604	1000095	1087586	1175077	
300167	387658	475149	562640	650131	737622	825113	912604	1000095	1087586	1175077	1262568	1262568

January	February	March	April	May	June	July	August	September	October	November	December	TOTAL 2021
56000	56000	56000	56000	56000	56000	56000	56000	56000	56000	56000	56000	672000
65000	65000	65000	65000	65000	65000	65000	65000	65000	65000	65000	65000	780000
38500	38500	38500	38500	38500	38500	38500	38500	38500	38500	38500	38500	462000
6000	6000	6000	6000	6000	6000	6000	6000	6000	6000	6000	6000	72000
50000	50000	50000	50000	50000	50000	50000	50000	50000	50000	50000	50000	600000
32000	32000	32000	32000	32000	32000	32000	32000	32000	32000	32000	32000	384000
18000	18000	18000	18000	18000	18000	18000	18000	18000	18000	18000	18000	216000
4000	4000	4000	4000	4000	4000	4000	4000	4000	4000	4000	4000	48000
269500	269500	269500	269500	269500	269500	269500	269500	269500	269500	269500	269500	3234000
												0
269500	269500	269500	269500	269500	269500	269500	269500	269500	269500	269500	269500	3234000
												0
												0
8400	8400	8400	8400	8400	8400	8400	8400	8400	8400	8400	8400	100800
1900	1900	1900	1900	1900	1900	1900	1900	1900	1900	1900	1900	22800
56362	56362	56362	56362	56362	56362	56362	56362	56362	56362	56362	56362	676344
40250	40250	40250	40250	40250	40250	40250	40250	40250	40250	40250	40250	483000
790	790	790	790	790	790	790	790	790	790	790	790	9480
23102	23102	23102	23102	23102	23102	23102	23102	23102	23102	23102	23102	277224
13080												13080
15000												15000
51205	51205	51205	51205	51205	51205	51205	51205	51205	51205	51205	51205	614460
210089	182009	182009	182009	182009	182009	182009	182009	182009	182009	182009	182009	2212188
59411	87491	87491	87491	87491	87491	87491	87491	87491	87491	87491	87491	1021812
1262568	1321979	1409470	1496961	1584452	1671943	1759434	1846925	1934416	2021907	2109398	2196889	
1321979	1409470	1496961	1584452	1671943	1759434	1846925	1934416	2021907	2109398	2196889	2284380	2284380