

University of Economics, Prague

Bachelor's Thesis

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Title of the Bachelor's Thesis:

Business Plan of café-bar «Ave»

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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, August 2019

Signature

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Abstract

In this bachelor thesis I would like to explore the idea and prepare the business plan of opening café-bar «Ave» in Prague, Czech Republic. «Ave» is being functioned mostly as a café for a middle class and offers delicious salads, snacks, soups, meals, deserts, hot and cold beverages both alcohol and non-alcohol. The main clients in the first half of a day will be office workers who will buy business lunch. In the second half it will be people who will want to spend time with their family or friends, have a great dinner or drink alcohol.

The main goal of this thesis is to learn and analyze theoretical and practical aspects of business planning in the field of catering and leisure:

1. Research main theoretical questions that may appear during the business plan creation
2. Creating the business plan for care-bar “Ave”
3. Analyze structure of business plan
4. Discuss such an important topics as a history, possibilities and growth-potential of the whole catering industry in Czech Republic.
5. Analyze the financial side and make an appropriate conclusion of profitability of the project.
6. Provide constructive and objective conclusion

Key words: business plan, café-bar, entrepreneurship, financial analysis, marketing analysis

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Introduction

Before creation of any enterprise, its owner must determine how she or he envisions the future and perspectives of the business. One of the important and practical instruments to define whether the given business will be successful is a business plan which provides a framework to analyze all the important aspects of conducting a business and based on this analysis it is possible to determine development of enterprise.

The present bachelor's thesis deals with elaboration of business plan for the café-bar "Ave" in Prague. Theoretical part of this work considers the main trends of contemporary development of restaurants industry in the world, Europe and Czech Republic. Further, theoretical part offers mission, vision and main principles of the café-bar "Ave". This part of the thesis provides description of services, market analysis and marketing strategy of the above-mentioned enterprise. Practical part of the thesis further specifies how the work of the café-bar "Ave" is planned to operate. Indicated part of the bachelor's thesis is dedicated to location and facilities of the café- bar "Ave", inventory management, organizational management, financial plan, break-even analysis and risk management. Majority of chapters of the practical part is oriented towards the analyses conducting and creation of the main management principles of the planned enterprise.

The goal of the bachelor's thesis is the creation of business-plan for the café-bar "Ave". Methodology of the present work includes methods of resources and literature analysis, synthesizing of the obtained information, as well as induction method which allows to make own conclusions based on the analyzed and evaluated sources of information.

As resources this bachelor's thesis mainly uses books dedicated to the theme of business-plan elaboration, scientific articles dealing with the same problematic, as well as reports on the restaurants industry for the relevant period. This way, the present thesis combines my ideas with scientific and academic sources as well as official data of the given industry in Czech Republic and Prague.

Theoretical part

1. Industry overview

1.1. Definition of business plan and its purposes

One of the staples of a current day economics is a business plan. Business plan is not just a simple formality but a vital necessity of a financial stability of a certain project, company and start-up. Business plan is defined as any plan that works for a business to look ahead, allocate resources, focus on critical points, and prepare for problems and opportunities

Business plans are required whenever money is to be raised, whether from a bank, a finance house, or a provider of equity capital. To you, your business is of supreme interest and importance; to the bank or fund manager, your plan is but one of many that are received. You must win this person's approval and keep his or her interest. There are 5 general staples on which business plan is placed

it needs to be clear, logical, brief, truthful and reasonable (*Blackweel, 2003*)

1.2. Restaurant industry and its recent development

There are various difficulties that restaurant industry has to deal with. While many industries face certain challenges, restaurant industry is dependent on the changing consumer trends and demographics such as increased preferences of healthier food, awareness of environmental damage and choosing more sustainable options, growing competition among grocery stores, more demands from customers and higher expectations, as well as new technologies, renewed interest in the traditional dining and pressures to change the way the industry works. (*KPMG LLP, 2016., p.1*)

In order to develop efficient business-plan, firstly it is necessary to track common world's and Europe's trends in the area of entrepreneurship where it is planned to start business. Since café- bar "Ave" in Prague, for which the present work creates business-plan, can be referred to Restaurants sector, it is important to analyze perspectives of the above-mentioned sector of entrepreneurship before elaborating the business-plan.

One of the companies which provides data on restaurant sector development is Marketline. According to Marketline methodology, restaurant sector is evaluated on the basis of total sales of all food and beverages (alcoholic and soft) in restaurants, cafes, fast food retail, drinking places and other. The category of restaurants and cafes refers to restaurants with full-service, commercial cafes as well as

snack bars. Fast food retail category includes restaurants with limited service, as well as street food and takeaways. Drinking places include bars, nightclubs and taverns.

According to the Marketline company, category 'other' refers to home delivery/takeaway, catering service, self-service, kiosks and street stalls. This category does not include vending machines. Analysis is based on prices paid by clients, not by what restaurant supervisors pay to suppliers. Market volumes are defined by the number of persons employed at certain foodservice enterprise.

The restaurant industry around the world has been developing quickly. Overall total revenues of restaurant industry in the world amounted to \$2,578.4bn in 2013, thus a compound annual growth rate (CAGR) was 6.4% between 2009 and 2013. To compare, over the above-mentioned period the European restaurant industry grew with CAGRs of 1.8% while Asia-Pacific region demonstrated growth with CAGR's of 9.8%, and regions gained values of \$462.4bn for Europe and \$1,202bn for Asia-Pacific in 2013.

The number of workers in the restaurant industry grew with a CAGR of 2.1% during the period 2009-2013 and achieved about 62.4 million employees in 2013. It is anticipated that employment in the industry will grow to 69.1 million employees by the end of 2018, thus amounting to CAGR of 2.1% between 2013 and 2018. The category of restaurants and cafes is the most profitable of the restaurants industry in 2013 and had total revenues of \$1,387.9bn, which amounts to 53.8% of the overall value of the industry. The category of fast-food reached \$561.9bn revenues in 2013, which contributed to 21.8% of the industry's overall value. (MarketLine, 2014., p.7) As data of the Marketline company for 2009-2013 period show, there was a growth of the number of employees in the industry, while forecast for employment in the industry is quite positive. It is important to note, that more than half of the restaurants industry's revenues for the above-mentioned period came from restaurant and cafes category, showing the high profitability of this category. Further important category can be considered the fast food segment which constitutes almost one-quarter of the restaurants sector, meaning that this segment is popular among many people due to its financial accessibility and fast service.

Another report of the Marketline company shows, that between 2010 and 2014 the world's restaurant industry observed high growth rates. It is forecasted that growth will continue in a certain period, however at a somewhat increased rate.

Overall sales of the restaurants industry in the world amounted to \$2,737.1bn in 2014, thus representing a CAGR of 6.4% between 2010 and 2014. Volume of the industry grew with a CAGR

of 2% between 2010 and 2014, reaching 65,461.9 thousand workers in 2014. It is expected the industry's volume will grow to 70,624.4 thousand workers by the end of 2019, which amounts to a CAGR of 1.5% for the period 2014-2019. Again, the restaurants and cafes category were the most profitable in 2014 and reached sales of \$1,213.1bn, which corresponds to 44.3% of the industry's total value. Category of fast food reached sales of \$848.1bn in 2014, which corresponds to 31% of the overall value of the industry.

The conduct of the restaurants industry is forecast to grow with expected CAGR of 6.8 for the period 2014-2019, thus the value of the industry is estimated to reach \$3,805.8bn by the end of 2019. To compare, the Asia-Pacific industry is expected to grow with CAGR of 8.5%, while for the US this rate is 4.3% for the same period, thus reaching \$842.1bn for the US and \$1.927.5bn for the Asia-Pacific in 2019. (MarketLine, 2015., p.7)

Marketline report for 2010-2014 shows that restaurant industry's growth continued in 2014. Furthermore, the number of employees is expected to increase by 2019 which indicates the expectancy of increased demand in the industry. On the other hand, category of restaurants and cafes decreased almost by 10%, which can be a negative factor for opening new enterprises in the given segment. It is important to add, that decrease of the restaurants and cafes segment is caused by the increase of the fast food segment share.

The restaurants industry in Europe has observed quite low growth in the last years. However, it is expected that European restaurants industry will achieve moderate growth in the given period. The European restaurant industry reached \$514.9bn of total sales in 2014, which corresponds to a CAGR of 2.1% in the 2010-2014 period. To compare, CAGRs of Germany and the UK represented 0.6% and 3.2% respectively in the above-mentioned period, and their respective values in 2014 reached \$45.1bn and \$94.9bn.

In the period 2010-2014 industry volume grew with a CAGR of 1.2% and the total number of employees achieved a total of 13,384.9 thousand by the end of the period. It is expected that the industry's volume will continue to grow to reach 14,337.1 thousand employees by the end of 2019 with a CAGR of 1.4 for the above-mentioned timeframe. The category of restaurant and cafes brought the most profit in 2014 and achieve a total of \$251.9bn sales, which represents 48.9% of the whole industry's value. Further, category of drinking places represented 20.3% of the industry's overall value in 2014 and reached \$104.5bn of sales.

It is expected that industry's conduct will advance further with an estimated CAGR of 3.8% for the

2014-2019 period, thus reaching \$620.3bn of industry's value by the end of the above- mentioned period. (MarketLine. (2015). Restaurants in Europe. London., p.7)

Regarding Europe, where Czech Republic locates, it can be stated that in the period 2010-2019 country observed growth in the restaurants industry, albeit relatively small. Therefore, restaurant industry's grow in Europe is approximately 3 times lower than the global growth of the above-mentioned industry. Furthermore, observed industry volume in Europe is about 2 times lower than in the world. It can be argued, that the global growth of restaurants industry is mainly provided by Non-European markets, with the leading market of the Asia-Pacific region.

According to the Barnes Reports – Worldwide Industry Market Report for 2017 and 2018 – sales of the full-service restaurants sector in Czech Republic grew in the period 2014-2015, however they decreased during 2015-2018 period (data provided partially for 2017 and fully for 2018). In the 2018-2019 forecast the above-mentioned sales are expected to grow. Number of opened enterprises decreased during 2014-2015 period, however in the 2015-2018 number of enterprises was continuously increasing. Similarly, number of employees decreased in 2014-2015 period, but from 2015 there is a stable increase in workers' number, and it is also expected to grow in 2018-2019 period.

During the examination of small businesses for the 2016-2018 period, with a number of employees between 1 and 20, it was observed that number of newly opened enterprises in full- service restaurants sector is growing and will continue to grow. Furthermore, sales of the given sector in the 2016-2018 period were increasing as well and are expected to increase in 2019, which points to profitability of the Czech full-service restaurants sector and its competitiveness. Also, there was a growth of employment in small enterprises (with number of employees from 1 to 20) of the full-service restaurant sector in 2016-2018 period. (Bonita Springs: Barnes Reports: Worldwide Industry Market report, 2017., p.35; Bonita Springs: Barnes Reports: Worldwide Industry Market report, 2018, p.35)

The above-mentioned data allow to determine, what are the initial conditions of the industry in which is planned to open the café-bar "Ave". Since at the global and European level, as well as at the national level in Czech Republic, there was a growth of main indicators in restaurant industry, the conditions for opening a small business on the Czech territory can be considered as promising. Therefore, opening of the café-bar "Ave" can have a long-term successful development.

Overall optimal condition of the target industry can create positive initial conditions for the small businesses. Increase in sales, increase of the number of newly opened enterprises and positive

indicators of employment show that restaurants industry has sufficiently high demand. On the other hand, increased demand can be evidence of high competition among small businesses of the given sector.

2. Business plan structure

2.1 Company description

2.1.1 Mission and vision statement

A business plan mission statement explains the purpose of your business and why it will succeed. Some consultants say that you should be able to write your mission statement in eight or fewer words. Other thinks that one or two short paragraphs might be more realistic. Many Fortune 500 companies have created mission statements that are both inspirational and concrete. For example, Starbucks states its mission simply but graphically: “To inspire and nurture the human spirit – one person, one cup and one neighborhood at a time”. (Guffey & Loewy, 2011, p.473)

A mission statement should contain aims and objectives which a company could plausibly achieve.

A mission statement should be reasonable. For example, if a small software company sets a goal to “put Microsoft out of business” then it will unlikely be taken into consideration because this statement looks naive. Nevertheless, a vision statement allows for such great grand-scale images and has a space for inspiration and imagining achieved goals. (Write Your Business Plan: Get Your Plan in Place and Your Business off the Ground, 2015)

2.1.2 Location and facilities

Facilities management is about providing support to an organization’s core business. To benefit most, organizations need to understand that they must be proficient in managing their facilities. This requires a focus on service delivery that provides customer satisfaction and best value in an environment in which risks abound. Effective facilities management comes from being able to devise and implement practices that reduce or eliminate the risks and that add value to the core business (Atkin & Brooks, 2009, p.11)

A main role of the management’s facilities is the efficient operation of all serviced spaces that supports the core business activities’ delivery. Owing to ongoing support tasks can be grouped into the following categories of activities:

- Actions and measures of ensuring the operation of served facilities;

- The building – related services’ range and namely statutory and utilities requirements, then building capital repairs and ordinary maintenance.
- The business support services’ range which includes catering, office services, cleaning etc.
- Actions connected with churn management. It means to measures of handling short-term fluctuations of demand for work pace.

(Finch, 2012, p.65)

2.1.3. Inventory management

Inventory Management is defined as a framework employed in firms in controlling its interest in inventory. It includes the recording and observing of stock level, estimating future request, and settling on when and how to arrange. On the other hand, inventory management is a method that companies use to organize, store, and replace inventory, to keep an adequate supply of goods at the same time minimizing cost. “ (Atnafu & Balda, 2018, p.3)

All the functions of any organization or business are always connected to each other and are often overlapping. Several basic aspects like supply chain management, logistics and inventory from the business delivery function’s backbone. As well as finance controllers these functions are very important to marketing managers. Equally the inventory management determines the health of the supply chain and being a very important function, it may be compared with impacts the financial health of the balance sheet. Any organization strives constantly to maintain optimum inventory in order to meet its requirements and avoid over or under inventory, that can impact the financial figures.

Being always dynamic, inventory management needs constant and careful evaluation of internal and external factors and control according review and planning. Inventory planning as a separate department or job function of the most organization always monitor, control and review inventory and interface with production, finance departments and procurement.

2.1.4 Organizational management

Implicitly, the organization management has long ago bought in the decades-old “scientific” principles – simply as a necessity to get the work done – nobody would seriously ask today a small group of people to actually design, engineer, build, market, and sell a car all at once. Organizing the work, however, has become quite a complex task since there are multiple organizational design alternatives applicable. (Dressler, 2004, p.3)

The management of companies and organization has several main components. These aspects together form the so-called management process. In order to manage the company, process managers have to implement the following actions:

Forecasting – it is one of the steps in management which requires careful calculations regarding the future prognosis for the company.

Planning – it is a further step in management of the company which follows foreseeing the future. It consists in making provisions in order to get prepared for the forecast of organization. Planning and forecasting stem from the French word ‘prevoyance’ which means both to predict and to prepare for the expected future.

Organizing – it is a stage that follows developing a plan of actions for the predicted future and consists in supplying and organizing the necessary resources for implementing the above- mentioned plan.

Co-ordinating – it is a further step of the management process which should ensure that all of the resources are at hand and organized properly. Co-ordination oversees the functioning of use of resources so that the action-plan can be implemented smoothly.

Commanding – it is one of the actions which implies assuring the proper functioning of café- bar according to the proposed plan. Commanding includes providing instructions to workers and making sure that the employees’ performance is satisfying according to the objectives.

Controlling – it is a function that makes sure that the action plan is being implemented. Controlling means monitoring the everyday functioning of the company which should appropriately follow the steps towards implementation of the action-plan. (Martin, 2005, p.298)

2.2 Market analysis

To achieve success and stability, analyzing the situation on the market and highlighting the significant competitive advantages is important. Explanation of the type of business where the company operating in is needed (Berry, 2000). It is a crucial thing for every business, as the understanding of market can provide the entrepreneur with specific information that clarifies the direction for every part of business plan. Market research can prevent the company from making erroneous decisions that result in expensive design mistakes in new products, marketing campaigns, and more

(Pinson, 2008).

2.2.1 Building a buyer persona

Building a buyer persona for marketing is much like developing a character for a novel or a movie. The difference is that you're not really making anything up from scratch – your buyers already exist. You're just defining the specifics for an individual «average buyer». (Lewis, 2012, p. 26-27)

Usually a buyer person is considered as a representative of the buyer's type, who is identified as person with specific interest in your organization or product or may have some market demand that your goods or service solves. (Scott, 2010, p.122)

For the market analysis it is important to consider demographic profile of the potential client. Among the components of such profile are: age, nationality, race, gender, income level, type of client's activities and geographical location. Further, demographic profile of the client can include her or his psychological qualities, if such information is available. (Wenzel, 2012., p.16)

2.3 Marketing analysis

At the broadest level, marketing strategy can be defined as an organization's integrated pattern of decisions that specify its crucial choices concerning products, markets, marketing activities and marketing resources in the creation, communication and/or delivery of products that offer value to customers in exchanges with the organization and thereby enables the organization to achieve specific objectives. (Varadarajan, 2009., p.119)

Marketing strategy distinguish itself from marketing tactics in three main ways:

- Focuses on resources allocation
- Concerns on managerial action with long-term effects

The decision process is initiated by marketing executives and applied through hierarchy delegation in the organization and beyond.

Marketing strategies are often sub-divided in three different parts, undifferentiated, differentiated and concentrated.

When the supplier gives offers the same products to any persons or organizations with similar demand for a product of same type, then it is calling an **undifferentiated** strategy.

This strategy is often suited in three cases:

- The introduction of an innovation

- The mature or decay phases of a product life cycle (PLC)
- Commodity marketing, when conditions approximate the economists' model of perfect competition.

On the other hand, a **differentiated** strategy consists in a distinct version of a basic product to each major subgroup of a basic market provided by the supplier.

Hence developing various marketing mix in terms of product's characteristics, price, promotion and distribution, making this strategy possible only for very large organization that can achieve sufficient volume in each segment to remain competitive.

Concentrated strategy is often the most realistic option for smaller producer, where they can select one of the major market segments and focus their effort on it. (*Marketing Strategy and Management*, 2014., p. 5-6)

2.3.1 Content/Inbound Marketing

Being used only as push marketing, content marketing has changed to a combination between, push marketing and pull marketing thanks to a sales perspective. As a result of such change it has led to more interaction with customers and requires innovative content. According to traditional marketing there is a strategy of delivering advertisements through paid media, which are both standardized and personalized.

Furthermore, content marketing interacts more with people because in this marketing strategies we usually use a two – way communication. Being efficient on digital communities helps customers to interact and engage with the delivered content. The customers must be attracted by consistently creating and presenting content to change or intensify the behavior of customer. The content must be published on companies own media channels like Facebook group, website, Instagram, VK and etc. That's why the content must be owned and controlled by the organization. (Claesson & Jonsson, 2017, p. 6-8)

The form of marketing that requires enough careful targeting of the audience is called inbound marketing which is used especially with high quality content. As a rule, an inbound marketing software platform helps companies to attract close customers, convert leads and visitors. So according to Hubspot, it means that Content Creation and Distribution is to create targeted content. It answers prospects and customers' main question and needs and share the content far and wide. Further

Lifecycle Marketing means that promoters don't just materialize out of thin air and this they start off as strangers, contacts visitors and customers. So, transformation those strangers into promotes goes with the help of specific marketing actions and tools.

As Personalization gives an idea that the tailor makes the man then tailor your content to the peoples' wants and needs who are viewing it. To tell you the truth as you learn more about your leads over time, you of course, can have a chance better personalize your messages to their specific needs. As you know Multi channel is in bound marketing which is in its turn multi – channel by nature as it approaches people where they are namely in the channel where they want to interact with audience.

In the case of integration all tools such as Content creation, publishing and analytics ones work to gather as a well-oiled mechanism and gives the opportunity to pay attention on publishing the right content in the definite place at the definite and right time. As a matter of fact, inbound marketing turns strangers into customers and later promoters of your business. (PATRUTIU- BALTES, 2016, p.62-63)

2.4 Business model generation

A huge variety of tools and techniques were created to evaluate business market. Based on knowledge gained during the study at the university of economics, to analyse the business environment of café-bar «Ave», the following tools will be used:

2.4.1. Business model canvas

Business – model could be defined as the content, structure, and governance of transactions designed to create value through – the exploitation of business opportunities. There are different functions in the business model. In particular it's the market segment's identification. The structure of the value chain's definition, the revenue generation's mechanism's specification. Not only this but the description of the firm's positions within value network and the competitive strategy's formulation also gain and hold advantage over rivals. (Toro-Jarrín, Ponce-Jaramillo & Güemes- Castorena, 2016, p.214)

Business model consists of 9 segments:

- Key partner – who are your key partners/suppliers?
- Key activities – what key activities does your value proposition require?
- Value proposition – what core value do you deliver to the customer?

- Customer relationship – what relationship that the target customer expects you to establish?
- Customer segment – which classes are you creating values for?
- Key resource – what resources does your value proposition require?
- Distribution channel – through which channel customers will be reached?
- Cost structure – which recourses/activities are most expensive?
- Revenue stream – for what value are your customers willing to pay?

(Business model generation: A handbook for visionaries, game changers, and challengers, 2010, Osterwalder A.)

2.4.2. PEST analysis

PEST analysis is a marketing tool designed to identify the political, economic, social and technological aspects of the external environment that might affect the company's business.

Politics is studied because it regulates power, which determines the company's environment and influents company's key resources for its activities. The main reason for studying economics is to create a picture of the distribution of resources at the state level, which is the most important part for an enterprise's business plan. No less important consumer preferences are determined using the social part of the PEST analysis. The final factor is the technology component. The purpose is considered to be the identification of trends in technological development, which are often the causes of changes and losses in the market, as well as the emergence of new products.

The results of the PEST-analysis allow us to assess the external economic situation in the production and commercial activities. *(PEST Analysis Identifying Big Picture Opportunities and Threats, 2018)*

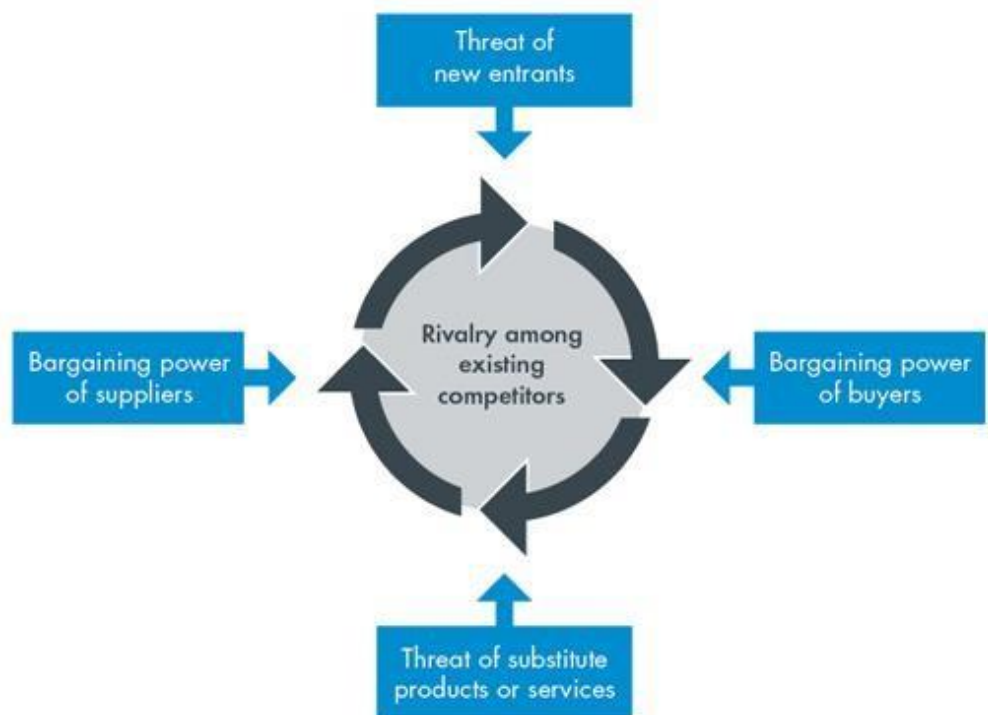
2.4.3. Five Forces analysis

Porter's five forces analysis is a methodology for analyzing industry and developing business strategies, developed by Michael Porter at the Harvard Business School in 1979.

This theory is based on the concept that there are five forces that determine the competitive intensity and attractiveness of a market. Porter's five forces help to identify where power lies in a business situation. This is useful both in understanding the strength of an organisation's current competitive position, and the strength of a position that an organisation may look to move into.

Strategic analysts often use Porter's five forces to understand whether new products or services are potentially profitable. By understanding where power lies, the theory can also be used to identify areas

of strength, to improve weaknesses and to avoid mistakes.



(Myers, 2013, February 03)

- Industry competitors (Rivalry among existing firms)

What is the level of competition for the products or services in this industry? Is the organization in a good competitive position or is it a minor player? Are there several competitors that hold power in the industry?

- New entrants (threat of new entrants)

Are there barriers to entry, such as the need for large amounts of money or expertise? Is it possible to start up an organization offering these products or services without financial support? What is the likelihood of new entrants coming into the industry?

- Substitutes (Threat of substitute products or services)

What is the range of alternatives available? What is the position of the organization when compared to the suppliers of these substitutes?

- Buyers (Bargaining power of buyers)

How much choice do buyers have? Can they switch suppliers easily? Do they have the power in the

relationship or are they locked into the supplier?

- Suppliers (Bargaining power of suppliers)

How many suppliers are available? Is this a competitive situation where the organisation has a choice of suppliers? Do the suppliers have the power in the relationship because they operate in an area of limited supply? (Cadle, Paul, & Turner, 2014)

2.4.4. See-Think-Do-Care model

See-Think-Do-Care model was created by Avinash Kaushik. Unlike classic marketing strategies, where the concept of the target audience and advertising is directed only to those people who are ready to buy the product, the See-Think-Do-Care model demonstrates a broader view of marketing. The strategy is aimed not only at those who are ready to buy, but also at those who someday may become a buyer of the goods or services offered by the company.

☐ See

“See” step is the largest one. It includes people who are not yet your customers, but at the same time are consumers (or potential consumers) of products similar to those sold by your company. (See, Think, Do: A Content, Marketing, Measurement Business Framework, Avinash Kaushik, 2016)

☐ Think

This is essentially a subset of the See audience delineated by even the slightest amount of intent (which we can infer from their behavior, as an example). We don't know when they might need our services. But we know that they are thinking they need it. (See, Think, Do: A Content, Marketing, Measurement Business Framework, Avinash Kaushik, 2016)

☐ Do

In the Do consideration stage are "all people who are using products and services and who think they might need some and are currently looking to buy them." It's a subset of the Think audience and traditionally perceived by marketers as a target. (See, Think, Do: A Content, Marketing, Measurement Business Framework, Avinash Kaushik, 2016)

☐ Care

Audience Care is a regular customer who has dealt with them more than twice.

2.4.5. SWOT analysis

SWOT analysis was created by Alberd S Humphrey in 1960. SWOT analysis is technique which is being used in order to get information regarding strengths, weaknesses, opportunities and threats and to develop the most efficient, effective and appropriate strategy. It is analyzed for the organization's short-term and long-term strategy. SWOT will help to examine new solutions and efforts by comparing the opportunities for success and threats and can show a clear path for possible developmental ways.

Strengths	Weaknesses
Shows in which ways enterprise is better than competitors	Shows in which ways competitors do better than us
Opportunities	Threats
Analyzing possibilities than enterprise can potentially benefit on in the future	Potential problems that can affect enterprise in the future

2.5. Financial strategy

2.5.1. Financial plan

The financial planning and control function in an organization has the main objective of assisting its management. This assistance is directed primarily towards the planning and control activities of managers, but other activities will also benefit if the system is well conceived and used: for example, the coordinating and motivating aspects of management. A good financial planning and control system is one which is “in context”: what is done is relevant to the purposes and however they may be measured and appraised. (Greenwood, 2002, p.5)

The annual predicated income and expenses can be considered by Financial Plan for a company division or department. Furthermore, to estimate the business cash needs and to formulate decisions can be also used by a Financial Plan for raising cash best, such as through borrowing or releasing extra share in company finally. To forecast future financial results and of course, to determine how best to use company's available financial resources the definite Financial Planning within business is specifically designed for achieving any short term or long-term goals. Financial Planning and its financial resources concentration are all about applying numerical logic to decision considering expansion, managing cost for maximum impact in building profits. (Akdeniz, 2015)

Financial Planning and its financial resources concentration are all about applying numerical logic to decision considering expansion, managing cost for maximum impact in building profits.

The following key points need to be demonstrated in the business section of the business plan, considering the expansion and managing costs of the financial section of the business plan:

- ✓ Profitability – allows you to assess whether an enterprise is attractive enough for bust participants to consider the possibility of starting their participation taking into account the existing risks;
- ✓ Cash flow allow you to know whether investments in this business are safe and whether payments will be due to participants to be carried out in accordance with the schedule.

It is very important to understand that there is no automatic relationship between the profitability of a business and its ability to generate cash. In fact, business can be highly profitable, but can lead to bankrupt due to shortage of cash. Other companies may show losses in accounting records but generate cash in the long – term perspective of business development. The business plan section consists of three main financial reports:

- balance sheet – balance sheet (snapshot of the financial capacity of the business)
- profit and loss account - gives information on profitability
- cash flow statement – cash flow report (gives information on business ability to generate cash and carry out its financial commitments). (Informatsionnoye Byuro Tasis, Yevropeyskaya Komissiya. (1995)., p.20)

2.5.2. Break-even analysis

Break-even analysis is useful as a first step in developing financial applications, which can be used in invoicing and budgeting. The main purpose of this analysis is to have some idea of how much to sell, before a profit will be made. Break-even analysis is extremely important before starting a new business (or launching a new product), because it gives answers to crucial questions such as “how sensitive is the profit of the business to decreases in sales or increases in costs. (Tsorakidis, 2008, p.15)

Break-even analysis can be an efficient instrument to calculate how much income company should have at certain time intervals in order to cover the costs of business. Break-even analysis is used to analyze correlation between fixed costs, variable costs and returns. A break-even point determines whether an investment will bring a positive return, and it can be calculated by simple mathematics or presented as a graphic. Break-even analysis estimates the amount of production at a certain price which is essential to compensate all the spending. Further, break-even price analysis estimates the price that should be at a certain level of production and would be able to cover all spending. In order to understand the way break-even analysis works, the cost items should be defined first.

Break-even point, to put it simply, is the point at which revenues equal costs, thus sales revenues and fixed costs do not bring any profit but also no losses. Break-even point is an intersection point of total revenues and total costs. Therefore, the left area of the break-even point is where business loses profit, while the right area to the break-even point represents profit growth. (Kampf, Majerčák & Švagr, 2016, p.127)

Fixed costs, to which a company is exposed as soon as a business action is planned, are not in a straightforward connection to the level of production. Fixed costs consist, among others, of equipment costs, taxes, interest costs as well as overall continuing costs of operation. Total fixed costs are calculated by summing all the fixed costs.

Variable Cost, in relation to volume of output, may include cost of goods sold, production expenses (labor, power, fuel... costs) and other expenses related to the production of goods or investment in a capital asset. The Total Variable Costs or TVC is the sum of all production expenses (Variable Cost) for the specified level of production or output. Finally, the Average Variable Cost (AVC) is simply the TVC divided by the number of units of output. (Gutierrez & Dalsted, 2018)

The list below represents some situations where break-even analysis and its logic can be utilized:

- ✓ Estimating the decision to quit current job and start new company

- ✓ Determining whether to outsource
- ✓ Determining whether to make changes to capacity
- ✓ Calculating profitability of clients
- ✓ Deciding on capital budget
- ✓ Making decision of whether to start the Internet-market
- ✓ Calculating the most efficient ways of monitoring company's daily, weekly or monthly operation
- ✓ Estimating the effect of fluctuating prices and costs
- ✓ Designing sales incentive programs. (*Cafferky & Wentworth, 2010, p.2-3*)

As profitability is the target of any business, it is necessary to break even before management can turn a profit. Even if a business has large financial cushion, allowing it to operate in the red for a period of time, spending more than what a business is absorbing can quickly wear the company of its capital. Hence it is fundamental for the management to be aware of losses area and have a plan to get back into the black.

We saw that the break-even point, number to be reached before profitability, was a key number to be identified by the management for each of the products and services offered as well as on overall operations in order to run a business successfully. It is, however, imperative to perform regularly a break-even analysis, as they shift as conditions changes, usually on a quarterly basis. A simple approach to asses this point is to calculate the contribution margin needed by the company to cover its fixed costs. (Alnasser, Shaban & Zubi, 2014, p.628-629)

Therefore, one of the main goals of breakeven analysis is regarded to be tracking the profitability of company's activity and identification of problematic areas of activities in which profitability is decreasing or has already reached zero. The breakeven analysis can be used by café- bar "Ave" in order to estimate the number of units of the main offer (menu in a "bundle-type"), as well as indirectly to calculate an average number of visitors necessary to cover up fixed costs and variable costs, deriving from the cost of 1 average bill per one customer. Estimation of 1 average bill price per visitor is necessary to determine average cost per average customer. Obtaining information about this type of cost will serve as a search for optimal correlation between profitability of an enterprise and expenses of a customer.

2.5.3. Risk management

Although calculability is central to an understanding of risk, the concept has in current times been subject to much theorizing within a wide range of social science disciplines, all emphasizing different aspects of its function in society and politics. Risk identification is the process of determining risks that could potentially prevent the program, enterprise, or investment from achieving its objectives. (Bajenescu, 2016, p.30-31)

Uncertain events or circumstance, which can yield positive or negative result on a business project and its objectives define a risk. The increased attention to variations in quality, time and cost performance compared to the expected ones, has increased pressure on time and costs reducing and thus, the management of risk if a crucial determinant to the success of a business project.

Exceeding budget or falling behind schedules and missing performance targets, has been demonstrated to be consequences of failure to deal with risk. Each organization should have an adequate risk management strategy and tools, as decision-making process is risky by nature and can affect the companies' objectives and goals. (Cagliano, Grimaldi & Rafele, 2015, p.232)

The risk of the beginning enterprise, which is the café-bar "Ave" can be increased, since in the starting phase of functioning companies often do not have the necessary financial, intellectual and material resources for overcoming emerging risks. Therefore, forecasting and preventing measures can be regarded as important components of risk management for the café-bar at issue. Furthermore, various risks can significantly limit the development of beginning enterprise, which means limitation of the growth of its long-term potential, and, consequently, decrease in competitiveness.

Practical part

3. Company description

Café-bar «Ave» is a start-up oriented on late 2020 – early 2021. «Ave» is being functioned mostly as a café for a middle class and offers delicious salads, snacks, soups, meals, deserts, hot and cold beverages both alcohol and non-alcohol.

The main goal is to provide customers with the new vision of snacks which called bundles. What differs «Ave» from most café-bars is the wide range of a different snacks which will be great advantage for an alcohol consumer. Whenever most of the competitors offers around few snacks for 1 person only, «Ave» will offer a wide-range of a different snacks in a “bundle-type”, where you can buy one big bundle for the whole table.

The main goal of bundles is to make an exclusively a great offer in order to unite the whole table of customers in their willingness to buy something, instead of dividing table for the people who actually wants snacks and people who are not taking them because they are not sure if they want to eat, if they can afford it, if it is worth it and etc. Uncertainty may lead to rejection of any offer which is not what we want.

3.1. Mission statement and Vision statement

As the mission statement of the planned opening café-bar “Ave” was chosen the following statement: “Creation of a place for delicious meal time and having fun and pleasant rest in a company of friends”. It can be stated, that the mission of café-bar “Ave” corresponds to the type of clients’ demand for this enterprise. Thus, the mission statement of café-bar “Ave” already makes an accent that this place will have 2 categories of clients – office workers who will buy business lunches in café and companies of people who will visit café-bar for rest and consuming food and drinks. Orientation towards certain target audience is also shown in the fact that people will both have food and drinks as well as relax.

Further, vision of the café-bar “Ave” is the following – “taking leading positions on the market of middle-class cafes in a chosen area of Prague and providing complex nutrition and comfortable time spending”. Vision of the enterprise lies in the idea that café-bar “Ave” will hold leading position in its category in a certain area of Prague and will provide complex food service with an opportunity to have a good time socializing. Pleasant time at café-bar “Ave” should create a favorable ambiance for

having snacks in a “bundle-type” as well as alcohol and non-alcohol beverages.

3.2. Guiding principles

There are 5 main principles of the functioning of café-bar “Ave”:

- Orientation towards demands of target audience that consists of 2 categories of clients – office workers who order business lunches, and groups of people who visit café in the evening with an aim to relax, have alcohol and non-alcohol beverages and a meal,
- Positioning of the café-bar “Ave” as middle-class enterprise, which firstly aims to satisfy demands of its clients in a certain area,
- Providing various types of meals emphasizing a “bundle-type” meal and considering complex menu for the whole table of certain group of clients,
- Offering a wide number of various alcohol and non-alcohol beverages, which allows visitors of café-bar “Ave” to relax in the evening,
- Creation of beneficial, complex offer of beverages and food for groups of visitors considering that demand will be met “in advance”, meaning that clients will be offered larger portions of meals in a “bundle-type” for a more beneficial price in combination with chosen beverages.

3.3. Location and facilities

The Cafe – bar “Ave” will be placed in the administrative area Prague 3. The main reason of the Prague 3’s chase is the fact, that in this administrative area acts nearly 8,5 % of are the Prague institutions’ accommodation and food service activities. This means that Prague 3 is on the 3rd place according to the number of indicated establishments from the very central area of Prague (from Prague 1 to Prague 5)/ On the one hand, it implies high competition (but it’s still lower in Prague 1 and Prague 4). On the other hand, it speaks of great demand, which is often the cause of high competition too. In contrast to other Prague districts, the administrative district of Prague 3 is close enough form the center and it can be about to bear on the factors of attractiveness of the establishment for tourists, who visit the central districts of Prague most of all as a rule. Based on current offers, the average monthly price per 1 sq. m of the commercial real estate from 100 to 150 sq. m. in Prague 3 is between 126 to 293 CZK. ("Sreality.cz • reality a nemovitosti z celé ČR", 2018)

The opening of the cafe-bar “Ave” is planned not far from the metro station Flora, thereby it will be secured not only the proximity of the center of Prague, but also specifically from Prague 2

The average population of 72672 people, lived in Prague 3 to 01.07.2016, who will contribute the main part of constant residence in this part of Prague besides the clients, who don't have the Czech Republic living in this part of Prague, for example, the citizens from other settlements, as well as, the citizens of the other countries. By the way the Prague 3' population and people from the surrounding districts of Prague will form the basis of the cafe-bar “Ave” clients, as it will be within walking distance for many of them.

The cafe-bar “Ave” will have the area approximately 80-100 sq. m., without office space (or 100-150 sq. m. with their account). On the area of 80 sq. m will be placed tables, chairs, and other furniture that will be used to create the convenience of customers. In addition to the main room there will be such premises as a kitchen, and storage rooms and toilets in the cafe-bar.

There will be a cash desk, a bar counter (as a rule, for single visitors) and tables and chairs for those customers who visit cafe-bar “Ave” in a pair or in a group. In addition, to the main equipment there will be also – televisions, music equipment for creating a pleasant atmosphere and rest in the cafe-bar and also other equipment for improving the interior and function of the establishment's premises.

The important factor for the accessibility of the cafe-bar “Ave” the creation of ramps for visitors with disabilities, which allows them free access to the cafe-bar premises. In two premises of the establishment survival tables will be specially equipped so that people with disabilities have the opportunity to visit the cafe-bar.

3.4. Inventory management

For the cafe-bar “Ave” inventory management will consist primarily in setting up the effective supply chain and assessing demand in the near or medium term. Since the cafe-bar focuses on the offer of drinks, menus and dishes (that is food), stocks of raw materials for cooking can only be created for the short term. However, some food products offered in the cafe-bar have a longer shelf life, original products for snacks in a bundle-type (nuts, chips) can be stored for a long-time, as well as alcoholic beverages for long-term storage.

It can be assumed, that based on the assessment of the cafe-bar “Ave”, for most perishable foodstuff's, the most acceptable shelf life is 7-10 days and for long-term products and beverages is

not envisaged also for financial reasons – at the beginning of the cafe-bar operation. It will be necessary to assess the real demand and the more favorable strategy for the establishment will be more frequent (approximately once a week) purchase of the required products and drinks.

In addition to providing the raw materials necessary for the work of the cafe-bar. Before the opening of Bud support all the necessary equipment and technical ones first of all tables, chairs, inventory for service and technical premises, household appliance for the kitchen as well as appliance for lighting heating and storage of products the inventory will be purchased on the basis of the calculated standard of equipment with a certain reserve, estimated at 10 % of the required volume of material and technical supply.

The following major fact are taken into account according to the models of inventory management:

Single versus multiple items. It is considered, that a single item can be used in isolation for calculations. By the way multiple interdependent products could be taken into account for coordination control or substitution control or substitutability between items as a result of collective budget.

Time duration. Sometimes in some inventory management situations, the season for selling products is very short that's why the excess stock at the end of the season cannot be satisfied the demand of the next season. So, a single period model is needed and a common approach is to use a rolling implementation approach. In such cases decisions consider only small number of future periods and are made at the beginning of the subsequent.

Number of stocking points. As a rule, the inventories of the same item are kept at more than one location. Sometimes there are multi-echelon situations and the orders generated by one location (for example, for a branch warehouse) become part or all of the demand at another location (for example, a central warehouse).

The nature of product. Every product type identifies certain product characteristics. For example, a product may be perishable consumable, repairable and recoverable.

Nature of demand. Deterministic demand can be of two types. The first one is the static and have no any variation. The demand' amount can be computed with certainty. The second type is dynamic and may vary and varies with time, but the demand's way of varying is known with certainty. The first type of probabilistic demand is stationary is known or estimated from historical data demand. The second type is non-stationary behaves like a random walk and evolves over time with regular changes in tis directions. (Ziukov, 2015, p.27-28)

It can be stated that in case with the offer of café-bar “Ave” the components will be used as separately as in combination. Despite the fact, that in certain periods of the year demand can possibly decrease, purchasing of material-technical equipment for the enterprise will be done regularly. Further, seasonal decrease in demand will be evaluated as of relatively short duration (overall one-two months a year).

The operation of café-bar is planning to use only 1 own storage facility, since purchasing from suppliers is planned to be done about 1 time per week. Offer of the discussed café-bar consists of products major part of which are perishables, which means that they have quite limited expiration date and storage life. In the first phase of functioning café-bar’s demand will be characterized as probabilistic non-stationary demand. Later, when the real data about demand will be available, demand of customers of the café-bar “Ave” will be evaluated as probabilistic stationary demand.

3.5. Organizational management

All the above-mentioned typed of management functions will be implemented in the work of the café-bar “Ave”. The first activity – forecasting – is important from the very start of company’s operation. It is necessary to evaluate potential demands and spending during the first phase of enterprise’s operation. Overall, forecasting unction for the café-bar’s management will play the role of an instrument which will allow to avoid many mistakes at the first phase. First, it will be necessary to provide the biggest possible income while satisfying clients’ demand and minimizing spending.

The second activity – planning – should facilitate concretization of the forecasting. Planning turns the prognosis into actions – for example into choosing a certain building, certain offer of food and drinks and focusing on certain types of customers. This activity helps to allocate forecast evaluation to concrete parameters and indicators of the enterprise’s functioning and to develop plans for the company’s future.

The third type of activity – organization of concrete steps for achieving goals, café-bar “Ave” will develop a set of parameter and indicators of operation – for example in the area of enterprise’s finances or in the area of calculation of purchase volume for kitchen operation, as well as in the area of marketing activities of the enterprise etc.

The fourth type of management process of the company implies co-ordination of various types of café-bar’s activities – it will serve to efficiently allocate and use resources in all spheres of company’s

operation and will allow to use relatively surplus resources from one area for financing another area.

When considering other types of resources – for example human resources, material and intellectual resources, they will be implemented while taking into account synergetic effect – for example, in order for intellectual resources to facilitate increase of qualification of human resources (for example via educating employees). Also, resources can be used considering that human resources will strengthen intellectual resources – for example through attracting highly-qualified working force which will allow to adopt certain know-hows into the operation of the café-bar “Ave”.

The fifth management function – commanding – will be implemented through using such a management system and such management positions which will lead to achievement of the planned objectives. Management system should consider the way of company’s operation itself (allocation of decision-making authorities and duties of management) and positions of managers in the management hierarchy in order to avoid redoubling of management of the same functions and for determining of who has greater authorities among managers. Qualified management personnel will be hired in the area of financing of the enterprise (for example the senior accountant) as well as in the area of marketing development (for example, PR-manager, senior marketing manager of social network marketing) and in other areas of café-bar’s operation.

The sixth function of management – controlling – will be implemented as at the level of managers (through communication with enterprise’s employees) as at the level of business’s owners (through communication with senior management). The two-level approach will facilitate the decision-making process for the management so that these decisions will be not only maximally operational but also maximally well thought-out.

As soon as company chooses the functional organization normally as the first logical structure it hits the start up phase. Of course, the allocation of work along the various functions appears to be rational, logical and manageable for a relatively young business. By the way This principle has been brought back according to recent experiences with thousands of eBusiness start – ups. First the functional logic has been chosen automatically by most start – ups. Subsequently, to do the product development somebody was assigned for this somebody took over manufacturing responsibilities and somebody tried to develop the market. Doing business works as long as business according to the functional simplistic way is small enough and transactions are managerial. (Dressler, 2004, p.4)

3.6. Services description

Main service that differs café-bar “Ave” from other similar enterprises is providing snacks in a

“bundle-type”. Main distinctive feature of this type of meal is a complexity of service – therefore, menu is served for the whole table and consists of many snacks, so that clients can choose desirable variant. Serving the menu for the whole table allows to decrease a prime cost of the menu due to larger number of snacks, which means overall decrease of menu price for clients.

While choosing separate snacks in a “bundle-type” it is important to consider a combination of various snacks in one menu, while also allowing a client to always chose from several menus with different snacks combinations. It allows clients to choose only those menus in which there will be desirable combination of snacks.

Taking into account snacks offer in a “bundle-type”, it is important to facilitate the way of choosing a meal by a client. For a customer to make a certain choice of snacks in a “bundle-type” menu for 1 table, it is important that every snacks menu contains a certain combination of different snacks, and some menus will have snack combinations that will not be in any other snacks’ menu. Therefore, it is necessary to provide an offer of different menus in which various preferences would be emphasized – for example, cheese menu, meat menu, vegetarian menu. Also, various combinations of snacks in one menu would be considered – for example menu with cheese, meat as well as vegetable snacks. Café-bar will offer snacks, in which one menu will contain different types of snacks and which can satisfy variety of clients sitting at one table.

Beside the offer of the snack menu in a “bundle-type”, café-bar “Ave” will offer its clients variety of lunch and dinner menus so that they can try meals for different categories of clients – because meals will not be tied to a certain regional cuisine. This will allow café-bar “Ave” to pose itself as a universal café-bar in which customers can have a proper lunch, dinner and spend time with friends consuming the above-mentioned types of snacks and alcohol beverages.

Cost of all dishes, beverages and snacks will be in a middle price range, therefore an average bill for a visit of the café-bar will cost around 300-500 per person. Since the main distinctive feature of café-bar “Ave” is an offer of snacks in a “bundle-type”, cost of snacks menu will be calculated based on a certain number of people, so that visitors can know how many snacks are needed for a table with a certain number of people. This approach will allow to calculate, how much will cost a definite number of snacks for a certain number of people at the table, thus it is possible to calculate a price of the meal per 1 person.

It can be stated, that there are 3 main categories of clients towards which offer of the café-bar “Ave” will be oriented:

- ✓ Office workers who will be offered business lunch of the European type (meals of mainly Central-European and Mediterranean cuisine),
- ✓ Clients who visit café-bar to have dinner, for example family couples, thus clients for whom the main goal is to have a proper dinner and alcoholic or non-alcoholic beverages.
- ✓ Clients who want to relax in café-bar with friends and acquaintances, try alcoholic and non-alcoholic beverages, as well as certain snacks from the offer.

4. Market analysis

In 2016 in Prague, 29,9 % of all working people were employed in the sector of accommodation and food service activities, which 7,4 % lower than in 2014. On average, enterprise of the above-mentioned economy sector employed 41 persons in 2015, while in 2013 this indicator was 40 persons. Average gross monthly wages in the accommodation and food service activities sector in Prague amounted 16927 Czech crowns in 2015, which grew by 6,5 % compared to 2013.

Café-bar “Ave” is going to be located on the territory of Prague where in 2016 approximately 22920 enterprises were predominantly active in the sector of accommodation and food service activities, which is 8,8 % higher than in 2014. At the same time, number of active enterprises was 12139 enterprises – this 53 % of those firms that indicated accommodation and food service activities as their predominant activity.

17,6 % of all enterprises in Prague sector of accommodation and food service activities have personnel from 1 to 9 people, which means that nearly fifth part of the above-mentioned enterprises has staff under 10 people. Further, 4,5 % of all Prague enterprises from the sector of accommodation and food service activities sector are related to enterprises with number of employees from 10 to 49. 77% of enterprises of the above-mentioned sector do not have any employee or do not indicate a number of their employees.

In the administrative area of Prague – Prague 1 – located 10 % of all enterprises from the accommodation and food service activities sector. 7,4 % of the mentioned enterprises are located in Prague 2. Prague 3 has 8,5 of all Prague enterprises from accommodation and food services sector, while in Prague 4 this amount is 10,1 %. Prague 5 shares 7,3 % of enterprises from the accommodation and food service activities, and 6,7 % of such enterprises are located in Prague 6. Other Prague areas where large number of enterprises from accommodation and food service activities sector is locates are Prague 8 and Prague 10. In the above-mentioned areas respective 7,1 % and 7,9 % of all Prague enterprises from accommodation and food services activities are located.

(STATISTICKÁ ROČENKA HL. M. PRAHY STATISTICAL YEARBOOK OF THE CAPITAL CITY OF PRAGUE 2017., 2017, p.83, 86-87, 92, 94, 95, 182-185)

Official statistical information for the city of Prague allows to determine main tendencies of the target industry. Despite quite sufficient decrease of number of employees in accommodation and food service activities sector, there was an increase of average gross monthly wages and insignificantly increased an average number of workers in the industry's enterprises.

It is important to notice, that nearly half of all enterprises listed in accommodation and food service activities sector is inactive, which shows that a large number of enterprises either suspended or stopped their activity. Since café-bar "Ave" relates to small businesses of accommodation and food service activities sector, it is significant to notice that every fifth enterprise of Prague, which functions in this industry, can be regarded as competitor, whenever there are 1 to 9 employees working.

In the 3 most central areas of Prague – Prague 1, 2 and 3 – there are 25,9 % of the accommodation and food service activities sector. Therefore, about a quarter of offer in the given industry is located exactly in these areas. Interestingly, Prague 4 shares slightly more enterprises of the above-mentioned sector than Prague 1. It can be added, that larger amount of enterprises of same industry located in same area creates bigger and more intense competition.

4.1. Competitive Analysis

In the area of metro Flora there are a relatively large number of different restaurants and bars. Approximately at a distance of 3 kilometers from this metro station, there are at least 20 bars, cafes and restaurants. From the total number of competing places, it is necessary to choose 3-5 basic ones that have similar offer and target audience of customers.

In assessing the offer and pricing policy of competition, it can be said that all observed places have 2 main approaches to the formation of the menu of dishes and drinks. The first approach lies in variety of the drink proposition with some offers of the small dishes and starters. Conversely, the second approach demonstrates existence of menu with main dishes together with the offer of alcoholic and non-alcoholic drinks.

The restaurants "U Kuřátka" and "U Sládečků" mainly use the first approach, since the proposition of beer and other beverages at these places can be considered dominant one. The strengths of the restaurant "U Kuřátka" include the availability of space for organizing events for a group of maximum of 35 people. This restaurant is also a good place for coming with your laptop, there is a

free internet and quite space for working and studying.

On the other hand, visitors who, for example, would like to watch football matches, can come to this place for watching broadcasts on the big screen. Thus, the interior of the place „U Kuřátka“ can be considered as universal one, where people can come for food, chill and celebrate different events. Nevertheless, looking at the photos of the place, in the main hall there is practically no opportunity to celebrate big events, for these purposes, as it has been mentioned before, there is a special room for 35 people.

The restaurant offers a fairly wide choice of menu: business lunch menu, main dishes, side dishes, desserts, snacks for beer and wine, a large number of meat dishes and salads. In addition, "U Kuřátka" there is a possibility to try 10 types of draft beer of 2 brands, bottled beer, wine, champagne, whiskey, rum and other strong alcoholic beverages. The weak point of the proposal list is a relatively small choice of some types of the drinks, for example, limited choice of tea and coffee. Compared to alcoholic beverages, the choice of hot soft drinks is rather limited. In addition, with a large selection of dishes and beer, at this restaurant there is practically no choice of cocktails.

The pricing policy is moderate, which means that there are average prices (approximately 300-500 CZK per person). For example, on average, the cost of the soup + main dish is about 150 CZK, while special dishes of the restaurant cost about 150-220 CZK. The cost of half a liter of beer is about 35 CZK. The cost of 0.04 liters of strong alcohol is approximately 55 CZK. The average cost of a warm non-alcoholic beverage is about 40 CZK, and the average price of a cold non-alcoholic beverage does not exceed 30 CZK.

Restaurant U Sládečků has variety of aperitifs and salads, its special offer of dishes, soups, main dishes, side dishes, desserts and a small number of snacks for beer. Dishes of the “special offer” must be ordered 1 day before visiting. The place also has a menu offer on weekends. Looking at the photos, it can be argued that it has only the general hall. The absence of a separate hall for celebration of the events can be considered as a weakness, thus, visitors who would like to celebrate a private event don't have such possibility.

In the list of alcoholic beverages, the restaurant offers 3 types of aperitifs, 14 types of bottled red and white wines, champagne, liqueurs, various spirits (e.g. vodka, brandy and rum), 3 types of whiskey, a large amount of cold alcoholic beverages (e.g. Pepsi, Toma, Red Bull). In addition, there is 1 type of draft beer and 1 type of bottled beer.

Proposal of hot drinks has various types of coffee, tea, hot chocolate. The variety and selection of

alcoholic and non-alcoholic beverages can be considered as the strength of the place "U Sládečků". Nevertheless, this place as the previous one does not have cocktail card, only the offer of individual drinks.

The pricing policy of the aforementioned place focuses on visitors with average and above average incomes. The cost of the soup and the main dish is about 160 CZK, and the cost of special dishes is not specified and calculated based on the weight of the dish and the current offer. The cost of half a liter of beer is about 50 CZK, 0.04 liters of strong alcohol - about 65 CZK. On average, the cost of hot soft drink reaches 45 CZK, and the average cost of a cold soft drink does not exceed 46 CZK.

Restaurant "U Kurelu" offers its visitors a relatively diverse menu - aperitifs, hamburgers and sandwiches, salads, Mexican dishes (Fiesta and Bbq'uesadillas), desserts and side dishes. (NÁPOJOVÝ LÍSTEK. Ukurelu.cz [online].) The offer of this restaurant differs from the offers of previous places in that it lacks the classic main dishes, which are replaced by specific Mexican dishes, as well as hamburgers and sandwiches.

Web page of the place does not have a separate photo gallery, but there are some photos on the main page. The strong side of this restaurant could be a long history of operation, started in 1907. Nevertheless, the photos show that this place has only one room. Thus, the lack of a separate room for celebrating events can be attributed to the weaknesses of this place.

From the list of available alcoholic beverages, " U Kurelu " offers 5 types of draft beer, 2 types of wine, a large number of different types of strong alcohol (vodka, whiskey, rum, tequila) and 15 types of cocktails. The list of a wide variety of cocktails, is undoubtedly a strong side of aforementioned cafe. The list of cold soft drinks consists of 5 kinds of homemade lemonade and there are 4 types of coffee and 3 types of tea listed in the hot drinks menu.

The availability of homemade lemonades can be assessed as a unique offer that customers cannot get at another place. On the other hand, the offer of hot drinks is not as diverse in types (for example, there is no hot chocolate offered), also, when compared to other places the variety of coffee drinks is quite limited. The prices of food and drinks at "U Kurelu" are about average or slightly above average. However, this restaurant does not offer standard soups and main dishes. For example, the cost of 1 hamburger (which can be considered as the main course) and salad is about 400 CZK on average, since the standard above mentioned set of soup and main course, which would be cheaper is not offered at all.

It seems most likely that the offer of dishes at the restaurant is calculated as the consumption of

individual dishes with drinks, and not as a full meal of several dishes and drinks, which would have been much more expensive. This is one of the weaknesses of the place "U Kurelu", because a certain part of customers will consider one dish insufficient to feed the hunger, and the purchase of several dishes rather expensive.

The half a liter of beer costs about 45 CZK, and 0.04 liters of strong alcohol has a price of about 60 CZK. The average cost of a warm non-alcoholic beverage is 40 CZK, and the approximate cost of a cold non-alcoholic beverage is 55 CZK. It can be argued that, on average, alcoholic drinks and hot soft drinks at "U Kurelu" cost a little less than at comparable places, but the cost of cold soft drinks is somewhat higher due to the fact that these are homemade drinks.

After comparing all the offers of the main competitors of the cafe-bar "Ave", the following advantages can be highlighted and improved:

- ✓ To implement 1 or 2 separate rooms for events to be attended by different groups of visitors,
- ✓ To offer both options, like meals with drinks, and separate menus for those who want to visit a cafe-bar for drinks only,
- ✓ If there are similar offers with comparable places, the place should offer either the same thin, but at a lower price, or bigger portions for the same price. At the same time, place needs to take into account the specific offers of the competitors.
- ✓ To provide a varied offer of alcoholic beverages (especially cocktails) and non-alcoholic beverages. This includes both, homemade cold drinks and a bigger amount of hot drinks; to offer not only coffee and tea, but also, for example, hot chocolate, decaffeinated coffee alternatives, and so on.

4.2 Building a buyer persona

The most potential clients of café-bar "Ave" are people aged 18-50 years, of both genders and various nationalities, thus both citizens of Czech Republic and foreigner. Audience of the café-bar is also quite differentiated by the level of income – its customers can be as students, who do not have a stable income, as office workers, who receive stable salaries and have average income. In general, it can be stated that main audience of the café-bar "Ave" is represented by people with middle income, therefore month income on the level of 20000-40000 Czech crowns. For successful work of café-bar "Ave" it is necessary to take into account objects, which are located in geographical proximity from

the enterprise. These important objects include companies; offices and state enterprises as well as study institutions.

As a rule, a buyer person is considered as a representative of the buyer's type, who is identified as person with specific interest in your organization or product or may be have some market problem that your goods or service solves. It can be said that the average client of the cafe-bar "Ave" is a person, whose visiting criteria are price, speed of service, quality of communication with the cafe-bar staff, proximity from the place of residence.

The first type of clients are office workers, who work not far from the cafe-bar. They visit the cafe-bar during the day and in the evening to have dinner. The main criteria from them may be called the price, the complexity of service, quality of communication with the staff of the cafe-bar and especially long-term benefits, as they as a rule, plan to visit the institution very often or even constantly. Such clients rely on an average check, a complex menu with soft drinks and does not focus on the atmosphere of the cafe-bar as an entertainment venue, but rather on the atmosphere of an establishment, where people can eat relatively quickly and efficiently.

The second major type of clients can be called the visitors who come into the cafe-bar for high-quality dinner. It is said about young and married couples, who want to spend their time in a quiet and nice atmosphere, where people can eat and enjoy the communication. Such kind of clients also focuses on the price, but as a rule can spend more than the first type of clients as they visit the cafe-bar much more seldom and according to more important occasions, than just simply a meal (for example, a date).

Another important criterion for the cafe-bar's work for the type of clients can be called the complexity of service and the quality of communication. For opening the café-bar "Ave" it is necessary to consider competition in geographical location of enterprise. The main evaluation criteria are size of enterprise-competitor, geographical proximity to café-bar "Ave" as well as similarity of enterprises' offers and price policies. In order to make café-bar "Ave" competent, it is important to create a unique offer while having rational price policy and focusing on clients studying and working near the café-bar "Ave".

If locating the café-bar "Ave" in a historical center of Prague, the number of potential clients will increase, since in the city center there are not only students and companies' workers located, but also tourists living in the central part of the city – in hotels and similar places, who wish to find a unique and pleasant place for meal and relaxing.

Uniqueness of café-bar “Ave” for clients is in the fact, that menu in a “bundle-type” will be cheaper per 1 person than full meal (breakfast, lunch or dinner), however taking alcoholic and non- alcoholic beverage will be more pleasant since these types of menus will contain substantial and nourishing snacks. Thanks to such complex approach, visitors who chose not to order full meal but only drinks and snacks menu can spare their budget and leave café-bar feeling full, while at the same time the café-bar “Ave” will have more satisfied customers and larger amount of orders thanks to accessible price of snacks menu.

5. Marketing strategy

It can be concluded from the above-mentioned resources, that marketing strategy in many respects predetermines long-term features of enterprise’s offer. The café-bar “Ave” chose a concentrated marketing strategy, since it is a small business which can receive specific advantage in one segment – segment of snacks in a “bundle-type”, which will be the distinctive feature of the above-mentioned enterprise.

This marketing segment of the whole café-bar offer will allow customers, who want to relax while having beverages and snacks, to associate pleasant time with visiting café-bar “Ave”. Snacks in a “bundle-type” will be segmented for various preferences of customers – clients who want meat snacks, or clients who prefer cheeses, vegetables or such snacks as chips or peanuts, etc. Further, there will be one menu of snacks in which all types of snacks will be combined, which will facilitate clients’ choice in case if they will have difficulties choosing.

For every snacks menu there will be an offer of certain type of alcoholic and non-alcoholic beverages, which are the most suitable to certain type of snack according to its taste. Such approach will allow client to better orientate while choosing beverages and menu and will also decrease the time of making order and its serving. Decreasing of order time and service is an opportunity to increase satisfaction of clients by products and services of café-bar “Ave” which potentially leads to increased consuming of café-bar’s products.

For clients who wish to visit the above-mentioned enterprise in order to have a full meal (breakfast, lunch or dinner) there will be special menu designed for this. These menus will be consisting from

popular cuisines of Central Europe and Mediterranean region. In this case, complex price will be calculated consisting of dishes and beverages per 1 meal of customer, which will allow client to calculate better her or his spending and stay full after the end of meal. Emphasis on complexity of the offer is used as an opportunity to provide client with wider offer of combined meals and beverages. At the same time, the overall price of menu for client is decreased due to the positive economies of scale.

Content marketing for cafe-bar “Ave” will be implemented through its own website, social networks and media. On the one hand, the content on the institution’s website and in its social media accounts will inform the potential customers about the existing offer and on the other hand, it will be used as a tool to communicate with current customers in order to maintain their loyalty. For a cafe–bar a one of the most important type of a content is content created by users for other users and as a feedback for company’s employees. Such content helps not only to learn about the set customers and to create an enterprise image but also identify your strengths and work on them. The main essence of inbound marketing in the cafe–bar is to direct communications with the main customer segments, based on their demand. For examples those customers who will attend cafe – bar “Ave” in the evening are interested about how quality and what benefits you can spend time in the institution, first taking into account dinner for two (but not for one or for a group) with a moderate consumption of drinks of various types. Thus, such clients will be interested in special events for two hoping to spend a certain holiday together in the cafe – bar or to find out why the atmosphere in this institution contributes to a pleasant dinner for two.

6. Business model generation

6.1. Business Model Canvas and Lean Canvas

It may be argued that for the cafe - bar “Ave” the main component of the business model is that the demand is used by the category of customers who attend the establishment, mainly to consume drinks and not too willing to raise their expenses for the consumption of snacks. Therefore, the offer of this cafe – bar can be defined as the offer of a larger volume of snacks relatively large company of visitors (over 5 people) in order to make there more satisfied with the offer of drinks and cafe – bar at the same time, saving their budget.

The mechanism for generating cafe – bar incomes is that focusing on those categories of customers

who visit cafe – bar in relatively large groups of more than 5 people and it allows them to distribute expenses more evenly in terms of one person and thereby, reducing them. At the same time the menu in a bundle – type allows customers to get more for less cost and after visiting a cafe – bar to remain even more satisfied thanks to the better satisfaction of their needs – pleasant pastime and eating food and drinks.

Being one of the initial leaner ways of representing information the Business Model Canvas was typically found in a business plan. There is the argument of the simple business model's description the real value of organization creates, deliver and computers. According to the existing approach, creation a one - page, straightforward way was provided to the elements of the map business to a proposed business idea or the plan of strategy to help guide the enterprise's direction. Lean Canvas is considered as a much more actionable and entrepreneurial focused lean business plan. Of course, it made to focus on quick opportunities, problems and the ways of their solutions. As a rule, the Lean Canvas is a one – page, straight forward way to map business dements a problem. By the way the Lean Canvas is concerned to evolve and revolve as new information is learned. (Moreira, 2017, p.151-153)

The business Model Canvas consists of 9 main components:

- **Key partners** – the main partners of the cafe – bar can be considered as tourist services and services, occupied by organizing food delivery. Also, private companies' government
- organization where it is fashionable to offer their services in organizing collective events catering for employees and students.
- **Key activities** – the organization of collective action, and permanent visit the cafe – bar use full meal (breakfast, lunches and dinners), Sale of alcoholic soft drinks.
- **Key resources** – the main resources of a cafe–bar is its budget (financial resources), management (people resources), apartment and inventory (material resources) and principles of the cafe – bar's organization and the features of the proposal (intellectual resources).
- **Cost structure** - in the structure of expenses the most significant items of expenses can be called expenses for the rental of promises expenses for salaries, expenses for the purchase of raw materials (food and beverages) and marketing (advertising, building relationships with

partners and creating a positive image of a cafe - bar).

- **Value propositions** – the main value of the institution is considered to be quality of the customers' needs satisfaction - their pleasant pastime, their positive sensations from consuming of drinks and tasty food, and communication with staff and cafe – bar managers. The following values of the cafe – bar can be desired to have a high-quality services power of drinks location spots, as many customers as possible and creating relationship with citizen.
- **Customers Relationships** – they will be built through the personal positive communication. For this the managerial staff will be trained in dealing with customers, and their work will be evaluated on customers' assessment with the aim of improving the entire work of the cafe – bar relations with new acquaintances will be based on the principles of profitable meeting their needs, take into account the different customer segments and the demand in accordance with the current social cultural and economic trends'.
- **Customers Segments** – the main Customer Segments include two client's categories – those who visit the cafe – bar in the morning and afternoon and those who come there in the evening. Morning and dinner offer is oriented on the provision of full meals, while the evening offer comes from both the offer of a full dinner and the offer of a large number of alcoholic and non-alcoholic beverages.
- **Channels** – the key channels of communication with customers are online communication (according to a website, social networks and the media). Personal communication while visiting the cafe-bar and participating in various public events.
- **Revenue streams** – the most important sources of income of cafe-bar are income for cafe- bar are income from the sale dishes, snacks and drinks to the customers at home. Secondary sources of income can be called the provision of advertising to partner companies.

The Lean Canvas is considered as an additional tool for the Business Model Canvas, which helps to solve most pressing issues problems.

6.2. PEST analysis

PEST is a technique which is being used to evaluate political, economic, social and technological factors. Proper evaluation will help company with its opportunities and threats

- **Political factor.** The Czech Republic is a part of the EU since 2004 and provides all entrepreneurs with the free working conditions. The Czech Republic is considered as one of the most politically and economically stable countries not only in Europe, but in the whole world. Considering that Prague is one of the most attractive cities for tourists due to its unique history and architecture, we can conclude that all these factors will ensure the bright future for the café-bar
- **Economic factor.** In the third quarter of 2018 the unemployment rate in Czech Republic reached its lowest since 1996 (ECCZ, 2018). Analysts say the reasons for the decline in unemployment are the continuing growth of the Czech economy and industrial production, as well as the expansion of the seasonal work. Currency and inflation remain stable and has no prerequisites of declining in the foreseen future
- **Social factor.** The recent economic upturn in the Czech Republic enabled people to spend more on food and entertainment. Even though home cooking is still predominant among Czech families, the current popularity of fast food takeaways/deliveries can attract younger customer groups. The biggest delivery services at the moment is damejidlo and recently entered the fastest growing is ubereats
- **Technological factor.** New technologies give every organization more possibilities to develop and grow. number of users of high-speed internet access is rapidly and constantly growing, and prices of high-speed internet access are falling (Czechinvest, 2017). That means that customers more often search for new places on the internet, mostly they check official websites and accounts in social networks. That's good news for cafe-bar Ave due to the high-level internet targeting. Also, many businesses nowadays implement technologies and robots into the processes as they could potentially save time, money, and increase the efficiency of production. However, as these products are relatively new on the market, the investment would be yet too expensive to be used in our production. There is an opportunity to use such robots in the future when they will become more affordable.

6.3. Five Forces Analysis

- New entrants

The companies, which already exist on the market, offer a wide range of products that satisfy the primary customer's needs. That could be considered as high entry barriers because it becomes complicated to add new products to already existed product portfolio. Another point to be mentioned are high initial costs for opening a café. Premises, marketing, equipment are very expensive nowadays, so this point is also a disadvantage for new entrants. Costs of running a business in this industry are high; therefore, the potential entrants must find a balance between all costs and sales price to gain the desired profit. The restaurant industry is highly regulated industry in the Czech Republic. The number of legal requirements for opening a café is very high, but this information is crucial for a potential businessperson. Thus, if someone plans to enter the market, a certain legal background is required, and this factor is not favorable for new entrants. To sum up, all points mentioned above set quite high barriers for new entrants

- Suppliers

Based on the fact that cuisine of café-bar «Ave» is traditionally European, and the only possible problem ingredient is sea fish (which can be solved by suppliers from Germany), we can assume that café-bar will not have any problems with the suppliers. Another point to be mentioned is again low switching costs from one supplier to another. The prices of ingredients are almost the same and suppliers are in low power

- Buyers

The uniqueness of the «bundle-type» product on its own should encourage customers to buy the product. However, there are hundreds of other pubs and bars available for the customer. One of the ways to resolve this problem would be active internet marketing and new limited offers to attract new customers. Based on that information we can assume that the power of the buyers can be considered as a moderate

- Substitutes

A threat of substitutes could also be considered as moderate due to the existence of many places selling fast food and alcoholic drinks. The most common products to potentially replace customer's willingness for snacks are fast-food such burgers, sandwiches, hot-dogs or pizzas that are sold either in groceries or in easy reachable fast food places. The same applies to the alcohol that can be found

in grocery stores.

- Competitors

Prague is one of the most attractive cities for the tourists and it is no wonder that it offers a ton of restaurants, cafes, bars, pubs and other places for eating out which makes competitors threat very high. Café-bar «Ave» will compete with the places in Prague 3, specifically in the areas of Flora, Vinohrady and Jiřího z Poděbrad. One of the ways to not “fade-away” in such high competition is to focus on the «bundle-type» menus and consistently provide customers with limited offers.

6.4. See-Think-Do-Care model

	See	Think	Do	Care
Targets	User needs to know about the product	User should be interested in your offer.	Users must buy from you	Users should return to you and recommend you to their friends.
How to achieve	Raise awareness: - introduce the user to the	Increase interest: - give full information, including	Increase conversion: - create the conditions for	Increase loyalty: - surprise discounts;

	<p>café-bar «Ave»;</p> <ul style="list-style-type: none"> - inform about existing products; - to form a primary trust; 	<p>description of the products and pictures;</p> <ul style="list-style-type: none"> - provide a choice; - talk about the advantages over competitors such as bundle-type; - to increase the audience site traffic, the number of subscribers via advertisements in internet; - get information about a potential client (email, phone) by allowing them to subscribe for the news feed 	<p>a convenient purchase;</p>	<ul style="list-style-type: none"> - leave a pleasant impression; - reward loyal customers with special loyalty programs; -limited offers
Audience	Wide target audience	Audience that is thinking about buying	The audience that wants to buy now	Existing Customers

Behavior scenarios	I look at something that coincides	I'm starting to think that I need to learn	I do some targeted action to	I am now a loyal customer and
	with my interests and principles	more information in order to understand whether this is a good solution for me or not.	express my desire to own the product by buying it by signing up for a free trial or consultation.	receive care from the company in gratitude for the choices I made

Channels of distribution on each stage are following:

- See – Google AdWords. Whenever person tries to google specific words such as “Bars in Prague 3” or “Restaurants in Prague 3” google will automatically show advertisement of our website. Long-term word of mouth
- Think – social media such as facebook, Instagram, VK and website will be used to create introduce customers to our new product and create awareness of it.
- Do – in order to consume goods and services, customers would need either to come to our place or it via damejidlo/uber eats
- Care – social media such as facebook, Instagram, VK and website will be used to share feedback and keep engagement with our customers

6.5 SWOT analysis

Strengths	Weaknesses
<ul style="list-style-type: none"> *The uniqueness of "bundle-type" *Covers wide range of customers *Reachable location *Active communication with customers in internet 	<ul style="list-style-type: none"> *Unknown brand *High focus on "bundle type" might Affect regular menu *Short-term relations with employees
Opportunities	Threats
<ul style="list-style-type: none"> *Create a franchise *Expansion in other cities *Growing market 	<ul style="list-style-type: none"> *Growing competition in this sector *Growing prices for property *"Bundle type" model can be easily copied *a lot of competitors

7. Financial strategy

7.1. Initial investments

Please note that all calculations were made in Czech Korunas (CZK)

Registration of the firm	10000
Purchase of equipment and inventory	800000
Rent	390000
Bail deposit	390000
Website and social media pages	10000
Design of the café-bar	50000
Total	1650000

7.2 Financial plan

Sales	A	5349000
Variable costs		
Raw Materials		1080000
Other Variable Costs		180000
Total Variable costs	B	1260000
Gross Profit Costs	C = A-B	4089000
Constant Costs		
Depreciation		48000
Staff		2400000
Rent		390000
Insurance		90000
Advertising		260000
Public Utilities		184000
Total Constant Costs	D	3372000
Net Profit Before Taxes	E = C - D	717000
Taxes		289 800
Net Profit After Taxes		427 200

Table 1. Planned profit and loss account for the first 12 months of operation (profit and loss - account).

Table 1 shows the planned profit and loss accountant for the first year (12 months) of the enterprise. Sales in this account are considered as income from the sale of food and beverages in the cafe – bar “Ave”, which is the main source of income for the establishment. The variable costs include the purchase of equipment and technics, which a significant part of these costs. This is due to the fact that the enterprise starts to work from scratch, and it needs to sell not only equipment, but a large variety of kitchen tools.

Raw materials are in general, it is, first of all, the original food for the dishes as well as drinks, that is that will form the basis of the institutions offer. Other variable costs allow you to cover the costs of possible non – permanent costs that are not included in the profit and loss account. Gross profit is calculated as the difference between sales and variable costs.

Constant costs are considered for example, such article of costs as depreciation, which allows you to take into account the wear equipment and inventory “As an essential part of equipment and inventory the cafe – bar will be a new depreciation won’t be too big. But there already the fact in its costs that in the equipment inventory investments will be sent, a regular basis, as the necessary personnel costs it means salary that will pay (approximately 5 – 6 employees, taking into account management).

For rent premises calculated with considering an average cost of the lease premises in 50 square meters in Prague 3. This article of the permanent costs as insurance will provide the existence and functioning of the company even if there will be unexpended events. Advertising costs will serve

ensure that as many people as possible know about the existence of a cafe – bar and understand the benefits of cafe – bar’s visit.

Utility costs will include all costs of claims for consumption for electricity, heat, water, garbage disposal, etc.

Net profit before paying loans interest and taxes amounts to the difference between gross income whether and constant cost. Income tax is the main type of tax in the Czech Republic and its rate for legal entities in this country is 19 %. VAT tax is 25%. Net profit after tax is a profit that half of the part directly to the owners of the enterprise. In the first 12 months of the cafe – bar, the net profit will not be too high and the main financial objective of the first year of the enterprise’s operation is to invest in its stable long – term development.

7.3. Cashflow

Cashflow tables are based on completed survey, 3 professionals from industry and marketline research. The forecast is divided for into three different scenarios: pessimistic, realistic and optimistic.

In the optimistic scenario it is assumed that the actual average number of customers due to the growth of tourism and overwhelmingly positive reception of bundle-type menu, is much higher than the expected number. Fixed costs are supposed to be the same. Costs of raw materials and variable salaries depend on sales volume.

In the pessimistic scenario it is assumed that the actual number of customers can be lower than expected number due to negative reception of bundle-type menu and decline in tourism. Fixed costs are supposed to be the same, while costs of raw materials and variable salaries depend on sales volume.

Month/name	Investments	January	February	March	April	May	June	July	August	September	October	November	December	Total
Opening Balance	- Kč	200 000 CZK	194 800 CZK	197 200 CZK	149 900 CZK	151 700 CZK	139 800 CZK	231 400 CZK	182 600 CZK	326 400 CZK	423 900 CZK	514 300 CZK	569 300 CZK	
Cash Inflows														
Capital Investments	1 850 000 CZK													
Sale of food		170 000 CZK	180 000 CZK	140 000 CZK	170 000 CZK	170 000 CZK	215 000 CZK	225 000 CZK	280 000 CZK	250 000 CZK	220 000 CZK	210 000 CZK	220 000 CZK	2 450 000 CZK
Sale of beverages		210 000 CZK	200 000 CZK	210 000 CZK	235 000 CZK	220 000 CZK	280 000 CZK	265 000 CZK	270 000 CZK	250 000 CZK	270 000 CZK	240 000 CZK	249 000 CZK	2 899 000 CZK
Total		380 000 CZK	380 000 CZK	350 000 CZK	405 000 CZK	390 000 CZK	495 000 CZK	490 000 CZK	550 000 CZK	500 000 CZK	490 000 CZK	450 000 CZK	469 000 CZK	5 349 000 CZK
Total Cash Inflows														
Cash Outflows														
Initial Investments	1 650 000 CZK													
Raw materials		85 500 CZK	80 500 CZK	88 500 CZK	89 500 CZK	93 500 CZK	95 500 CZK	93 500 CZK	92 500 CZK	90 500 CZK	88 500 CZK	87 500 CZK	94 500 CZK	1 080 000 CZK
Other variable costs		13 000 CZK	9 000 CZK	18 000 CZK	15 000 CZK	18 000 CZK	17 000 CZK	16 000 CZK	16 000 CZK	14 000 CZK	13 000 CZK	12 500 CZK	18 500 CZK	180 000 CZK
Depreciation		4 100 CZK	4 400 CZK	3 900 CZK	4 200 CZK	4 300 CZK	4 500 CZK	4 300 CZK	4 200 CZK	3 100 CZK	3 900 CZK	3 500 CZK	3 600 CZK	48 000 CZK
Staff		200 000 CZK	200 000 CZK	200 000 CZK	200 000 CZK	200 000 CZK	200 000 CZK	200 000 CZK	200 000 CZK	200 000 CZK	200 000 CZK	200 000 CZK	200 000 CZK	2 400 000 CZK
Rent		32 500 CZK	32 500 CZK	32 500 CZK	32 500 CZK	32 500 CZK	32 500 CZK	32 500 CZK	32 500 CZK	32 500 CZK	32 500 CZK	32 500 CZK	32 500 CZK	390 000 CZK
Insurance		7 500 CZK	7 500 CZK	7 500 CZK	7 500 CZK	7 500 CZK	7 500 CZK	7 500 CZK	7 500 CZK	7 500 CZK	7 500 CZK	7 500 CZK	7 500 CZK	90 000 CZK
Advertising		18 000 CZK	18 000 CZK	22 000 CZK	25 000 CZK	23 000 CZK	21 000 CZK	20 000 CZK	21 000 CZK	23 000 CZK	24 000 CZK	22 000 CZK	23 000 CZK	260 000 CZK
Public utilities		12 000 CZK	13 000 CZK	12 500 CZK	16 500 CZK	10 000 CZK	11 000 CZK	20 000 CZK	19 000 CZK	18 500 CZK	17 000 CZK	16 500 CZK	18 000 CZK	184 000 CZK
Taxes		12 600 CZK	12 700 CZK	12 400 CZK	13 000 CZK	13 100 CZK	14 400 CZK	14 500 CZK	13 500 CZK	13 400 CZK	13 200 CZK	13 000 CZK	13 500 CZK	289 800 CZK
Total cash outflows	1 650 000 CZK	385 200 CZK	377 600 CZK	397 300 CZK	403 200 CZK	401 900 CZK	403 400 CZK	538 800 CZK	406 200 CZK	402 500 CZK	399 600 CZK	395 000 CZK	411 100 CZK	4 921 800 CZK
Net cash flow	200 000 CZK	- 5 200 CZK	2 400 CZK	- 47 300 CZK	1 800 CZK	- 11 900 CZK	91 600 CZK	- 48 800 CZK	143 800 CZK	97 500 CZK	90 400 CZK	55 000 CZK	57 900 CZK	
Closing Balance	200 000 CZK	194 800 CZK	197 200 CZK	149 900 CZK	151 700 CZK	139 800 CZK	231 400 CZK	182 600 CZK	326 400 CZK	423 900 CZK	514 300 CZK	569 300 CZK	627 200 CZK	

7.4. Balance sheet

<u>Assets</u>		<u>Liability</u>	
Non-current assets		LT Debt	0
Initial investments (less reserve fund)	1450000	ST Debt	0
Current Assets		<u>Equity</u>	
Cash	627200	capital invested	1850000
Savings Account	200000	Retained earnings	427200
Total	2277200	Total	2277200

7.5. Break-even analysis

In the café-bar at issue, fixed costs amount to 3372000 Czech crowns and variable costs amount to 1260000 Czech crowns, therefore, total costs (TC) are equal to 4632000 Czech crowns.

In order to cover these costs, during the 12 months company must sell at least the production for the same amount of value. Considering that an average bill price per one customer of the café-bar amounts to 400 Czech crowns, introduction of entrepreneurial activity will be repaid when the annual number of visitors will be about 14020 people, which means 1169 visitors per months and about 39 visitors per day.

When considering the main offer of café-bar (menu in a “bundle-type”), profit per 1 piece of this menu amounts to about 500 Czech crowns, while at the same time cost per 1 unit of menu in a “bundle type” is equal to 200 Czech crowns. Fixed costs of the cafe-bar “Ave” are estimated to be about 3

548 000 Czech crowns, therefore the breakeven quantity per year equals to $3372000 / (500 - 200) = 3372000 / (300) =$ about 11240 units of menu in a “bundle-type” per year. It means that the breakeven quantity per month should amount to approximately 986 units, or 33 units per 1 day

7.6. Risk management

Enterprise Risk Management (ERM) is usually the system used to associate risk analysis and risk management for private business. It uses a specific calculative methodology to assess risk and determine a correct response by identifying vulnerabilities, likelihood and impact. (Bajenescu, 2016, p.30-31)

Based on the above-mentioned information it can be stated that for complex forecasting, evaluation and solving risks, the café-bar “Ave” needs to gradually adopt the system called enterprise risk management (ERM) which evaluates the maximal number of possible risks. However, managing such system will play even a more important role than the system itself, because only an efficient management can correctly use such instrument as enterprise risk management (ERM) system.

There are two types of business risk. The first and more traditional type is hazard risk. It is found in fire, pollution or fraud. Companies used to protect themselves by buying insurance but, insurance is only one way to protect the company: there are many others. The second type is entrepreneurial or opportunity risk. This happens when a company builds a new plant, launches a new product or buys a company. If the company gets its forecasts wrong, it loses money (Sadgrove, 2016, p.4)

It can be suggested that the simplified division of all risks derives from the fact, that the two above-mentioned risks relate to either unforeseen outer circumstances or strategy mistakes, as well as to the realization of chosen strategy. In case of the café-bar “Ave”, in order to be maximally protected from the first type of risk the company should have insurance and provide a security system (for example, tracking outside security risks, establishment of an efficient system of fire safety).

The second type of risks in all respects relates to various types of management. Since the enterprise’s management is not always able to foresee, to avoid the second type of risks it is important to provide the control of realization of management decisions (as inside control by other managers and personnel, as well as outside control by third-party experts). Also, for qualitative solving the second type of risks, management of the café-bar “Ave” will in advance regard alternative management decisions in case of emergence of risk related to adopting certain management strategies.

Management of the risk effects starts with an objective detection of the main risks faced by the business. There are two main types of risks:

- 1) Technical risks
- 2) Financial risks

Example of technical risks are the following:

- Delayed delivery of equipment and delayed construction
- Lack of raw resources
- Low production quality
- Inobservance of state laws and standards
- New outside conditions which affect the technology of production

Financial risks include sensitivity analysis and break-even analysis. The amount of revenues and costs significantly depends on level of sells, which is usually difficult to forecast with a certain accuracy. In order to know which level of sell will be needed to achieve profitability of the enterprise, it is necessary to conduct a breakeven analysis which was discussed in chapter 3.5.

Sensitivity analysis lies in determining values of key parameters which can call into question a business's success. It is very important to determine which changes of these parameters could potentially increase the expected profit. For example, it could be an increase of price by 25 % on raw material and consuming of electrical energy or decrease of this price by 20 % and increase of production volume. If business is too sensitive to certain parameters changes, management of a company should regularly control it. (Informatsionnoye Byuro Tasis, Yevropeyskaya Komissiya. (1995)., p.25-26)

Every decision-making process is very risky, especially when decision makers do not have enough information. Since this risk can affect companies' objectives and goals, each organisation should have adequate risk management strategy and tools to deal with it. (Malbašić, Tančić & Petrović, 2016, p.60-61)

As it is seen from the above-mentioned two types of risks, technical risks can be regarded as operational risks which can emerge more often and are more evident. Usually, this type of risks does not have significant and long-term negative effect for the enterprise's operation. Technical risks are easier to forecast than financial risks, however, they can also affect financial activity of an enterprise

by limiting the offer and decreasing profits.

From the above-listed examples of technical risks, the most important can be regarded the lack of raw materials and/or low quality of production, which can decrease the demand for café-bar's offer in the long run. In the first mentioned case this can happen due to inability to satisfy customers' demand, and in the second case because customers will not be interested in consuming café-bar's production.

To evaluate financial risks of an enterprise, a company can implement the break-even analysis and sensitivity analysis. While the break-even analysis allows to determine which production point of an enterprise can generate revenue, sensitivity analysis evaluated the changes of certain financial parameters of the company's operation. In case of café-bar "Ave" there are the following financially sensitive factors:

- Increase of a building's rent price (building where café-bar is located is leased and is not a property of café-bar's owners),
- Increase of acquisition costs of starting products for the café-bar's offer,
- Increase of equipment costs (that equipment which will be bought before the café-bar's opening, as well as equipment purchased after the deterioration of the primary equipment),
- Increase of tax charges and significant increase of salaries of employees and management in the industry,
- Price dumping of competition which can decrease profitability of the café-bar "Ave" or even lead to financial losses by decreasing prices of café-bar's offer.

Based on all the possible risks of the given enterprise, it is possible to determine the main components of risk management: efficient forecasting and evaluation of emerging risks, complex approach to solving actual risks and continual improvement of risk management system. Forecasting and evaluation can be done the most efficiently by the Enterprise Risk Management (ERM) system, which allows to correctly evaluate the degree of emerging risks.

Approach to solving actual risks can be maximally efficient only if the certain ERM will be adopted by highly-qualified and experienced managers. Continuing improvement of the ERM system depends on, firstly, quality of the work of managers who approach ERM as an instrument which has to correspond to an actual situation and be regularly updated due to emerging risks.

7.7. Other financial scenarios

Financial statements generated in the previous parts of the financial plan are considered to be the realistic scenario of operation. But there are also 2 more parts: optimistic and pessimistic

7.7.1. Optimistic

Sales	A	6025000
Variable costs		
Raw Materials		1191000
Other Variable Costs		225900
Total Variable costs	B	1416900
Gross Profit Costs	$C = A - B$	4608100
Constant Costs		
Depreciation		49900
Staff		2280000
Rent		390000
Insurance		72350
Advertising		270000
Public Utilities		219500
Total Constant Costs	D	3281750
Net Profit Before Taxes	$E = C - D$	1326350
Taxes		182,200
Net Profit After Taxes		1,144,150

7.7.2. Pessimistic

Sales	A	4880000
Variable costs		
Raw Materials		1150000
Other Variable Costs		235400
Total Variable costs	B	1385400
Gross Profit Costs	$C = A - B$	3494600
Constant Costs		
Depreciation		55000
Staff		2061600
Rent		390000
Insurance		75550
Advertising		281500
Public Utilities		231300
Total Constant Costs	D	3094950
Net Profit Before Taxes	$E = C - D$	399650
Taxes		192,150
Net Profit After Taxes		207,500

Conclusion

An efficient business-plan represents an accurate manual for realization of certain actions which must lead to achievement of business owner's goals. Therefore, business plan on the one hand by no means always considers practical peculiarities of entrepreneurial activity. Nevertheless, business plan serves as an important instrument which provides certain ready decisions in case of emergency of practical problems of conducting the business. These readily-made decisions then can be adapted to practical peculiarities of every type of business.

Considering the analysis of initial conditions and resources planned to be employed, the café-bar "Ave" can become one of the successful enterprises in its segment. This segment can be considered as the offer of complex snack menu for customers who consume alcoholic and non-alcoholic beverages. The potential success of an enterprise can be built upon relatively favorable outside conditions and upon the correct use of inner resources of an enterprise.

Favorable outside conditions of the future entrepreneurial activity of café-bar include positive trends in the development of restaurants industry on a world, European and national scale. Orientation of an enterprise towards the middle-class can on the first sight be regarded as the lack of clear-cut focus on a certain category of clients, even though such orientation can allow to build its offer upon the stable and high demand. In the framework of its orientation towards the middle-class, the café-bar "Ave" mainly chooses such segments as office workers who visit an enterprise in the morning and day time, as well as evening visitors of café-bar who are offered snack menu in a "bundle-type".

Since an enterprise will be operated in the area of Prague 3, the development of a business-plan will consider peculiarities of restaurant industry not only across the whole Czech Republic, but of Prague restaurant industry in particular. At the same time, statistical data of the certain parts of Prague were considered which allowed to determine some strengths and weaknesses of conducting an entrepreneurial activity in Prague and its separate areas. From the point of view of market strategy, the café-bar "Ave" chose the concentrated marketing strategy that is suitable for relatively small enterprises aiming at emphasizing its competitive advantages among the large number of similar offers.

The framework of Business Model Canvas and Lean Canvas determined 9 main components lying at the basis of café-bar's business. These components consider, for example, which types of activity the enterprise will undertake, as well as with which partners it will collaborate and what resources it will have in the beginning stage of conducting an enterprise activity.

The inventory management has determined that the demand of the café-bar “Ave” is characterized as probabilistic non-stationary demand with the following change to probabilistic stationary demand. The financial plan of the created enterprise considers the main income and expenditure items stemming from the character of enterprise’s activity. The given character is conditioned by the fact, that sells of food and drinks is the main activity that generates profits, while expenditure at the beginning stage represent mainly the necessity to buy equipment and inventory, as well as covering costs of salary payment and purchasing raw materials.

The two last parts of business plan – the break-even analysis and risk management – evaluate various risks of mainly financial and technical character. Conducting the two types of analysis – sensitivity analysis and break-even analysis – determined units in which the main offer of the café- bar “Ave” becomes profitable as well as potential activity areas in which the enterprise can face significant risks.

It can be stated that the goal set at the introduction of the present thesis was achieved, since the elaborated business-plan thoroughly considers the most important aspects of future operation of the café-bar “Ave” and creates a starting base for the practical implementation of the plan.

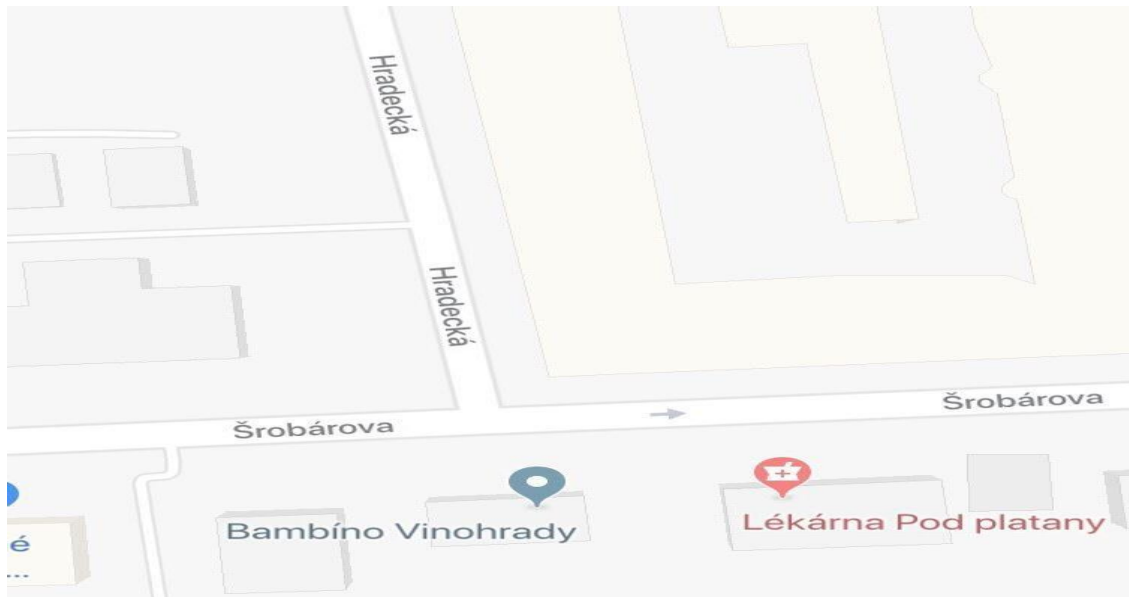
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List of appendixes

Appendix 1 - Location

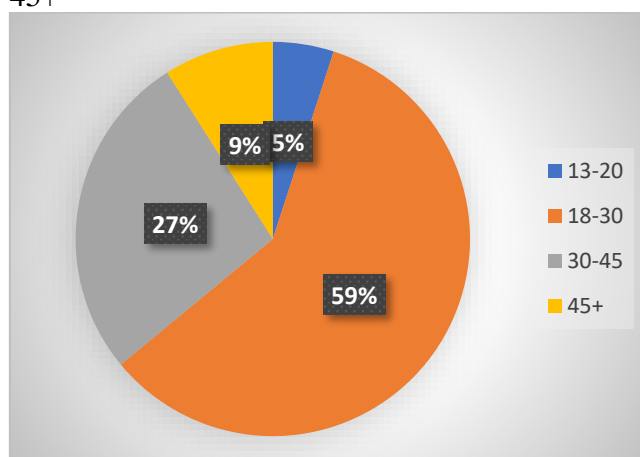


Appendix 2 – Customer Survey

The number of respondents is equal to 60. The number of questions is equal to 11

1) What is your age?

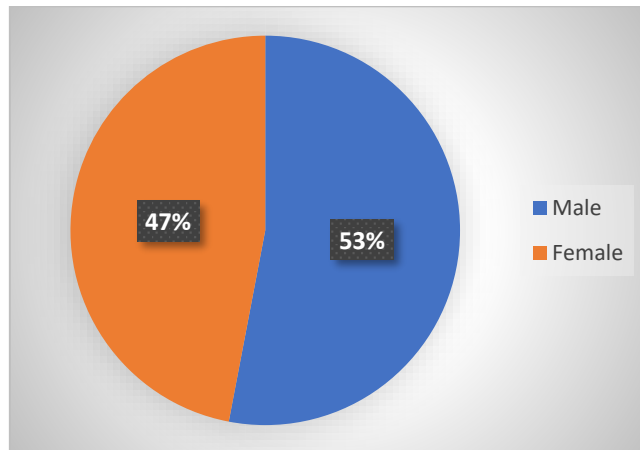
- a) 10-18
- b) 18-30
- c) 30-45
- d) 45+



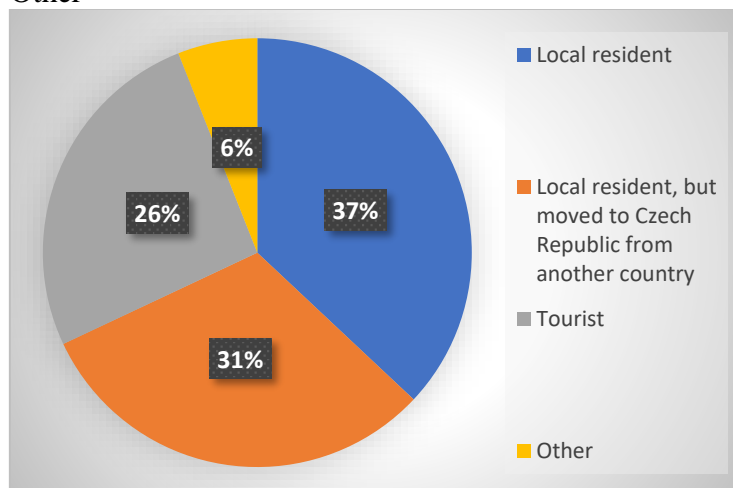
2) Specify Your gender?

- a) Male

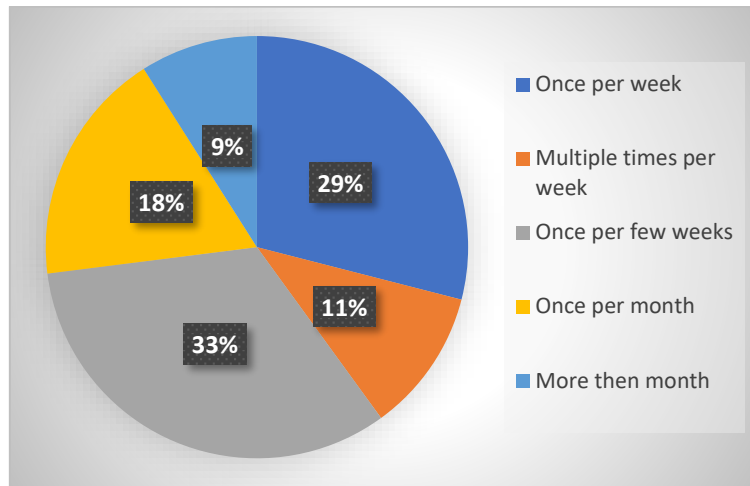
- b) Female
- c) No answer



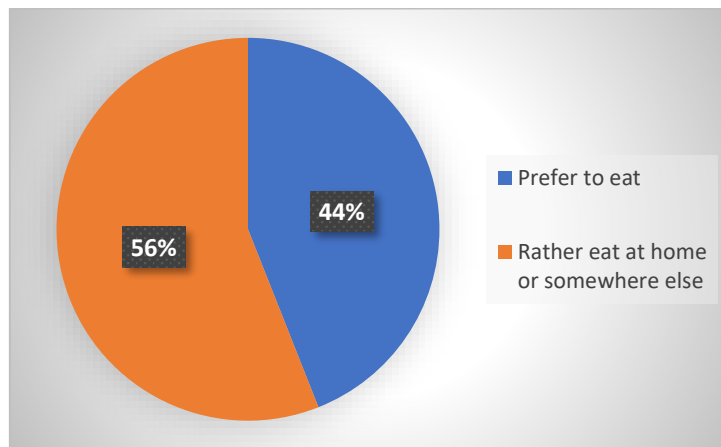
- 3) Residency
 - a) Local
 - b) From another EU country
 - c) Tourist
 - d) Other



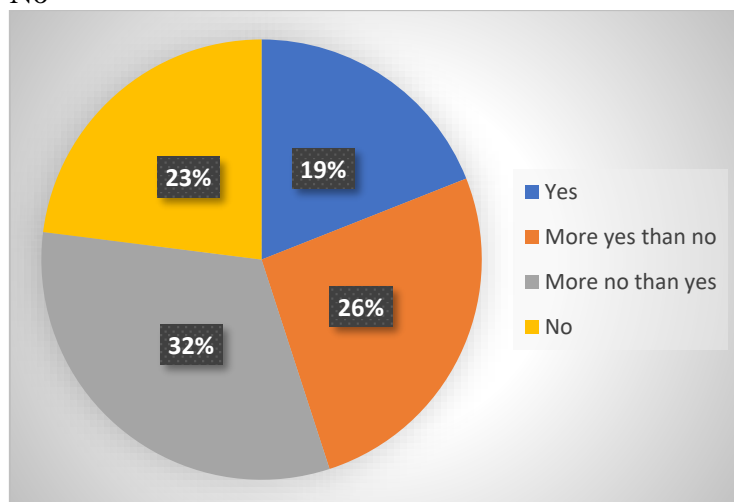
- 4) How often do you go to bars?
 - a) Once per week
 - b) Multiple times per week
 - c) Once per few weeks
 - d) Once per month
 - e) Other



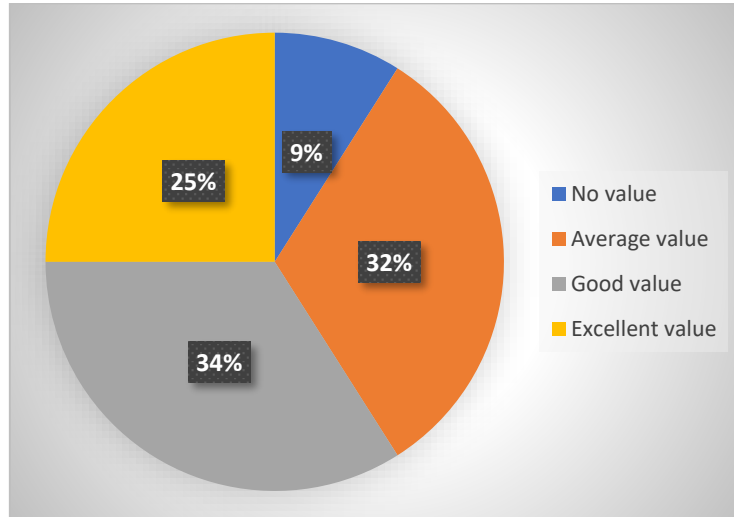
- 5) How often do you eat while in bar?
- A) Prefer to eat
- B) Rather eat at home or somewhere else



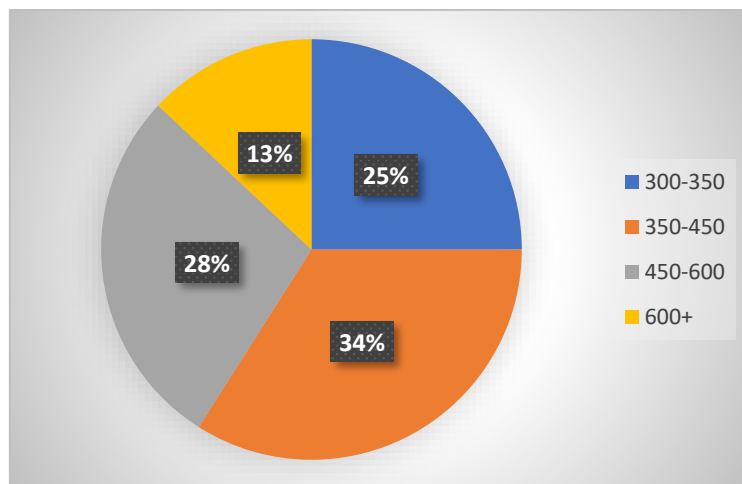
- 6) Are you satisfied with prices of snacks/main meals in bars in Prague 3?
- a) Yes
- b) More yes than no
- c) More no than yes
- d) No



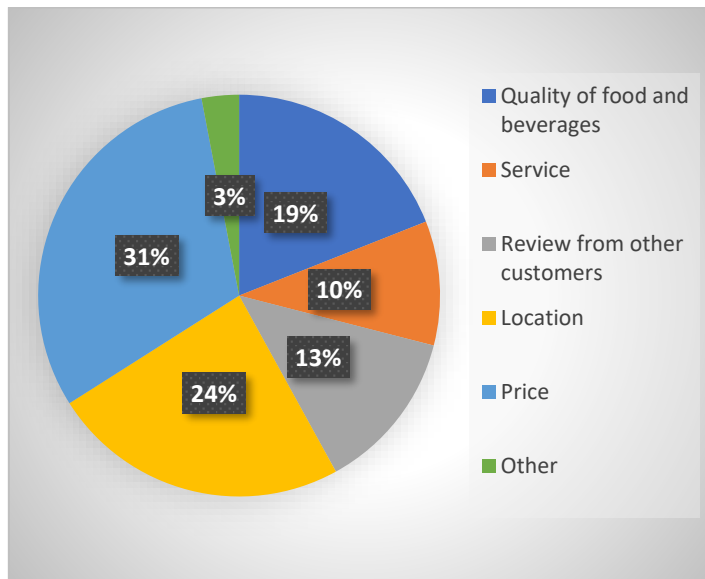
- 7) How do you feel about new bar offering variation of snacks in one menu for multiple people?
- No value
 - Average value
 - Good value
 - Excellent value



- 8) How much are you willing to spend for that kind of service? (considering bundle for 4 people)
- 300-350
 - 350-450
 - 450-600
 - 600+

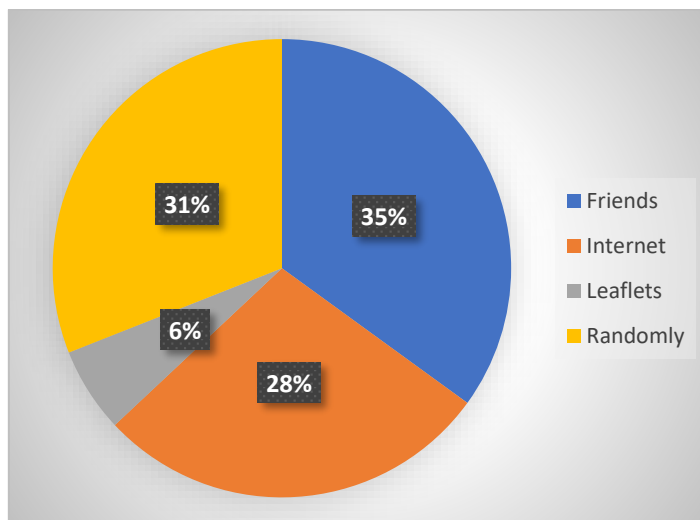


- 9) On what basis would you choose a bar to stay in?
- Quality of food and beverages
 - Service
 - Review from other customers
 - Location
 - Price
 - Other



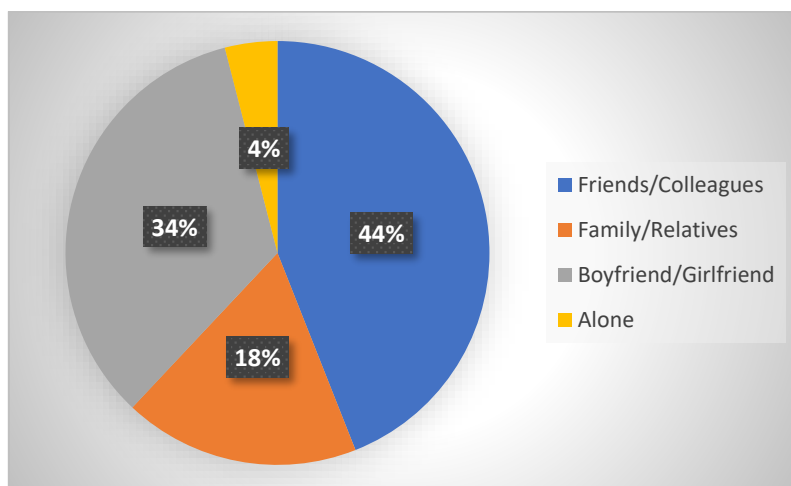
10) How do you usually know about new bars?

- a) Friends
- b) Internet
- c) Leaflets
- d) Randomly



11) With whom do you attend bars?

- a) Friends
- b) Family
- c) Boyfriend/girlfriend
- d) Alone



Appendix 3 – Cash flow

Optimistic scenario

Month/name	Investments	January	February	March	April	May	June	July	August	September	October	November	December	Total
Opening Balance	- Kč	200,000 CZK	253,900 CZK	281,100 CZK	260,600 CZK	340,550 CZK	410,450 CZK	563,650 CZK	728,950 CZK	889,750 CZK	1,053,450 CZK	1,211,250 CZK	1,344,650 CZK	
Cash Inflows														
Capital Investments	1,850,000 CZK													
Sale of food		210,000 CZK	190,000 CZK	160,000 CZK	180,000 CZK	200,000 CZK	255,000 CZK	250,000 CZK	275,000 CZK	255,000 CZK	285,000 CZK	260,000 CZK	300,000 CZK	2,820,000 CZK
Sale of beverages		240,000 CZK	215,000 CZK	190,000 CZK	210,000 CZK	245,000 CZK	290,000 CZK	305,000 CZK	315,000 CZK	280,000 CZK	315,000 CZK	280,000 CZK	320,000 CZK	3,205,000 CZK
Total		450,000 CZK	405,000 CZK	350,000 CZK	390,000 CZK	445,000 CZK	545,000 CZK	555,000 CZK	590,000 CZK	535,000 CZK	600,000 CZK	540,000 CZK	620,000 CZK	6,025,000 CZK
Total Cash Inflows														
Cash Outflows														
Initial Investments	1,650,000 CZK													
Raw materials		99,000 CZK	97,000 CZK	101,000 CZK	103,000 CZK	109,000 CZK	101,000 CZK	104,000 CZK	98,000 CZK	94,000 CZK	94,000 CZK	93,000 CZK	98,000 CZK	1,191,000 CZK
Other variable costs		17,500 CZK	14,000 CZK	20,500 CZK	17,500 CZK	22,000 CZK	21,000 CZK	20,000 CZK	21,000 CZK	17,900 CZK	16,500 CZK	17,500 CZK	20,500 CZK	225,900 CZK
Depreciation		4,400 CZK	4,200 CZK	4,200 CZK	4,500 CZK	4,800 CZK	4,200 CZK	4,000 CZK	4,500 CZK	3,900 CZK	3,500 CZK	3,900 CZK	3,800 CZK	49,900 CZK
Staff		190,000 CZK	190,000 CZK	190,000 CZK	190,000 CZK	190,000 CZK	190,000 CZK	190,000 CZK	190,000 CZK	190,000 CZK	190,000 CZK	190,000 CZK	190,000 CZK	2,280,000 CZK
Rent		32,500 CZK	32,500 CZK	32,500 CZK	32,500 CZK	32,500 CZK	32,500 CZK	32,500 CZK	32,500 CZK	32,500 CZK	32,500 CZK	32,500 CZK	32,500 CZK	390,000 CZK
Insurance		5,800 CZK	5,500 CZK	6,000 CZK	6,150 CZK	6,300 CZK	6,000 CZK	6,100 CZK	6,200 CZK	6,000 CZK	6,000 CZK	6,100 CZK	6,200 CZK	72,350 CZK
Advertising		21,000 CZK	19,000 CZK	24,000 CZK	29,000 CZK	26,000 CZK	21,000 CZK	21,000 CZK	22,000 CZK	21,000 CZK	21,000 CZK	21,000 CZK	24,000 CZK	270,000 CZK
Public utilities		15,800 CZK	17,600 CZK	18,500 CZK	20,700 CZK	21,000 CZK	21,500 CZK	19,000 CZK	19,300 CZK	17,200 CZK	16,000 CZK	15,900 CZK	17,000 CZK	219,500 CZK
Taxes		9,400 CZK	9,400 CZK	9,700 CZK	9,200 CZK	9,400 CZK	9,200 CZK	9,000 CZK	9,000 CZK	9,000 CZK	9,000 CZK	9,200 CZK	9,200 CZK	110,700 CZK
Other		4,800 CZK	5,600 CZK	6,100 CZK	6,200 CZK	6,100 CZK	5,900 CZK	6,100 CZK	6,100 CZK	6,100 CZK	6,200 CZK	6,200 CZK	6,100 CZK	71,500 CZK
Total cash outflows	800,000 CZK	400,200 CZK	394,800 CZK	412,500 CZK	418,750 CZK	427,100 CZK	412,300 CZK	411,700 CZK	408,600 CZK	397,600 CZK	394,700 CZK	395,300 CZK	407,300 CZK	4,880,850 CZK
Net cash flow	200,000 CZK	53,900 CZK	27,200 CZK	- 20,500 CZK	79,900 CZK	69,900 CZK	153,200 CZK	165,300 CZK	160,800 CZK	163,700 CZK	157,800 CZK	153,400 CZK	191,400 CZK	
Closing Balance	200,000 CZK	253,900 CZK	281,100 CZK	260,600 CZK	340,550 CZK	410,450 CZK		728,950 CZK	889,750 CZK	1,053,450 CZK	1,211,250 CZK	1,344,650 CZK	1,536,050 CZK	

Pessimistic scenario

Month name	Investments	January	February	March	April	May	June	July	August	September	October	November	December	Total
Opening Balance	- Kč	200,000 CZK	187,700 CZK	172,300 CZK	112,750 CZK	184,350 CZK	255,750 CZK	399,150 CZK	539,700 CZK	686,100 CZK	828,100 CZK	956,900 CZK	1,057,600 CZK	
Cash Inflows														
Capital Investments	1,850,000 CZK													
Sale of food		150,000 CZK	170,000 CZK	140,000 CZK	130,000 CZK	150,000 CZK	190,000 CZK	205,000 CZK	220,000 CZK	240,000 CZK	255,000 CZK	215,000 CZK	230,000 CZK	2,295,000 CZK
Sale of beverages		210,000 CZK	170,000 CZK	160,000 CZK	185,000 CZK	180,000 CZK	210,000 CZK	225,000 CZK	240,000 CZK	265,000 CZK	265,000 CZK	230,000 CZK	245,000 CZK	2,585,000 CZK
Total		360,000 CZK	340,000 CZK	300,000 CZK	315,000 CZK	330,000 CZK	400,000 CZK	430,000 CZK	460,000 CZK	505,000 CZK	520,000 CZK	445,000 CZK	475,000 CZK	4,880,000 CZK
Cash Outflows														
Initial Investments	1,650,000 CZK													
Raw materials		92,000 CZK	88,000 CZK	92,000 CZK	91,000 CZK	99,000 CZK	110,000 CZK	96,500 CZK	96,000 CZK	96,500 CZK	96,000 CZK	93,000 CZK	100,000 CZK	1,150,000 CZK
Other variable costs		16,000 CZK	13,600 CZK	21,500 CZK	18,000 CZK	20,800 CZK	20,900 CZK	21,200 CZK	21,000 CZK	18,900 CZK	20,000 CZK	20,000 CZK	23,500 CZK	235,400 CZK
Depreciation		4,900 CZK	4,900 CZK	4,800 CZK	4,900 CZK	4,600 CZK	4,800 CZK	4,700 CZK	4,300 CZK	4,300 CZK	4,200 CZK	4,500 CZK	4,100 CZK	55,000 CZK
Staff		186,000 CZK	135,800 CZK	165,000 CZK	165,000 CZK	167,000 CZK	177,000 CZK	196,300 CZK	179,000 CZK	168,500 CZK	168,000 CZK	178,000 CZK	176,000 CZK	2,061,600 CZK
Rent		32,500 CZK	32,500 CZK	32,500 CZK	32,500 CZK	32,500 CZK	32,500 CZK	32,500 CZK	32,500 CZK	32,500 CZK	32,500 CZK	32,500 CZK	32,500 CZK	390,000 CZK
Insurance		6,100 CZK	6,200 CZK	6,200 CZK	6,300 CZK	6,300 CZK	6,200 CZK	6,150 CZK	6,200 CZK	6,700 CZK	6,500 CZK	6,400 CZK	6,300 CZK	75,550 CZK
Advertising		23,000 CZK	22,500 CZK	26,000 CZK	26,000 CZK	24,000 CZK	23,700 CZK	23,000 CZK	20,900 CZK	23,100 CZK	24,300 CZK	21,000 CZK	24,000 CZK	281,500 CZK
Public utilities		17,500 CZK	18,800 CZK	19,800 CZK	20,000 CZK	21,000 CZK	20,500 CZK	20,800 CZK	19,700 CZK	18,800 CZK	17,900 CZK	17,600 CZK	18,900 CZK	231,300 CZK
Other taxes (except income tax)		9,800 CZK	9,800 CZK	10,100 CZK	11,800 CZK	9,100 CZK	9,800 CZK	9,500 CZK	9,300 CZK	9,400 CZK	9,900 CZK	9,300 CZK	9,600 CZK	117,400 CZK
Other		5,000 CZK	6,100 CZK	6,150 CZK	6,600 CZK	6,300 CZK	6,200 CZK	6,300 CZK	6,400 CZK	6,300 CZK	6,400 CZK	6,500 CZK	6,500 CZK	74,750 CZK
Total cash outflows	800,000 CZK	392,800 CZK	338,200 CZK	384,050 CZK	382,100 CZK	390,600 CZK	411,600 CZK	416,950 CZK	395,300 CZK	385,000 CZK	385,700 CZK	388,800 CZK	401,400 CZK	4,672,500 CZK
Net cash flow	200,000 CZK	- 10,300 CZK	- 14,700 CZK	- 59,500 CZK	71,600 CZK	71,400 CZK	143,400 CZK	140,550 CZK	146,400 CZK	142,000 CZK	128,800 CZK	80,700 CZK	114,900 CZK	
Closing Balance	200,000 CZK	187,700 CZK	172,300 CZK	112,750 CZK	184,350 CZK	255,750 CZK	399,150 CZK	539,700 CZK	686,100 CZK	828,100 CZK	956,900 CZK	1,037,600 CZK	1,152,500 CZK	